

# ANNUAL REPORT 2020-21



**भारतीय नौवहन निगम लिमिटेड**  
(भारत सरकार का उद्यम)

कामों मंजिल तक पहुँचाए. जीवन को राह दिखाए.



Navrohta Company  
(ISO 9001:2015, ISO 14001:2015  
& ISO 45001:2018 Certified)

**The Shipping Corporation Of India Ltd.**  
(A GOVERNMENT OF INDIA ENTERPRISE)

TRANSPORTING GOODS. TRANSFORMING LIVES.



## AWARDS



# ***The Shipping Corporation Of India Ltd.***

## **VISION**

**To emerge as a team of inspired performers in the field of Maritime Logistics, Offshore, Port and Terminal Management, serving Indian and global trade.**

## **MISSION**

**To serve India's overseas and coastal seaborne trade as its primary flag carrier and be an important player in the field of global maritime logistics with focus on:**

- ✦ Maintaining its '**Numero Uno**' position in Indian Shipping.
- ✦ Establishing a major global presence in energy-related, dry bulk and niche container shipping markets.
- ✦ Evolving reliable and cost-effective business models to exploit emerging opportunities in maritime and allied industries.
- ✦ Achieving excellence in Quality, Occupational Health, Safety and Environmental Management Systems.

## **OBJECTIVES**

**The Shipping Corporation of India Ltd. works to fulfill its objectives as mentioned below:**

- ✦ To provide its clientele safe, environmentally sustainable, reliable, efficient and quality shipping services, complying with all legal and other requirements.
- ✦ To be an optimally profitable, viable, ethical and socially responsible commercial organization contributing to the national economy by securing a reasonable return on capital and serving the nation's needs.
- ✦ To own or acquire an adequate, well designed and efficient fleet to cater to the demand of global maritime trade through options like leasing, demise charter, joint ventures and other innovative financial measures.
- ✦ To be a major player in India's offshore and other marine activities and to continue to explore opportunities for diversification for steady growth of the Company.
- ✦ To enhance competency and professionalism among its fleet and shore personnel through effective and dynamic Human Resource Management.
- ✦ To continually improve its efficiency in process and technology, adopting various measures including E-governance and optimum use of Information Technology.
- ✦ To minimize risks and environmental impacts for achieving Safety, Occupational Health and Environmental performance.



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS<sup>#</sup>

**Smt. H. K. Joshi**  
Chairperson & Managing Director &  
Director (Finance) Addl. charge

**Shri Sanjay Kumar**  
Government Director

**Shri Vikram Singh**  
Government Director

**CA Mavjibhai B Sorathia**  
Independent Director

**Shri Pramod Kumar Panda**  
Independent Director

**Shri Atul Ubale**  
Director (Bulk Carrier & Tanker) &  
Director (Personnel & Administration)  
Addl. charge

**Capt. B.K. Tyagi**  
Director (Liner & Passenger Services) &  
Director (Technical & Offshore Services)  
Addl. Charge

<sup>#</sup> Except for first three names, all other names are in the order of date of appointment.

**Shri Dipankar Haldar**  
Executive Director (Legal Affairs) and  
Company Secretary

**Shri Lawrence C Serrao**  
Chief Financial Officer

### STATUTORY AUDITORS\*

**M/s V. Sankar Aiyar & Co.**  
**M/s Chokshi & Chokshi LLP**

\*M/s V. Sankar Aiyar & Co. and M/s Chokshi & Chokshi LLP were appointed as Statutory Auditors of the Company for FY 2020-21. The CAG's intimation about appointment of Statutory auditors for the Financial Year 2021-22 is still awaited. For the Limited Review of Q1 of Financial Year 2021-22, the Management has appointed M/s V. Sankar Aiyar & Co. and M/s Chokshi & Chokshi LLP as the Auditors.

### SECRETARIAL AUDITOR

**Shri Upendra Shukla,**  
Practicing Company Secretary

### REGISTERED OFFICE

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

### REGISTRAR & TRANSFER AGENTS

**M/s. Bigshare Services Pvt. Ltd.** 1<sup>st</sup> Floor,  
Bharat Tin Works Building, Opp. Vasant Oasis,  
Makwana Road, Marol, Andheri East, Mumbai  
400 059. Maharashtra.



## Chairperson's Message

Dear Shareholders, Ladies and Gentlemen,

On behalf of the Board of Directors of The Shipping Corporation of India Ltd., I am pleased to place before you, our esteemed shareholders, the 71<sup>st</sup> Annual Report of your Company for the financial year 2020-2021. The report enumerates in detail your Company's performance for the financial year ended 31<sup>st</sup> March 2021. I would however take you over some salient features of your Company's achievements during the last financial year.

The bamboo that bends is stronger than the oak that resists; the venerable timeworn Japanese proverb could not have held more truth today in depiction of the agility which organizations embraced to withstand the instability caused by the pandemic and its resurgence. Your organization continued to adapt and change in tune with the variable circumstances and pandemic vicissitudes. The Business Continuity and Shipboard Outbreak Plans instituted and implemented last year to assuage adverse impact on operations continued to mature and yielded disruption-free performance. Operations and functions were executed seamlessly and yet again it is a matter of pride for me to convey that your Company ensured transportation of essential supplies and uninterrupted trade flow requirements notwithstanding the upheaving outbreaks time and again impacting the economy. I am therefore extremely happy to declare that your Company not only sustained but performed exceedingly well, bearing testimony to its domain proficiency, resilience and dexterity. The Business Continuity and Shipboard Outbreak Plans were reviewed extensively this year to realign and evolve to meet the desired standards of deliverables and efficacy and we are well assured of being able to address any contingency.

### Impact of the Pandemic

Despite the challenges wrought by the pandemic, commercial ship operations, ports, and other maritime transport sectors maintained their operations to ensure movement of goods regardless of low cargo volumes. The maritime sector adjusted their operations, finances, sanitary and safety protocols as well as working practices and procedures to cope with pandemic-related disruptions. The catastrophic rise of Covid

cases in India, however, reignited the ships' crew change crisis. Cross-border movement restrictions imposed by some countries made repatriation of seafarers, on their sign-off at foreign ports, unsafe and difficult. Providing replacement seafarers posed another challenge to contend with. The Covid resurgence amid a crew change crisis which lasted for more than a year remains a concern. Your Company continues to carry out crew change in a 'controlled' manner as per guidelines of the Directorate General of Shipping (DGS) and adhering to guidelines of local authorities in a safe and efficient manner.

Your Company continues to exercise care and concern with respect to the safety and health of human resources, shore and fleet, a necessary fundamental for ensuring sustained performance. DGS circulars and guidelines with respect to safety on board the ships continue to be meticulously followed. A special COVID Task Force has been constituted after the COVID re-emergence to facilitate informed and rapid decision-making which meets with unfailing regularity to address emerging concerns and we have been able to make a difference. Vaccination for seafarers on board, as and when feasible, is explored. Precautions, ashore too, continue to be exercised including strict compliance with Government guidelines issued from time to time and compliance with protocols through COVID Vigilance Officers. Seafarers continued to demonstrate great professionalism and dedication during the pandemic, playing a vital role in helping to keep supply chains active and global commerce running. Several sessions on self-management and transformation from renowned experts were organized during the past year for maintaining the physical as well as mental well-being of the employees including that of our seafarers.

## Operations

### Shipping markets in 2020-21:

Covid19 pandemic adversely affected many regions of the world which were core of the major supply chains with a deep adverse impact across many sectors. The world GDP contracted by 3.6 % during calendar year 2020 which was also apparent in the decline in the total seaborne trade by about 3.4% during the same period. The recession brought by the pandemic was evident throughout the year with certain stray positive events in between. The event however, did not lead to any major financial instability across the globe and the world was united in its fight against the virus. The pandemic related lockdowns resulting in reduced economic activity world over had overbearance on any trade wars, geopolitical situations or sanctions during the year. While gradual trade growth off-shoots were visible across Asia's economic powerhouses mainly China, India, Japan, South Korea along with ASEAN nations, uncertainties prevailed over the level of vaccinations and fear of the second and third waves of Covid-19 strains, which posed potential risks to the early recovery.

The year 2020 started with softening of crude oil tanker market owing to lower demand and weakened further due to the pandemic outbreak; nevertheless, the market dynamics proved otherwise towards the beginning of FY 2020-21. Major oil producers aggressively kept pushing oil in the international markets despite sharp drop in the crude oil prices. With shortage of onshore storage facilities, the floating storage requirement rose substantially. As market players moved swiftly to secure tonnage, tanker freight rates surged spectacularly to historically high levels. Simultaneously, clean tanker rates also rose mid-April 2020, as storage constraints and a strong contango structure for key products gave refiners and traders an incentive to boost product exports and to turn to floating storage. These were indeed exceptional circumstances, for a brief period though, as tanker freights touched record highs despite very low consumer demand in the pandemic situation. Since May 2020, however, massive demand destruction by the COVID-19 outbreak coupled with persistent OPEC+ supply cuts, and return of the vessels locked in floating storage, had a substantial negative impact on tanker demand and earnings.

The fortunes of dry bulk carrier segment witnessed a gradual shift from a very subdued beginning of the year towards better prosperity. The BDI rose from 624 points at the beginning of the year 2020-21 to 2064 points as on 31<sup>st</sup> March 2021. Strengthening China's economic activity with fiscal support and favourable monetary policies drove the country's crude steel production and iron ore imports. A strong start to 2021 was witnessed with high cargo volumes for iron ore, coal and agricultural exports. The charter hire rates across all segments of dry bulk carriers market touched a decade high as the 'pandemic-induced' supply side correction with lower capacity helped freight rates to remain strong.

Contraction of cargo volumes brought an additional challenge to structural market imbalance, when the container shipping industry adopted more discipline, cutting capacity and reducing costs shifting focus from maintaining market share to maintaining profitability. Freight rates, consequently, remained at stable levels despite depressed demand in the beginning of the year. Contrary to expectations, demand for container shipping thereafter grew during the pandemic, bouncing back quickly from an initial slowdown. An increased demand and successful capacity management led the ocean freight rates to rise substantially bringing the much-needed cheer to the sector in the short term.

Downward pressure owing to the fall in crude prices at the beginning of the year coupled with the pandemic related challenges and restrictions severely impacted the Offshore services sector. The slowdown in the first two quarters and postponement of activities scheduled in the first quarter had a cascading impact on the subsequent quarter leading to lesser employment opportunities in Indian offshore services sector.

### Market Outlook:

The UN has raised the world GDP growth forecast to 5.4% for the calendar year 2021 on the backing of rebound in Chinese and US economies. The Indian economy is expected to grow by 8.3% during FY2022 as compared to a contraction of 7.3% during the FY 2021 as per the World Bank estimates. While the vaccine inequity between countries is posing a significant risk to the global economic recovery, the increasing levels of vaccination in western countries together with improved economic activities in China have reposed faith and the global



economic activity is expected to be on a gradual uptick.

Global oil demand is expected to rebound going forward as countries recover from the pandemic, leading to improved global refinery runs in 2021. The US, Europe and China have shown improved oil demand in the recent months, however, the Asian economies including India are yet to show any significant improvement in demand. While in the short term the demand is expected to improve, a huge inventory overhang of oil products and crude could prove to be a dampener. The risk to demand recovery on account of the ongoing rise in infections and renewed lockdowns in Europe and India in the short term would need to be factored in. During most of the year, the low demand and tonnage over supply could keep freight rates depressed, barring, hopefully, a seasonal spike due to winter demand. The unwinding of OPEC+ production cuts and anticipated easing of sanction on Iran are expected to meet the oil demand growth and to give some support to the tanker market. The fleet supply side situation continues to look favourable as tanker fleet growth is expected to remain muted in 2021 and 2022. The order book size remains small by historical standards at approximately 8.1 percent despite a few recent newbuilding orders. Scrapping is also expected to pick up in later half of 2021, due to a combination of weaker freight rates, higher scrap prices, and increasing regulatory pressure on older vessels.

Dry Bulk Market is expected to remain robust in FY 2021-22 in the backdrop of increasing grain and minor bulk trades and increase in global industrial production which will see a rise in crude steel production and iron ore trade. The projected higher demand for Brazilian iron ore in crude steel production would improve overall tonne-miles demand and non-coking coal trade is also expected to rebound in 2021 for meeting the demand spike for power generation. On the supply side, the addition of newbuilding vessels to the world fleet is expected to put pressure on charter hire rates, the constrained vessel supply and optimistic demand levels are leading to an overall positive outlook for the sector.

Consolidation activity in liner shipping continues unabated through mergers and acquisitions and global alliance restructuring. Prospects for seaborne trade though positive, are threatened by trade wars and increased inward-looking policies. Escalating protectionism and tariff battles may potentially disrupt the global trading system which underpins demand for the maritime transport industry and the liner freight rates.

In the Indian offshore services sector, the expected revival of postponed/cancelled projects by E&P Operators is foreseen to work favorably. While the pandemic second wave and the apprehension of a third wave remains a threat, SCI is comparatively better placed considering that out of 10 offshore vessels, five are already fixed on long term charter and further four vessels have obtained long term contracts and are expected to be on-hired in Q1/Q2 of 2021-22 subsequent to necessary modifications as per charter requirements.

### Financials

It gives me immense pleasure and satisfaction to inform you that your Company reported a standalone net profit of ₹ 618.10 Crores excluding Other Comprehensive Income (OCI) in FY 2020-21 as compared to the net profit of ₹ 302.35 Crores in the previous year (consolidated net profit of ₹ 696.09 crores excluding OCI as against a consolidated net profit of ₹ 336.48 crores in the previous year). The net profit was the highest recorded in the last 5 years. The year reported the lowest financing cost in a decade of ₹ 21.11 crores, attributable partly to devaluation of the US Dollar and partly to refinancing of existing long-term loans, in turn, raising the profits. Your Company continues to outperform its earlier achievements and forge ahead.

A surge in the tanker charter hire rates during the first half of FY 2020-21 helped the Tanker Segment to post significant profits. It may be appreciated that while the market upswing was utilized to its fullest benefit, your Company's strategy of judicious deployment of its tonnage in period market as hedge as well in coastal cargo movement and COA arrangements has been extremely useful in absorbing the impact of the tanker market downturn that existed for major part of the financial year 2020-21 and even beyond. Bulk segment reported profits after being in the red for past few years. The Liner segment, in the backdrop of upbeat freight rates which held firm owing to favorable demand supply dynamics performed well and posted encouraging results. Offshore segment improved in terms of revenue and profit on account of better utilization of vessels and long-term contracts.

Your Company's relentless pursuit of timeliness and discipline coupled with astute deftness led it to achieve this year, yet again, the distinction of being the first CPSE among the Navratna / Maharatna companies to adopt and declare the financial results, in spite of the pandemic resurgence towards the close of the financial year 2020-21 occasioning lockdown like restrictions. The process entailed preparation of financial statements within tight timelines, remote audit by the Joint Statutory Auditors and scheduling the statutory meetings with the availability of the Directors to facilitate review and adoption of results. The Board of Directors adopted the results in its meeting held on 13<sup>th</sup> May 2021 without availing of any extensions granted by SEBI. The Company has got a clean unqualified report from the joint statutory auditors and Nil comments from the Comptroller and Auditor General of India on the financial statements for FY 2020-21.

### Dividend

Your Company continued its spirit of buoyancy this year too and the Board of Directors, giving due consideration to sustainability on all accounts, has recommended a dividend of ₹ 0.25/- per equity share of face value of ₹ 10/- each subject to your approval at the Annual General Meeting. The Board of Directors remains grateful to all the stakeholders for the unstinted support faith and patience reposed in it to deliver notwithstanding the unduly long downturn affecting the shipping industry and the disruptions due to the Pandemic. We continue to remain responsible for maintaining and sustaining the momentum gained and while we surpassed our previous performance overcoming the

adversities, we hope to continue the stellar performance ahead too. Adjusting the sails to the wind and through continued perseverance and resilience, we seek to transcend these trying times and remain committed to achieve.

### **Acquisitions and Disposals**

There have been no acquisition or disposal of vessels during the year under review and the fleet strength stands at 59 vessels today. Your Company continues to be the largest Indian Shipping Company catering to overseas and coastal transportation of goods. It has, over the years, successfully retained its 'Numero Uno' position in Indian Shipping and has been a frontrunner in terms of growth, diversification and replenishment of its tonnage. Your company enjoys a strong position in terms of the average age of the fleet and having one of the youngest merchant shipping fleets in the world, is fully geared to take advantage of the market conditions. Augmentation of tonnage through acquisition of vessels is continually being explored subject to the favorable market conditions and economic viability.

### **Corporate Social Responsibility**

Your company's values as a socially responsible organization are well entrenched in its activities. The emphasis this year, has been on promotion of school education for underprivileged children and maritime education for weaker sections of the society, eradication of hunger and malnutrition, women empowerment, skill development, health care and other areas of social upliftment.

### **Corporate Governance**

Your Company has always been steadfast in its orientation towards instituting and maintaining fair, transparent and ethical governance practices in achieving long-term corporate goals and to enhance stakeholders' value. The Report of Directors on Corporate Governance placed in the Directors' Report comprehensively describes the structure and practice of Corporate Governance of your Company. In addition to complying with the requirements of Corporate Governance emanating from various statutes, rules and regulations, your Company is also in compliance with the DPE guidelines on Corporate Governance. The Corporate Governance issues are kept in constant focus by the Board of Directors of your Company and your Company complies with the applicable guidelines both in letter and spirit.

### **Diamond Jubilee Celebrations**

Your Company is on the threshold of completion of a glorious and an enthralling sixty years of rendering valuable service to the nation. To commemorate this landmark stage, the Diamond Jubilee inaugural function was held phy-gitally on SCI's Foundation Day on 2<sup>nd</sup> October 2020, inaugurated by Shri Mansukh Mandaviya, Hon'ble Minister of State (Independent Charge) for Ports, Shipping and Waterways. A series of events have been organized throughout the year to celebrate the proud milestone and the joyous spirit has not been dampened by the adverse circumstances of the pandemic. Among the many events which took place during the year, the notable ones include celebrating new year with Seafarers and Fleet Excellence Awards 2019, Flag Off Ceremony of MT Swarna Krishna - all women officers sailing, Padma Shri Awardee Dr. (Mrs.) Sudha Murthy's address to the employees on the International Women's Day on 8<sup>th</sup> March 2021 and Brahma Kumari Sister B.K. Shivani's talk on 'Self-management to build inner resilience during unstable times for empowerment' on 30<sup>th</sup> May 2021. A grand finale to mark your Company's ushering into the sexagenarian phase is proposed to be held in October 2021.

### **All Women Officers' Sailing aboard m.t. Swarna Krishna – a watershed phenomenon**

It gives me immense delight to convey that your Company created history with yet another landmark achievement, a 'first-ever' in the global maritime history - an 'All Women Officers' Team commanded and managed by a lady Captain set sail, carrying crude oil, on tanker, m.t. Swarna Krishna from Mumbai (JNPT) for delivery at Vadinar on 7<sup>th</sup> March 2021, on the eve of International Women's Day. What made it an exclusive 'first' was the convergence of three wonders viz. all the Merchant Navy Officers on board the vessel belonged to a single nationality (Indian); all officers had Indian Certificate of Competency (CoC) issued by the Director General of Shipping and they sailed on Indian flagged vessel. Hon'ble Minister of State (Independent Charge) Ports, Shipping & Waterways, Shri Mansukh Mandaviya, virtually flagged off the vessel in a ceremony organized on 6<sup>th</sup> March 2021 and the historic event was hailed far and wide for promoting diversity and equality in the maritime sector, presumed to be predominantly male-oriented. The 'UN Women' theme for IWD 2021 'Women in Leadership: Achieving an equal future in a COVID-19 World' lent the event paramount meaning and significance.

### **Other developments**

Direct cargo ferry services between India and Maldives was commenced towards end September connecting Indian ports of Tuticorin & Cochin with Kulhudhuffushi and Male ports in Maldives.

In another 'first', your Company through its wholly owned subsidiary, Inland & Coastal Shipping Ltd. (ICSL) forayed into the inland waterways and a MOU was executed between ICSL and Inland Waterways Authority of India (IWAI) on 22<sup>nd</sup> January 2021 for operations and management of 3 of its cargo vessels on bareboat charter basis. The vessels would navigate the national waterways and serve the hinterlands of India. The first two vessels were taken over by ICSL in January and February, respectively. ICSL is in the process of establishing scheduled liner services in NW1 (Haldia/Kolkata to Varanasi) and subsequently intends to connect Inland waterways with coastal shipping.

MV Sindhu, first of the two 500 Pax and 150 MT cargo vessels under construction at Cochin Shipyard was successfully delivered to A&N Administration and the vessel was inducted into service during June 2021. SCI, as a technical consultant, had been involved in the project right from the inception stage and oversaw the technical specifications, construction supervision till delivery. SCI will also be managing Operations of the vessel. This is the first passenger vessel ever built in India with electric propulsion and azimuth thrusters. SCI's capabilities



once again established as an end-to-end service provider in this sector.

Your company had entered into a Crew Management Agreement with Regas Ventures India One Pvt. Ltd. during 2019 for providing manning services for their highly specialized Floating Storage and Re-gasification Unit (FSRU) viz. Vasant 1. On 29<sup>th</sup> Sept 2020, SCI's floating staff took the delivery of this newly built FSRU from Hyundai Heavy Industries Co. Ltd, Ulsan South Korea.

During the prestigious Maritime India Summit held between 2<sup>nd</sup> and 4<sup>th</sup> March 2021, your Company executed 11 MOUs in various areas totalling to ₹ 7307.60 crores.

Your Company has been identified for strategic disinvestment by the Government of India and as reported last year Transaction Advisors, Asset Valuers and Legal Advisors have been appointed by the Department of Investment and Public Asset Management (DIPAM) of Ministry of Finance. DIPAM had floated a Preliminary Information Memorandum (PIM) for inviting Expression of Interest on 22<sup>nd</sup> December 2020. The bids received are under evaluation in DIPAM. Further as per the directives received from Ministry, your company has appointed M/s Corporate Professionals Capital Pvt. Ltd. as consultant for demerger / hive off / transfer of non-core assets and assets held for sale and M/s Confiex Data Room Pvt. Ltd has been appointed as a Virtual Data Room (VDR) Service Provider. The VDR has been opened for the due diligence process by the Qualified Interested Parties (QIPs) from 12<sup>th</sup> July 2021 and the process is on.

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

- SCI's m.t. Swarna Krishna awarded by National Maritime Day Celebrations (Central) Committee for creating history, first Indian flag vessel with only Women Officers on board.
- Global recognition at The Maritime Standard Awards (TMSA) for winning 'The Shipping Company of the Year Category' award
- HR Excellence Award at the 8<sup>th</sup> PSU Awards Edition by Governance Now Group
- Certificate of Appreciation by Central Board of Indirect Taxes & Customs for prompt filing of returns & payment of GST upto year ending 31<sup>st</sup> March 2021, thereby contributing to building a strong and resilient nation
- SKOCH Environment and Sustainability Silver Award for its project 'Integrated Management System across the entire fleet'
- Maritime SheEO 2020- 'Best Practices in Diversity' Recognition and Honour
- 'Diversity and Equality' Award at Seatrade Maritime Awards Middle East, Indian Subcontinent & Africa 2020
- 'Best CSR Practices in difficult times' by the World CSR Day & World Sustainability Congress Awards, a tribute show-casing organizations of the world which setup a big example of transformation and change
- Semi-Finalist SKOCH Order of Merit for Corporate Excellence 2020
- "National Enterprise Leadership Award 2021" in the category "Service Provider of The Year" for Public Sector Enterprises
- Certificate of Appreciation from Director General Indian Coast Guard to the Master and Crew of M.V. Vishva Vijeta for bravery, professionalism and compassion in providing assistance to the distressed fishing boat about 208 nautical miles off East of Chennai.
- Award Letter and Certificate of Merit and Memento from India Metrological Dept., Climate Research & Services, GOI, appreciating efforts made by officers of 17 SCI vessels for carrying out meritorious Meteorological work during 2019-2020.
- Certificate of Appreciation by the Nautical Institute London, India SW branch to Capt. Rohan J N and Team OSV COLONEL S P WAHI for their Rescue mission off Mumbai High
- Certificate of Appreciation by the Nautical Institute. London, India SW branch to Mrs. H K Joshi and Team SCI for pivotal role in handling the crew management crisis during the pandemic
- Recognition by the National Union of Seafarers of India (NUSI) for employing the highest number of women seafarers on Merchant Navy Ships

### Acknowledgements

I would take this opportunity to express my gratitude to the Government of India for its support to your Company. I wish to extend a hearty welcome to Shri Sarbandanda Sonowalji, Honourable Cabinet Minister, Ministry of Ports, Shipping & Waterways on his recent assumption of charge and look forward to his vision and guidance. I also extend a warm welcome to the Honourable Ministers of State, Shri Shripad Naikji and Shri Shantanu Thakurji. I would also like to gratefully acknowledge the immense foresight, leadership and consistent counsel of Shri Mansukh L. Mandaviyaji, erstwhile Minister of State (Independent Charge) for Ports, Shipping & Waterways. I would like to thank Dr. Sanjeev Ranjan, Secretary (Shipping), Government of India his whole-hearted support and guidance. My sincere thanks are also due to the other officials of the Administrative Ministry, other Ministries and Departments of the Government of India. I would also like to express my gratitude towards the Directorate General of Shipping for its support and understanding of various problems being faced by the Indian shipping industry. I also wish to express my special appreciation towards the seafarers our key workers during the pandemic, all the shareholders, stakeholders, my colleagues on the Board of Directors and all the floating and shore employees for their continued support over the years.

**Smt. H.K. Joshi,**  
**Chairperson & Managing Director**

## BOARD OF DIRECTORS



### **Smt .H.K. Joshi - Chairperson & Managing Director and Director (Finance), Addl. Charge**

Smt. H.K. Joshi, Chairperson and Managing Director, joined SCI on 5<sup>th</sup> February, 2015 as Director (Finance) and was also appointed as CFO, SCI w.e.f. the same date. During her term lasting less than five years, she held multiple additional charges from time to time at the Board level - of Director (Personnel & Administration) in 2017-18, Director (Bulk Carrier & Tankers) in 2019, CMD from 12<sup>th</sup> September 2019 consequent to completion of the tenure of the former CMD and currently she holds the additional charge of Director (Finance) w.e.f. 19<sup>th</sup> December 2019 when she was appointed by the Government of India as the Chairperson & Managing Director, SCI. She currently also holds additional charge of MD of Indian Ports Global Ltd. (IPGL) and Chairperson & Managing Director of India Ports Global Chabahar Free Zone (IPGCFZ).

With a very rich and diversified experience spanning over three decades with ONGC, a Mammoth Maharatna PSU, her experience includes almost two decades with ONGC Videsh Limited (OVL – overseas arm of ONGC) which looks after the international business acquisitions of ONGC wherein she was actively associated with the path breaking international transactions which led the company (OVL) to turnaround. This assignment gave her a lot of exposure and opportunity to travel and brought an all-round corporate development of her professional attributes to International standards in addition to polishing her financial acumen. She started her career as a Lecturer in Delhi University and joined the corporate world in 1984.

She is a member of the Institute of Directors (IOD), Fellow Member of The Institute of Cost Accountants of India, Life member of the Institute of Public Administration, rank holder in Post-Graduation in Commerce (Financial Management) from Delhi School of Economics, B. Com (Hons.) from Delhi University, Masters of Business Administration (MBA)-Financial Management. She believes in continuous learning and has Post Graduate Diplomas in Human Resource Management, Management and Financial Management as well.

Smt. H.K. Joshi has been conferred the CMD Leadership Award at the 8<sup>th</sup> PSU Awards Ceremony by Governance Now Group and with the Amity Excellence Award for Exceptional Leadership by the Amity University at the International Conference in London on Intelligent Engineering & Management in April 2021. Smt. H.K. Joshi has been conferred WISTA India Personality of the Year 2020 award and the 'CEO with HR Orientation' Award at the 28<sup>th</sup> and 29<sup>th</sup> Editions of the World HRD Congress for the Years 2020 and 2021 and with 'Sailor Today Sea Shore Awards 2019' under the category of "Woman of Substance". She has figured third among nine luminaries who have been recognized as 'Women of Steel' by the Trade Winds controlling the largest merchant fleets in shipping by gross tonnage (3.50 million GT). National Maritime Day Celebrations Committee (NMDC) award conferred on m.t. Swarna Krishna for creating history, first Indian flag vessel with only women officers on board was presented to Smt. Joshi, CMD, SCI. Smt. Joshi has been awarded the Certificate of Appreciation for an outstanding performance by the Indian National Bar Association on "THE PHENOMENAL SHE" event on the eve of IWD 2021 and acknowledged among the 100 Women in the 3<sup>rd</sup> Edition 2020. The Nautical Institute London South West (India) Branch conferred upon Smt. H.K. Joshi and SCI Team 'Certificate of Appreciation' for the effective management of crew change during the challenging times of pandemic in 2020. She has won the Best CMA CFO Award 2019 under the Category Service-Large-Female instituted by the Institute of Cost Accountants of India (ICAI). She was also honored with the Best Woman Employee Award 1<sup>st</sup> Place (Executive Category) by the Forum of Women in Public Sector (under the aegis of SCOPE) in 2018. She was awarded "The Tenth India CFO Awards – Excellence in Finance to enable a Turnaround" hosted by International Market Assessment India Private Limited in association with Pierian Services in May 2016. Smt. Joshi has also been the recipient of "The Most Influential CFOs of India Award" from Chartered Institute of Management Accounts, UK for two years in succession viz. 2015 and 2016 and the "CMA CFO Award 2014" from The Institute of Cost Accountants of India.

Dynamic, result oriented with an eye for identifying talent she believes that human resources are the integral assets of a company. She believes in team work which is evidenced with the various group awards that she received in her previous assignment with ONGC.



### **Shri Sanjay Kumar - Government Director**

Shri. Sanjay Kumar IAS, 1992 Batch. Prior to this he was working as Joint Secretary (Institutions), Department of School Education & Literacy, Ministry of Human Resource Development, Government of India, New Delhi. Looking after all Government of India Institutions like KVS, NVS, CBSE, NIOS, CTSA, NCERT and NCTE.

He has wide experience and handled senior positions in both Central Government and State Government in diverse fields like Finance, Industries and Commerce, conduct of elections, district administration, economic policies and school education.

Qualifications- Masters in Business Administration (MBA) and ICWA.

## BOARD OF DIRECTORS



### **Shri Vikram Singh – Government Director**

Shri Vikram Singh, (IRTS: 1997) looks after the portfolio of Ports Wing and PHRD matters relating to Ports. He has also been assigned the additional charge of work relating to Joint Secretary (Shipping) and Chief Vigilance Officer of the Ministry. He worked as Director, Passenger Marketing in Railway Board. Qualification - Bachelor of Civil Engineering



### **CA Mavjibhai B. Sorathia - Independent Director**

CA Mavjibhai B. Sorathia has been inducted as an Independent Director on the Board Of Shipping Corporation of India Ltd. in Dec 2018. He is Practicing Chartered Accountant and fellow member of the Institute of Chartered Accountants of India. He has done B.Com (Hons) from M.S.UNIVERSITY, Baroda and Bachelor of Law (LL.B.) from Shri. L.A. Shah Law College, Ahmadabad. He has done diploma in German & French language from faculty of Arts, M.S.UNIVERSITY of Baroda. He holds more than 36 years of experience in practice and at various Industries level. He was appointed as Trustee on Board of Deendayal Port Trust, Kandla – A Major Port of India (Formally known as Kandla Port Trust.) He is a Director on the Board of the Kutch District Central Co-op Bank Ltd. He was Convener of CA cell, BJP Gujarat Pradesh. He is acting trustee on board of many charitable trusts. He was Ex. Mayor of Anjar, Kutch. He is regular speaker at various professional forums and prominent column writer on Swami Vivekanand and Maharshi Aurobindo and Mother.

He is promoter of Development of GIDC, Anjar-Kutch. He was Chairman of Taxation Committee, Gandhidham Chamber of Commerce. He was Chairman of direct taxation committee, Anjar chamber of commerce & industries. He was President of Gandhidham tax consultants association for continuous tenure of 14 Years. He was Vice- President of All Gujarat Federation of Tax Consultants Association, Ahmedabad. He was a member of first senate of Kranti Vir Shyamji Krishna Verma University of Kachchh, Bhuj.



### **Shri Pramod Kumar Panda – Independent Director**

Shri Pramod Kumar Panda, a career central banker, specializes in financial regulation, banking supervision and financial inclusion. He also specializes in strategic capacity building, particularly in financial regulation and inclusion.

At Reserve Bank of India (RBI) he supervised and monitored the financial and operational soundness of commercial banks and Non-Banking Financial Companies (NBFCs). He has also headed the Financial Fraud Monitoring Cell of Department of Banking Supervision (DBS), Central Office of RBI. Basis his financial supervision experience, Shri. Panda has deep technical understanding of corporate governance, internal controls, compliance, risk management including fraud risk management in the financial sector.

He has experience, both at global and national level, in designing and delivering high quality and innovative capacity building programs. He has been the Principal of RBI's College of Agricultural Banking, Pune which builds capacity amongst bankers in India and South Asia in inclusive finance. He has been with the International Monetary Fund for three years as Resident Advisor at its Technical Assistance Centre (AFRITAC South), Mauritius where he assisted the financial regulators of southern African countries in strengthening their financial sector regulation and supervision

Shri Panda, is currently associated with the RBI promoted Centre for Advanced Financial Research and Learning (CAFRAL)'s, learning activities as Senior Program Director. Also, he was Director on the Board of Corporation Bank as RBI's nominee. He was also the RBI Nominee Director on the Board of Bank of India. He was also an Independent Director on the Board of Home Credit India Finance Private Limited, a systemically important NBFC which is a subsidiary of an international non-bank financial institution, Home Credit B.V. headquartered in Netherlands.

He holds a Masters' Degree in Science (MSc) from London School of Economics & Political Science, UK; a Master's Degree in Arts (MA) in Political Science from Utkal University, Odisha, India and a Bachelor's Degree in Law (LLB) from Utkal University. He has completed the Sloan Executive Education Programme on MIT's Approach to Design Thinking from Massachusetts Institute of Technology, USA.

## BOARD OF DIRECTORS



### **Shri Atul Ubale - DIRECTOR (B&T) & DIRECTOR (P&A) Addl.charge**

Shri Atul Laxman Ubale joined SCI on 15<sup>th</sup> May, 1989 and took charge as Director (Bulk Carrier & Tanker Division) from 11<sup>th</sup> November, 2019. Shri Ubale is an alumnus of Mumbai University holding Bachelor of Commerce Degree and Post Graduate Master's Degree in Management Studies. In a career spanning over 3 decades endowed with rich and vast experience in various facets of core shipping activities, he has served and held vital positions in Technical & Offshore Services Division handling O&M Offshore Contracts, indigenising Indian offshore industry, ship acquisitions / shipbuilding contracts for augmenting Indian tonnage; and in Bulk carrier and Tanker Division - overseeing chartering and commercial operations of bulk carriers and tankers meeting the ever growing and diverse needs of the Indian Oil Industry. Shri Ubale with his hands on experience, commercial acumen, intimate knowledge of all types of chartering in various market segments including Bulk Carriers, Tankers, Gas Carriers, Container Ships, Passenger Vessels, Tugs etc. is a highly regarded and well-known personality in domestic as well as international chartering market. He has been instrumental in evolving innovative and sustainable strategies for gainfully employing SCI's vast fleet featuring, in-chartering / out-chartering fixtures, various types of Contract of Affreightments (COAs) & pool arrangements and also has been at the forefront of conceptualizing and securing highly remunerative and innovative long term charters for SCI's fleet. Owing to his engagement in SCI's overseas office in UK and SCI's Joint Venture Company in Tehran, Shri Ubale carries with himself substantial international exposure and experience, helping make SCI's Chartering & Commercial Operations a name to be reckoned with in the domestic as well as international shipping markets. In addition to the role of Director (B&T), Shri Atul Laxman Ubale also took additional charge of Director (P&A) from 1.12.2020. In a difficult year that saw unforeseen challenges due to COVID, his emphasis on safety and deft handling of human resource ensured that the business continuity remained unhindered. Shri Atul Laxman Ubale also holds the post of the Vice Chairman on the Governing Council Members of Narottam Morajee Institute of Shipping, thereby making effective use of his rich experience and contributing to varied avenues of the shipping industry.



### **CAPT. B.K. TYAGI – DIRECTOR (LINER & PASSENGER SERVICES) & DIRECTOR (TECHNICAL & OFFSHORE SERVICES) Addl. Charge**

Capt. B K Tyagi has taken over as Director, Liner and Passenger Services, on 7<sup>th</sup> January 2021. In his distinguished Shipping career spanning over 31 years in SCI, he has held many responsible appointments, both Afloat and Ashore. After graduation, Capt Tyagi joined SCI in 1990, as Trainee Nautical Officer. He served on board various ships, in different ranks, including as Master. In 2004, he was absorbed ashore, wherein he served at various Management level positions and performed Technical, Vetting, Chartering, Training, Marine HR, Liner, passenger, Inland waterways, offshore and S&P functions. He is a well-rounded shipping professional with qualifications in Ship Operations, Navigation, General Management, Shipping and law. Capt Tyagi is also on the board of ICSL since 20<sup>th</sup> November 2020. The Ministry of Ports, Shipping and Waterways informed that Capt. B K Tyagi, Director (L&PS) will hold Additional Charge of Director (T&OS) w.e.f. 01.05.2021 till the approval of competent authority is received in the matter.

## BOARD OF DIRECTORS AS ON 13.05.2021



**Standing from L to R: Shri Atul Ubale - Director, Capt B.K Tyagi- Director, Shri Vijay Jadhao - Independent Director, Smt. H.K Joshi - Chairperson & Managing Director, Shri Sanjay Kumar - Government Director, CA Mavjibhai B Sorathia - Independent Director, Shri Pramod Kumar Panda - Independent Director**

## EXECUTIVE DIRECTOR AND GENERAL MANAGERS

S. No	NAME	TITLE	DES	LOCATION	DIVISION
1	DIPANKAR HALDAR	Mr.	ED	MUM	Board Sectt.
2	MISRA SANDEEP	Mr.	GM	MUM	B&T
3	MURUGADAS J.	Mr.	GM	MUM	IT
4	VINOD G.	Mr.	GM	MUM	L&PS
5	GANGOPADHYAY PRABIR KUMAR	Mr.	GM	MUM	P&A, B&T
6	SERRAO LAWRENCE	Mr.	GM	MUM	F&A
7	BANDEKAR S. R.	Mr.	GM	MUM	B&T
8	SAINI MANJIT SINGH	Mr.	GM	CHEN	CHEN
9	DINGLEY VIKRAM	Mr.	GM	MUM	B&T, P&A
10	N. SUBRAMANYA PRAKASH	Mr.	GM	MUM	F&A
11	PURUSHOTHAM JAYARAMAN	Mr.	GM	MUM	T&OS





## DECADE AT GLANCE (STANDALONE)

### OPERATIONAL STATISTICS

(Figures in Crores of ₹)

	IGAAP						IND AS					
	2011-12	2012-13	2013-14	2014-15	2015-16	2015-16*	2016-17	2016-17**	2017-18	2018-19	2019-20	2020-21
Operating Earnings	3820.8	4152.5	4155.2	4153.8	4078.3	4049.9	3446.9	3447.4	3469.5	3872.9	4425.4	3703.3
Interest Income	183.4	107.3	103.3	145.9	113.2	114.1	106.4	106.4	86.3	90.5	81.2	65.6
Other Income	495.9	236.4	280.5	288.0	85.7	50.7	38.8	38.8	61.7	141.8	161.8	60.0
<b>Total Earnings</b>	<b>4500.1</b>	<b>4496.2</b>	<b>4539.0</b>	<b>4587.6</b>	<b>4277.2</b>	<b>4214.7</b>	<b>3592.1</b>	<b>3592.6</b>	<b>3617.5</b>	<b>4105.2</b>	<b>4668.4</b>	<b>3828.8</b>
Operating Expenses	3328.4	3273.7	3112.3	2794.2	2339.6	2098.8	2141.3	2178.0	2,223.0	2,533.0	2,558.3	1,999.0
Other Expenses	515.7	668.4	585.6	567.8	636.9	612.4	535.4	490.6	574.9	629.5	727.2	546.0
Finance Costs	387.3	161.8	206.1	179.3	160.6	171.9	172.2	172.2	179.8	359.1	364.1	21.1
Depreciation	608.7	760.5	856.4	770.2	580.0	542.3	566.1	566.1	610.3	658.5	671.2	627.9
Impairment	-	-	-	-	136.4	-	-	-	-	-	-	-
Extraordinary items	-	(299.7)	-	-	-	-	-	-	-	-	-	-
Tax Liability	88.2	45.8	53.3	75.2	46.5	36.1	41.7	43.5	(224.3)	47.1	45.2	16.7
<b>Total Expenses</b>	<b>4928.3</b>	<b>4610.5</b>	<b>4813.7</b>	<b>4386.7</b>	<b>3899.9</b>	<b>3461.4</b>	<b>3456.6</b>	<b>3450.3</b>	<b>3363.7</b>	<b>4227.2</b>	<b>4366.0</b>	<b>3210.7</b>
<b>Profit after Tax</b>	<b>(428.2)</b>	<b>(114.3)</b>	<b>(274.7)</b>	<b>200.9</b>	<b>377.3</b>	<b>753.3</b>	<b>135.5</b>	<b>142.3</b>	<b>253.8</b>	<b>(122.0)</b>	<b>302.4</b>	<b>618.1</b>

\*Figures are restated as per Ind AS \*\* Figures are restated as per Ind AS 8

### FINANCIAL HIGHLIGHTS:

(Figures in Crores of ₹)

	IGAAP						IND AS					
	31-03-12	31-03-13	31-03-14	31-03-15	31-03-16	31-03-16*	31-03-17	31-03-17**	31-03-18	31-03-19	31-03-20	31-03-21
<b>WHAT THE COMPANY OWNED</b>												
Fixed Assets												
Gross Block	13334.4	16556.8	17486.3	17,297.9	18154.4	15851.31	15945.612	15945.61	15,986.2	15,594.9	15,218.3	15,364.7
Less: Depreciation (Cum) & Impairment	4421.6	5017.0	5551.6	5,853.4	6551.02	4024.1	4534.93	4534.93	4,638.2	4,475.8	4,565.1	5,190.3
<b>Net Block</b>	<b>8912.8</b>	<b>11540.3</b>	<b>11934.7</b>	<b>11,444.5</b>	<b>11,603.4</b>	<b>11,827.2</b>	<b>11,410.7</b>	<b>11,410.7</b>	<b>11,348.0</b>	<b>11,119.1</b>	<b>10,653.1</b>	<b>10,174.4</b>
Assets under Construction	1833.3	1572.5	710.9	490.9	-	-	27.3	27.3	7.8	7.6	2.8	32.7
Working Capital	2036.6	1550.1	1837.6	1,341.3	1139.6	1027.0	216.4	226.4	25.8	(441.1)	(605.0)	905.4
Investments	274.6	117.7	113.5	90.1	65.3	65.7	74.6	74.6	130.9	77.1	77.3	77.1
<b>Total</b>	<b>13057.3</b>	<b>14780.6</b>	<b>14596.7</b>	<b>13,366.8</b>	<b>12,808.3</b>	<b>12,919.9</b>	<b>11,729.1</b>	<b>11,739.1</b>	<b>11,512.5</b>	<b>10,762.7</b>	<b>10,128.3</b>	<b>11,189.5</b>
<b>WHAT THE COMPANY OWED</b>												
Long Term Funds:												
Bank Loans	6323.0	7707.4	8000.5	6,833.2	5897.9	5844.8	4518.1	4518.1	3,790.6	2,963.7	2,189.4	1,475.0
Unsecured Loans	-	457.0	256.4	-	-	-	-	-	520.4	726.3	565.4	1,756.7
<b>Total Long Term Funds</b>	<b>6323.0</b>	<b>8164.4</b>	<b>8256.9</b>	<b>6,833.2</b>	<b>5,897.9</b>	<b>5,844.8</b>	<b>4,518.1</b>	<b>4,518.1</b>	<b>4,311.0</b>	<b>3,690.0</b>	<b>2,754.8</b>	<b>3,231.7</b>
Deferred Tax Liability	-	-	-	-	-	351.6	343.6	388.2	104.0	91.5	75.3	55.8
<b>NET WORTH OF THE COMPANY</b>												
Share Capital	465.8	465.8	465.8	465.8	465.8	465.8	465.8	465.8	465.8	465.8	465.8	465.8
Reserves & Surplus	6268.5	6150.4	5874.0	6,067.8	6444.6	6257.7	6401.6	6367.0	6,631.8	6,515.4	6,832.4	7,436.2
<b>Total</b>	<b>6734.3</b>	<b>6616.2</b>	<b>6339.8</b>	<b>6,533.6</b>	<b>6,910.4</b>	<b>6,723.5</b>	<b>6,867.4</b>	<b>6,832.8</b>	<b>7,097.6</b>	<b>6,981.2</b>	<b>7,298.2</b>	<b>7,902.0</b>
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	34.93#
Dividend % ***	-	-	-	-	-	-	-	-	-	-	7.5	2.5

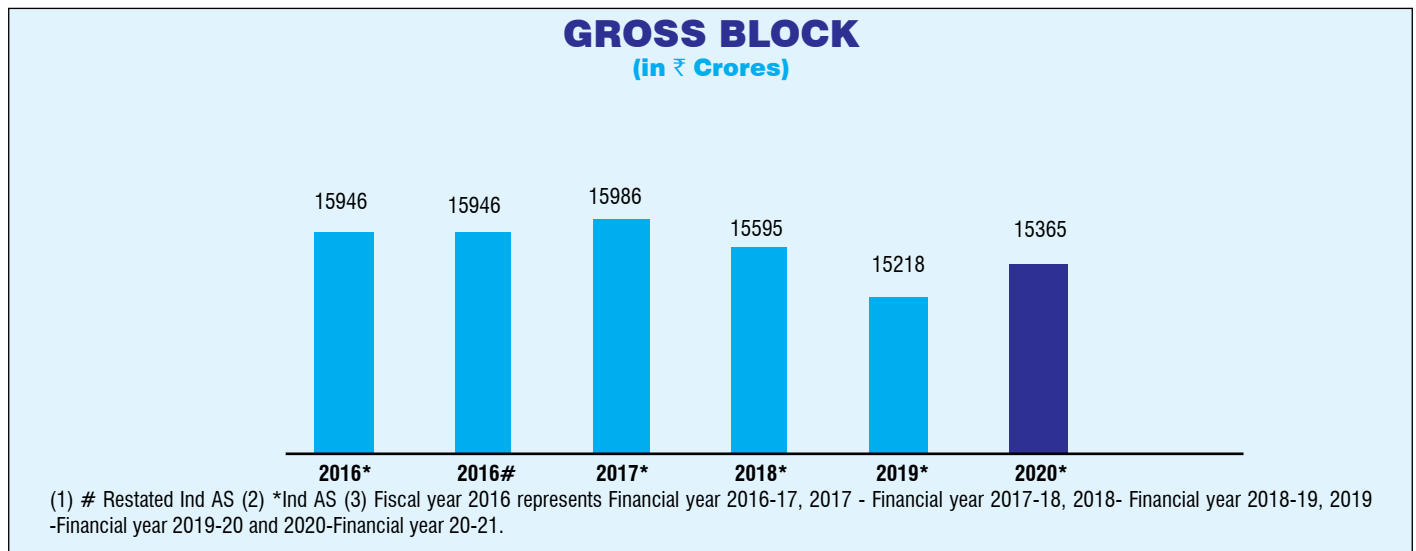
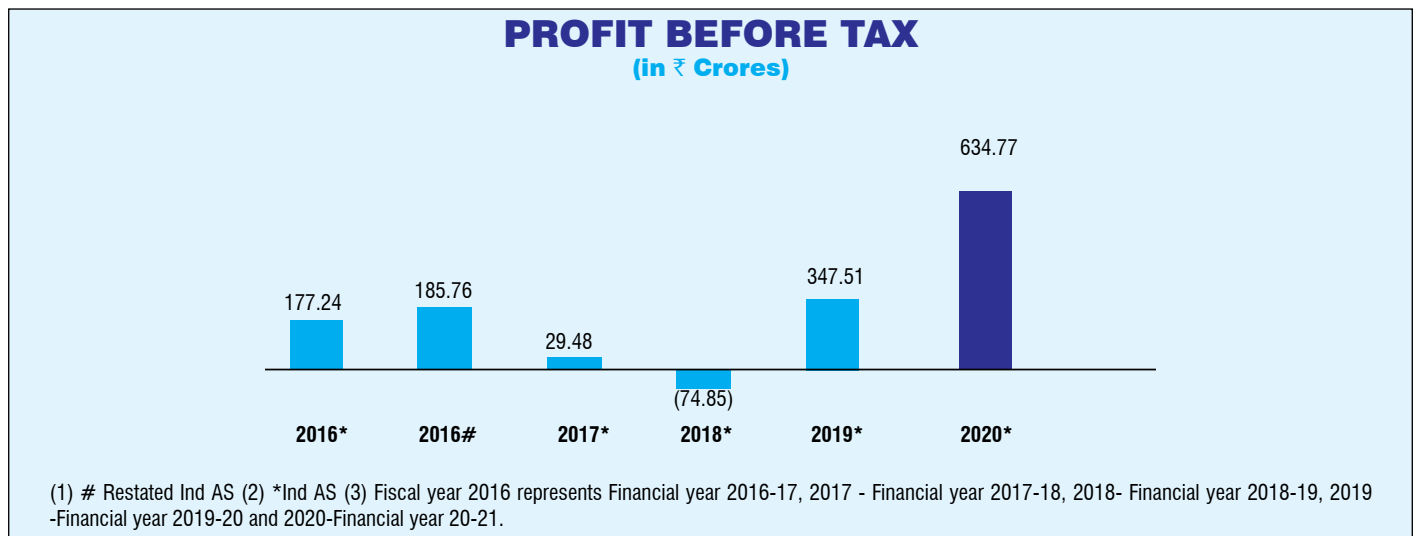
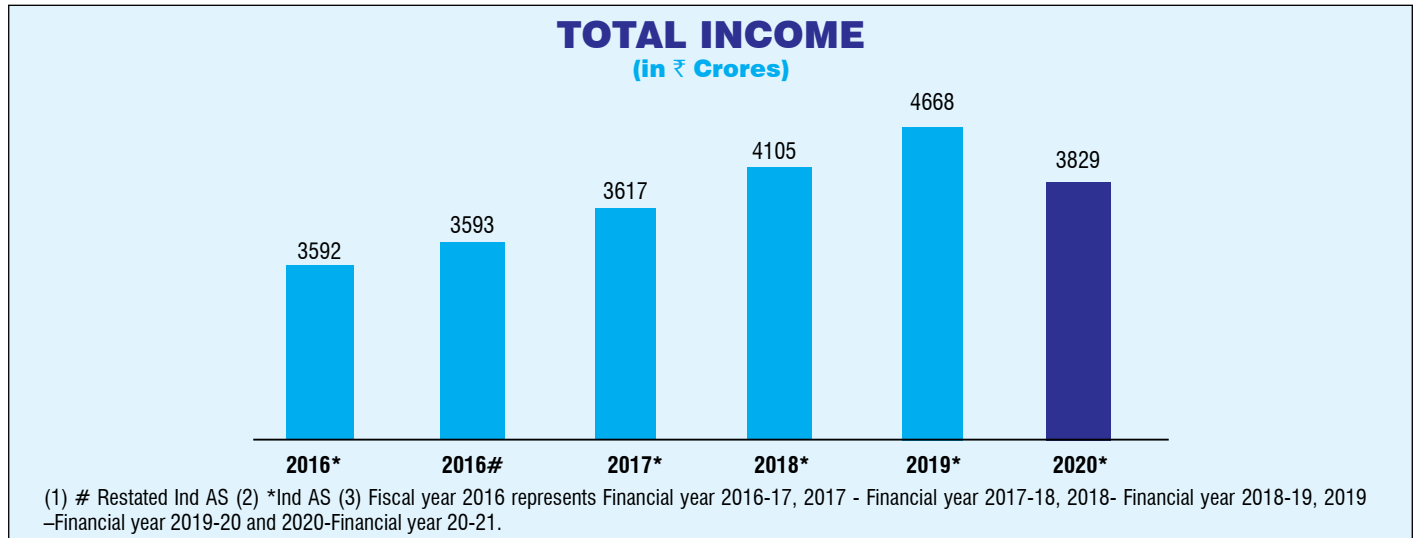
\*Figures are restated as per Ind AS.

\*\* Figures are restated as per Ind AS 8.

\*\*\* The Board of Directors, in its meeting held on May 13, 2021, has recommended a dividend of ₹ 0.25/- per equity share of face value of ₹ 10/- each for the financial year ended March 31, 2021 which is subject to the approval of the shareholders at the Annual General Meeting.

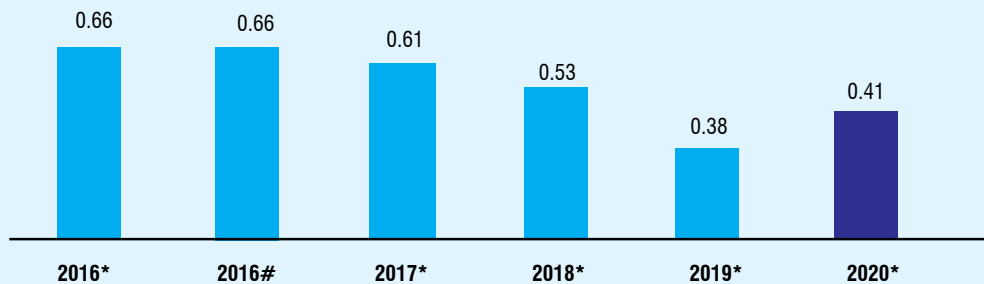
# Dividend declared for FY 2019-20 of ₹ 34.93 Crores were paid in FY 2020-21.

## GRAPHS (STANDALONE)



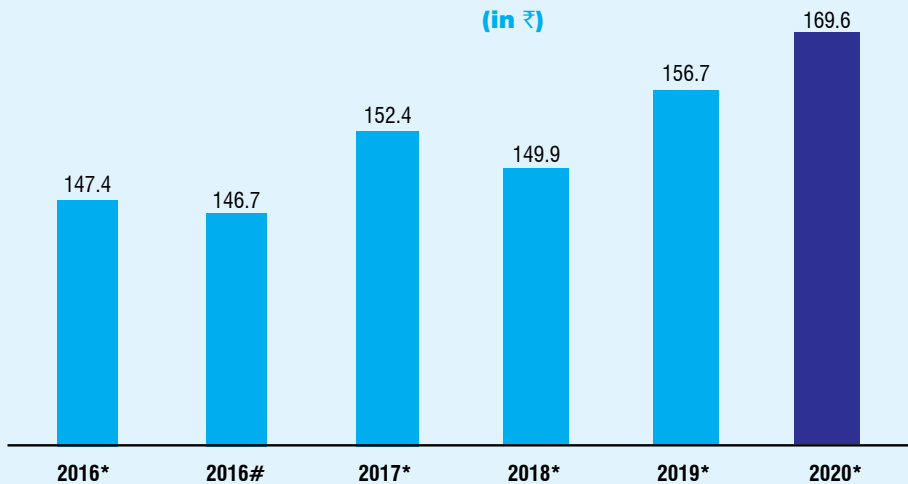
## GRAPHS (STANDALONE)

### DEBT EQUITY RATIO



(1) # Restated Ind AS (2) \*Ind AS (3) Fiscal year 2016 represents Financial year 2016-17, 2017 - Financial year 2017-18, 2018- Financial year 2018-19, 2019 - Financial year 2019-20 and 2020-Financial year 20-21.

### BOOK VALUE PER SHARE AT THE END OF FINANCIAL YEAR (in ₹)



(1) # Restated Ind AS (2) \*Ind AS (3) Fiscal year 2016 represents Financial year 2016-17, 2017 - Financial year 2017-18, 2018- Financial year 2018-19, 2019 - Financial year 2019-20 and 2020-Financial year 20-21.



## SALIENT STATISTICS 2020-21

Authorised Capital	₹ 1000.00 Crores
Subscribed & Paid-up Capital	₹ 465.80 Crores
Depreciation and Amortisation	₹ 627.94 Crores
Gross Earnings	₹ 3828.81 Crores
Gross Investment on Fleet	₹ 11899.77 Crores
No. of Passengers carried (including managed vessels)	Mainland - 3,455 Inter-Island - 39,086 Foreshore - 1,74,874
No. of Employees (including crew) (As on 1 <sup>st</sup> May 2021):	
Shore employees	595
Contract	20
Retainers (Doctors)	8
Trainees	9
Fleet (seafarers on board including contract)	1716
Trainees	322
Vessels Owned (As on 1 <sup>st</sup> May 2021)	
• Number	59
• Tonnage	5.311 million DWT 2.940 million GT
Vessels on Order (As on 1 <sup>st</sup> May 2021)	NIL
No. of Acquisitions (from 01.04.2020- 01.05.2021)	NIL





## NOTICE OF MEETING

**NOTICE** is hereby given that the 71<sup>st</sup> Annual General Meeting of The Shipping Corporation of India Limited ("the Company") will be held on **Thursday August 26, 2021 at 03:30 PM IST** through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM") to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2021 together with the Reports of the Board of Directors and the Auditors thereon.
2. To approve and declare Dividend on Equity shares for the Financial Year 2020-21.
3. To appoint a Director in place of Shri Atul Ubale (DIN: 08630613) who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
4. To fix remuneration of Auditors for the Financial Year 2021-22.

### SPECIAL BUSINESS BY ORDINARY RESOLUTION:

5. **Appointment of Capt. B. K Tyagi (DIN: 08966904) as Whole - Time Director of the Company.**

To consider and if thought fit, to pass with or without modification(s) the following resolution as Ordinary Resolution:

**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under,

Article 125 of the Articles of Association of the Company and other relevant applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Capt. B. K Tyagi (DIN: 08966904), who has been appointed as Additional Director of the Company by the Board of Directors with effect from January 07, 2021 and who holds the said office pursuant to the provisions of Section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting or the last date on which the Annual General Meeting for the Financial Year 2020-2021 should have been held, whichever is earlier and who is eligible for appointment under the relevant provisions of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a Member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.

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

**Dipankar Halder**

*Executive Director (Legal Affairs) & Company Secretary*

### Registered Office:

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

**Dated: 03/08/2021**



## NOTICE OF MEETING

### NOTES

1. In view of the continuing restrictions on the movement of people at several places, due to outbreak of COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by circular No.20/2020 dated May 05, 2020 read with Circular No.02/2021 dated January 13, 2021 (collectively referred to as "MCA Circulars") and Circular dated May 12, 2020 and January 15, 2021 issued by the Securities and Exchange Board of India ('SEBI Circulars') permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR, 2015") and MCA/SEBI Circulars, the AGM of the Company is being held through VC/OAVM. The deemed venue for the AGM will be the place from where the Chairperson of the Board conducts the Meeting.
2. Statement pursuant to section 102(1) of the Companies Act, 2013 (the 'Act') forms part of this notice.
3. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI (LODR), 2015 and Secretarial Standards on the General Meetings issued by the Institute of Company Secretaries of India (ICSI) in respect of Directors seeking re-appointment at this AGM is annexed.
4. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of the members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the proxy form and Attendance Slip are not annexed to this Notice.
5. A person who is not a member as on cut-off date of remote e-voting i.e. Thursday August 19, 2021, should treat the notice for information purpose only.
6. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
7. President of India / Institutional / Corporate Shareholders (i.e other than individuals / HUF / NRI, etc) are required to send a scanned copy (PDF / JPG format) of its Board or governing body Resolution / Authorisation etc, authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution / Authorisation shall be sent to the Company by email through its registered email address at [sci.cs@sci.co.in](mailto:sci.cs@sci.co.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) on or before 18.08.2021 till 05:00 PM (IST)
8. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday August 19, 2021 to Thursday August 26, 2021 (both days inclusive).
9. The members, whose names appear in the Register of Members / list of beneficial owners as on Wednesday August 18, 2021 i.e., the date prior to commencement of Book closure, will be paid the dividend as recommended by the Board, if approved at the AGM.
10. The dividend once approved by the shareholder in the ensuing AGM will be paid within 30 days from date of AGM electronically through various online transfer mode to those shareholders who have updated bank account details. For shareholders who have not updated their bank details, dividend warrants/demand drafts/cheques will be sent out to their registered address. To avoid delay in receiving dividend, shareholders are requested to update their bank details and KYC with RTA/Depositories.
11. As per Regulation 40 of SEBI LODR, 2015 as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the RTA, M/s Bigshare Services Pvt Ltd. for assistance in this regard on Telephone No. – 022-62638200.
12. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their Depositories in case the shares are held by them in electronic form and with RTA in case the shares are held by them in physical form.
13. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone / mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, or any other KYC details etc., to their Depositories in case the shares are held by them in electronic form and to the RTA of the Company in case the shares are held by them in the physical form. Members are requested to contact the Registrar and Transfer Agent (RTA) of the company at the following details: Bigshare Services Pvt. Ltd., 1<sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai 400059, Maharashtra. Tel: 022 - 6263 8200, Fax: 022 - 6263 8299, email: [investor@bigshareonline.com](mailto:investor@bigshareonline.com) Website: [www.bigshareonline.com](http://www.bigshareonline.com)



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14. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline.
15. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories / RTA as on Tuesday August 03, 2021. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website [www.shipindia.com](http://www.shipindia.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of NSDL <https://www.evoting.nsdl.com>. Any person acquiring shares after the dispatch of notice of AGM but holding shares as on the close of the business hours of Thursday August 19, 2021, may visit SCI's website [www.shipindia.com](http://www.shipindia.com) under 'Financial Results → Annual Reports' section.
16. **Taxability and Other Dividend Related Information**

As per the Income Tax Act, 1961 ("Act"), as amended by the Finance Act, 2020, dividends paid or distributed by a Company after April 1, 2020 shall be taxable in the hands of the shareholders. The Company shall therefore be

required to deduct tax at source at the applicable rates at the time of making the payment of the said Final Dividend, if declared at the AGM.

The Finance Act, 2021 has inserted a special provision for deduction of tax at source for non-filers of income-tax return u/s 206AB under the Income-tax Act, 1961 ("IT Act"). This section will be effective from 1<sup>st</sup> July, 2021.

According to the relevant provisions of section 206AB of the IT Act, in case the Company is paying any sum to any persons, the Company will be liable to deduct TDS at higher rate under IT Act, from such payment where –

- (1) The \*specified person\* has not filed their Income Tax Return (ITR) for both of the previous two assessment years prior to the year in which tax is required to be deducted (i.e. if ITR is not filed by the persons for FY 18-19 and FY 19-20) and
- (2) The aggregate of TDS deducted and TCS collected in each of the previous two assessment years is INR 50,000/- or more.

*Provided that the specified person shall not include a non-resident who does not have a permanent establishment in India*

The Company shall therefore be required to deduct tax at source at the applicable rates at the time of making the payment of the Dividend, if declared at the AGM.

The TDS rate may vary depending on the residential status of the shareholder, applicability of provisions of section 206AB and as per the documents submitted by the shareholders and accepted by the Company in accordance with the provisions of the Act. The TDS for various categories of shareholders along with required documents are summarized below:

**Table 1: Resident Shareholders**

Particulars & Category of shareholders	Rate of Tax Deduction	Exemption documents to be given
<b>Resident Individuals</b>		
If total Dividend income to a resident individual shareholder in FY 2021-22 > ₹ 5,000	- 10% in case where PAN is provided/available - 20% in case where Sec 206AB becomes applicable	Update the PAN if not already done with depositories (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agents – Bigshare Services Pvt Ltd ("RTA"). (in case of shares held in physical mode).
Shareholders providing duly signed Form 15G (applicable to any person other than a Company or a Firm) /15H (applicable to an Individual above the age of 60 years) provided that all the prescribed eligibility conditions are met.	NIL	Form 15G/15H duly signed – The forms can be downloaded from the website of the RTA at <a href="https://www.bigshareonline.com/Resources.aspx">https://www.bigshareonline.com/Resources.aspx</a>
If total Dividend income to a resident individual shareholder in FY 2021-22 < ₹ 5,000	NIL	-
<b>Resident - Other than Individuals</b>		

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Particulars & Category of shareholders	Rate of Tax Deduction	Exemption documents to be given
Indian Commercial Banks/Indian Financial Institutions	10% - 20% in case where Sec 206AB becomes applicable	-
Insurance Companies: LIC & Other Insurance Companies such as GIC/United India Insurance Co/ Oriental Insurance Co/New India Assurance Co as provided under Second Proviso to section 194 of IT Act	NIL	A declaration that it has a full beneficial interest with respect to the shares owned by it along with PAN.
Govt of India, Corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income - tax on its income (Section 196)	NIL	Self-declaration specifying the specific Central Act under which such corporation is established and that their income is exempt under the provisions of Income Tax Act, 1961 along with a self-attested copy of the PAN card and registration certificate.
Mutual Funds	NIL	Self-declaration that they are specified and covered under section 10 (23D) of the Income Tax Act, 1961 along with a self-attested copy of PAN card and registration certificate.
	10% 20% in case where Sec 206AB becomes applicable	In case of mutual funds not covered under section 10 (23D) of the Income Tax Act, 1961
Alternative Investment Fund	NIL	Self-declaration that its income is exempt under Section 10 (23FBA) of the Income Tax Act, 1961 and they are governed by SEBI regulations as Category I or Category II AIF along with a self-attested copy of the PAN card and registration certificate.
	10% - 20% in case where Sec 206AB becomes applicable	In case AIF other than those registered with SEBI as per Section 115UB of the Act.
Order under section 197 of the Act	Rate provided in the order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.
Other resident shareholder without PAN/Invalid PAN	20% as per Sec 206AA or Rate as per Sec 206AB whichever is higher	-

Please Note that:

- Recording of the valid Permanent Account Number (PAN) for the registered Folio/DP id-Client Id is mandatory. In absence of valid PAN, tax will be deducted at a higher rate of 20% as per Section 206AA of the Act. If the provisions of section 206AA is applicable to a specified person, in addition to the provision of Sec 206AB, then tax shall be deducted at higher of the two rates provided in section 206AA and 206AB
- Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts

### Table 2: Non-resident Shareholders

Tax is required to be withheld in accordance with the provisions of Section 195 of the Income Tax Act, 1961 at applicable rates in force. As per the said provisions, the tax shall be withheld @ 20% plus applicable surcharge and cess on the amount of dividend payable. However, as per Section 90 of the Income Tax Act, 1961, a non-resident payee has the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to the shareholder. For this purpose, i.e. to avail the DTAA benefits, the non-resident shareholder will have to provide documents provided in the table:



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Category of shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirement
Any non-resident shareholder (This includes Foreign Companies, Bodies Corporate, NRI, Foreign Nationals and other foreign entities)	20% (plus applicable surcharge and cess) or Tax Treaty rate whichever is lower	Non-resident shareholders may opt for tax rate under Double Taxation Avoidance Agreement ("Tax Treaty") as per Section 90 of the Income tax Act, 1961. The Tax Treaty rate shall be applied for tax deduction at source on submission of following documents to the RTA; <ul style="list-style-type: none"> <li>Copy of the PAN Card, if any, allotted by the Indian authorities.</li> <li>Self-attested copy of Tax Residency Certificate (TRC) valid as on the AGM date obtained from the tax authorities of the country of which the shareholder is resident.</li> <li>Form 10F can be downloaded from the website of the RTA at <a href="https://www.bigshareonline.com/Resources.aspx">https://www.bigshareonline.com/Resources.aspx</a></li> </ul> TDS shall be recovered at 20% (plus applicable surcharge and cess) if any of the above mentioned documents are not provided. However, the Company in its sole discretion reserves the right to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts and to call for any further information. Application of DTAA rate shall depend upon the completeness of the documents submitted by the Non-Resident shareholder and review to the satisfaction of the Company.
Foreign Institutional Investors, Foreign Portfolio Investors (FII, FPI)	20% (plus applicable surcharge and cess)	None (Treaty benefit not available to FII/FPI). TDS rate shall not be reduced on account of the application of the Lower DTAA rate or lower tax deduction order, if any
Submitting Order under section 197 of the Act	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.

Note: The Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

### PROCEDURE FOR SUBMISSION OF DOCUMENTS:

**Form 15G/15H/10F can be downloaded from the website of our RTA, Bigshare Services Private Limited at <https://www.bigshareonline.com/Resources.aspx>.** The above-mentioned documents (duly completed and signed) are required to be sent to company's RTA at their email id at [tds@bigshareonline.com](mailto:tds@bigshareonline.com)

Please note that the duly completed and signed documents should be sent to the RTA before the record date for dividend i.e Tuesday August 17, 2021 in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax. Incomplete and / or unsigned forms and declarations will not be considered by the Company. No communication/ documents on the tax determination / deduction shall be considered post record date for dividend.

Further, shareholders who have not registered their email address are requested to register the same with the Depositories in case the shares are held in Demat and with our RTA if the shares are held in physical form. Shareholders are further requested to update their Bank Accounts with the Depositories in case the shares are held in Demat and with our RTA if the shares are held in physical form. Shareholder holding shares in physical form can update their email ids / Bank Details online at company's RTA website at <https://www.bigshareonline.com/InvestorRegistration.aspx>

It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details / documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.

17. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

18. The Registers of the Directors and Key Managerial Personnel and their shareholding under Section 170 of the Companies



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Act, 2013, will only be made available for inspection to the members on their request to the Company at [sci.cs@sci.co.in](mailto:sci.cs@sci.co.in) mentioning their name, folio no./client ID and DP ID and the documents they wish to inspect, with a self attested copy of their PAN card attached to the email.

19. Instructions for e-voting and joining the AGM are as follows:

### 20. VOTING THROUGH ELECTRONIC MEANS

- I. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.
- II. The remote e-voting period commences on Monday August 23, 2021 (09:00 AM IST) and ends on Wednesday August 25, 2021 (05:00 PM IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Thursday August 19, 2021, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- III. The Board of Directors has appointed Shri Upendra Shukla (Membership No. FCS 2727), Practicing Company Secretary as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
- IV. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- V. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- VI. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as on the close of the business hours of Thursday August 19, 2021, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she are already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no. 1800 1020 990 and 1800 22 44 30. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. Thursday August 19, 2021 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".
- VII. The details of the process and manner for remote e-voting are explained herein below:

#### **How to vote electronically using NSDL e-Voting system**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

#### **Step 1: Access to NSDL e-Voting system**

#### **Step 2: Cast your vote electronically on NSDL e-Voting system.**

#### **Details on Step 1 is mentioned below:**

#### **A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in Demat mode.**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.



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Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>1) If you are already registered for <b>NSDL IDeAS facility</b>, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “<b>Beneficial Owner</b>” icon under “Login” which is available under “<b>IDeAS</b>” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS</b>” Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or <b>e-voting service provider NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> <li>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>



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Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or <b>e-Voting service provider-NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
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**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

### B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

#### How to Log-in to NSDL e-Voting website

- 1) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- 2) Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders/Member' section.
- 3) A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.  
*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*
- 4) Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***



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- 5) Your password details for shareholders other than Individual Shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'
- (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
- (ii) If your email ID is not registered, please follow steps mentioned below in **Serial Number 21**
- 6) If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "**Forgot User Details/Password**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) "**Physical User Reset Password**" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- 7) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- 8) Now, you will have to click on "Login" button.
- 9) After you click on the "Login" button, Home page of e-Voting will open.

### Details on Step 2 are given below:

#### **How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Company on e-mail [sci.cs@sci.co.in](mailto:sci.cs@sci.co.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password" or "Physical User Reset Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, with respect to remote e-voting or e-voting at the AGM, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
4. Further, please find below details of NSDL officials for queries: Mr. Amit Vishal, Assistant Vice President – NSDL, or Ms. Pallavi Mhatre, Manager, NSDL at 1800 1020 990 and 1800 22 44 30 or email at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories/Company for procuring the user id and password for e-voting for the resolutions set out in this notice:**



## NOTICE OF MEETING

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.
21. **Manner of updating Mobile Numbers, Bank Account and Email addresses.**

The shareholders are requested to update their Mobile Numbers, Email addresses and Bank Account Details in order to receive

- Electronic copy of Notice, Annual Report and all other electronic communication relating to the virtual AGM
  - Direct Dividend in the Bank Accounts
- I. Those shareholders holding shares in the Demat Form can update their Mobile Number, Email addresses and Bank Account details with their relevant Depositories through their Depository Participants.
  - II. Those shareholders holding shares in the Physical Form, are requested to furnish the details of mobile number, email addresses and bank account details to the Company's Registrar and Share Transfer Agent (RTA) at following address-  
Bigshare Services Pvt Ltd., 1<sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai-400059, Maharashtra, Tel: 022-62638200, Fax: 022-62638299 or at Email: [investor@bigshareonline.com](mailto:investor@bigshareonline.com) along with the name of the shareholder, folio number, scanned copy of the share certificate(front and back) and self attested copy of PAN Card. Following additional details to be provided for updating Bank Account for receiving Dividend.
    - (i) Name and branch of the Bank
    - (ii) The Bank Account type
    - (iii) Bank account number
    - (iv) 9 Digit MICR Number
    - (v) 11 Digit IFSC Code
    - (vi) Scanned copy of the cancelled cheque bearing the name of the first shareholder.
  - III. The shareholders holding shares in physical form can update the email id and Bank account details on the website of the RTA at <https://www.bigshareonline.com/InvestorRegistration.aspx>

## 22. THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

- I. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- II. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- III. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- IV. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

## 23. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- I. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join General meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN



## NOTICE OF MEETING

of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

- II. Facility of joining the AGM through VC / OAVM shall open 2 hours before the time scheduled for the AGM and shall be kept open throughout the proceedings of the AGM.
- III. Members who need assistance before or during the AGM, can contact NSDL on call on toll free no.: 1800 1020 990 and 1800 22 44 30 or can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Further, please find below details of NSDL officials for queries: Mr. Amit Vishal, Assistant Vice President or Ms. Pallavi Mhatre, Manager, at 1800 1020 990 and 1800 22 44 30 or email at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- IV. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/ folio number, PAN, mobile number, email address at [sci.cs@sci.co.in](mailto:sci.cs@sci.co.in) from Thursday August 12, 2021 to Thursday August 19, 2021. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. The Company may respond suitably to those shareholders who had sent request to the Company to express their views/questions but due to paucity of time did not get opportunity to ask questions during AGM.
- V. Members are encouraged to join the Meeting through Laptops for better experience.
- VI. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting
- VII. Institutional Members are encouraged to attend and vote at the AGM through VC/ OAVM. In case any Institutional Members, facing issues for participating in AGM can contact NSDL on call on toll free no.: 1800 1020 990 and 1800 22 44 30 or can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) Further, please find below details of NSDL officials for queries: Mr. Amit Vishal, Assistant Vice President – NSDL, or Ms. Pallavi Mhatre, Manager, NSDL at 1800 1020 990 and 1800 22 44 30 or email at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- VIII. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

### 24. Other Instructions

- I. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
- II. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.shipindia.com](http://www.shipindia.com) and on the website of NSDL <https://www.evoting.nsdl.com> immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

**Dipankar Haldar**  
Executive Director (Legal Affairs) &  
Company Secretary

**Registered Office:** Shipping House, 245, Madame Cama Road, Mumbai – 400 021

**Date:** 03/08/2021

## ANNEXURE TO THE NOTICE

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

#### Item No. 5 of the Notice

The following explanatory statement sets out all the material facts relating to special business mentioned in Item No.5 of the accompanying notice dated 03.08.2021 convening the 71<sup>st</sup> Annual General Meeting of the Company.

The Board of Directors of the Company appointed Capt. B.K Tyagi as an Additional Director of the Company with effect from 07.01.2021, pursuant to the provisions of Section 161(1) of the Act and Article 125 of the Articles of Association of the Company. In terms of the provisions of Section 161(1) of the Act, Capt. B.K Tyagi would hold office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a shareholder along with the deposit of requisite amount under Section 160 of the Act proposing his candidature for the office of Director of the Company. A brief profile of Capt. B.K Tyagi is given under the section 'Board of Directors' of the Annual Report.

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

The Board recommends this Ordinary Resolution for your approval.

#### ANNEXURE TO NOTICE

Details of the Directors seeking re-appointment/ appointment at the forthcoming Annual General Meeting

Name of Director	Shri Atul Ubale (DIN:08630613)	Capt. B.K Tyagi (DIN: 08966904)
Date of Birth	14-06-1965	04-11-1970
Date of Appointment	05-12-2019	07-01-2021
Qualifications	MBA in Marketing	B.Sc, Master Mariner (FG), PGDBM, PGDSM, ICS London, CS (Professional), LLB
Expertise in Specific Functional areas	Over 31 years of vast experience in Off Shore Services, Ship acquisition, Chartering & Commercial operations of Bulk Carriers & Tankers, besides serving in SCI's overseas office. Expertise in chartering & Commercial operations.	14 years of on board ships and over 17 years of rich experience covering all areas of Shipping Management. Capt. B.K. Tyagi has served in Technical, Vetting, Chartering, Centralized dry dock, Marine HR Departments and Maritime Training Institute. Presently he is heading Liner and Passenger Ships, Technical and Offshore divisions of SCI. He was instrumental in commencing Inland Waterways and making ICSSL functional.
Directorship held in other public companies (excluding Foreign, Private and Section 8 companies)	NIL	Inland & Coastal Shipping Limited
Membership / Chairmanship of committees of other public companies (Includes only Audit Committee and Stakeholders Relationship Committee)	NIL	NIL
Number of shares held in SCI	NIL	300*
Number of Board Meetings attended	Kindly refer the Corporate Governance Report	
Relationships between Directors inter-se	There is no relationship inter se between the Directors.	There is no relationship inter se between the Directors.

\*The shares are acquired prior to assuming charge of the Director on the Board.



## DIRECTORS' REPORT

### To the Members,

Your Directors have pleasure in presenting the 71<sup>st</sup> Annual Report on the working of your Company for the Financial Year ended 31<sup>st</sup> March, 2021.

### FINANCIAL PERFORMANCE

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

(₹ in Crores)

Particular	Current Financial Year (2020-2021)	Previous Financial Year (2019-2020)
Revenue from Operations	3703.25	4425.44
Other Income	125.56	242.95
<b>Profit / loss before Depreciation, Finance Costs, Exceptional items and Tax Expense</b>	<b>1283.82</b>	<b>1382.91</b>
Less: Depreciation / Amortisation / Impairment	627.94	671.27
<b>Profit / loss before Finance Costs, Exceptional items and Tax Expense</b>	<b>655.88</b>	<b>711.64</b>
Less: Finance Costs	21.11	364.13
<b>Profit / loss before Exceptional items and Tax Expense</b>	<b>634.77</b>	<b>347.51</b>
Add / (less): Exceptional items	-	-
<b>Profit / loss before Tax Expense</b>	<b>634.77</b>	<b>347.51</b>
Less: Tax Expense (Current & Deferred)	16.67	45.16
<b>Profit / loss for the year (1)</b>	<b>618.10</b>	<b>302.35</b>
Other Comprehensive Income/loss (2)	20.68	14.62
<b>Total (1+2)</b>	<b>638.78</b>	<b>316.97</b>
Balance of profit/loss for earlier years	602.29	306.32
Less: Transfer to Tonnage Tax Reserve	103.50	21.00
Less: Dividend paid for Financial Year 2019-20	34.93	-
<b>Balance carried forward</b>	<b>1102.63</b>	<b>602.29</b>

The above figures have been extracted from the standalone financial statements as per Indian Accounting Standards (Ind-AS).

### Appropriations:

The working results for your company for the year 2020-21 shows a net profit of ₹ 618.10 crore. A sum of ₹ 103.50 crore has been transferred to Tonnage Tax Reserve for the financial year 2020-21. After adjusting an opening credit balance of ₹ 602.29 crores (being balance Retained earnings brought forward from previous year), dividend payment of ₹ 34.93 Crores and adding items of other comprehensive income of ₹ 20.68 crores that are recognised directly in retained earnings, there is a credit balance in Retained earnings of ₹ 1102.63 crores as on 31<sup>st</sup> March 2021.

### Dividend:

The Board of Directors in their meeting held on 13.05.2021 had recommended a dividend @ 2.5% on the paid up Capital out of Free Reserves of the Company. The Dividend will become payable once approved by the shareholders at the AGM. The said dividend will be paid within 30 days of its declaration at the AGM.

The dividend, subject to approval of the Members at the Annual General Meeting scheduled to be held on Thursday August 26, 2021, will be payable to those Shareholders, whose names appear in the Register of Members as on the Book Closure / Record Date. The payment of dividend will be subject to deduction of tax at source. The dividend pay-out is in accordance with the company's dividend distribution policy, which is available on the Company's website [http://shipindia.com/upload/policies/SCI\\_Dividend\\_Distribution\\_Policy1.pdf](http://shipindia.com/upload/policies/SCI_Dividend_Distribution_Policy1.pdf)

### Share Capital:

The Company has not issued any Equity Shares with differential voting rights. Hence, no information as required under Section 43(a) (ii) of the Companies Act, 2013 read with Rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014 is furnished. The Company has only one class of Equity Shares having face value of ₹ 10/- each.

### Brief Analysis of Financial Performance

SCI has reported a net profit after tax of ₹ 618.1 crores for the financial year 2020-21. Impact of surge in charter hire rates of Tanker vessels was also felt in first half of F.Y. 2020-21 and hence Tanker segment has recorded huge profit. Bulk segment performance has improved with rise in market conditions. The Technical & Offshore segment has shown improvement in terms of revenue as well as profit due to long term contracts and better utilisation of vessels. Container Market has achieved new high during second half of F.Y. 2020-21 and consequently Liner segment has posted profit as compared to loss in previous year i.e. F.Y. 2019-20. Devaluation of USD and refinancing of existing long term loans has also reduced financing cost of SCI to great extent adding in profit.

The consolidated net profit for the company for Financial Year 2020-21 is ₹ 696.09 crores.

## DIRECTORS' REPORT

**Performance and Financial positions of joint ventures and subsidiary included in consolidated financial statements:**

Fig. (₹ in Lacs)

Particulars	ILT 1	ILT 2	ILT 3	ILT 4	ICSL
As on	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021
Total Income	18,851	19,803	22,706	21,211	4
PAT	7,537	9,206	5562	5,803	-25
Equity capital	16	16	7	31201	5
Number of equity shares	10000	10000	10000	42448300	50000
EPS (₹ / share)	75,370	92,060	55,620	14	0
Dividend	-	-	-	-	-
Net worth	47,856	49,241	(4,337)	26,282	70

Net Impact on Consolidated profits for the year ended 31<sup>st</sup> March 2021 is increase of ₹ 78.00 crores upon consolidation of above joint ventures and subsidiary company.

### Credit Rating Details:

(a) credit rating obtained in respect of various securities;	a) Rating is done for bank loan rating only
(b) name of the credit rating agency;	b) The latest rating is by Acuite Ratings & Research
(c) date on which the credit rating was obtained;	c) published on 5 <sup>th</sup> February 2021
(d) revision in the credit rating;	d) One notch upgrade of the long term loan rating from "AA-" to "AA" with rating outlook as "Stable" and the short term Rating is maintained at the highest grade for the Corporation as "A1 +"
(e) reasons provided by the rating agency for a downward	e) There is an rating upgrade considering the improvement of financial performances and improved DSCR subsequent to the refinancing

### Subsidiaries and Associates

Your company has one subsidiary Company and has six Joint Ventures. Investment in subsidiary "Inland and Coastal Shipping Limited" was done on 29<sup>th</sup> September 2016. It is a wholly owned subsidiary of your company. Pursuant to section 129(3) of the Companies Act, 2013, a statement containing salient features of our subsidiary and associates companies in form AOC-1 is appended to the Director's Report. In accordance with section 136 of the Companies Act, 2013 the audited financial statements of the company are available on our website [www.shipindia.com](http://www.shipindia.com).

#### A SUBSIDIARY

##### Inland and Coastal Shipping Limited

India has a long coast line admeasuring 7500 km and a large network of river systems. Despite this, very little attempt has been made to interlink these natural assets or a seamless environment friendly transport system. In a bid to remedy this lacuna, during the Maritime India Summit 2016, the Inland Waterways Authority of India (IWAI) entered into a Memorandum of Understanding with The Shipping Corporation of India (SCI) on 15<sup>th</sup> of April 2016 to develop this field of domestic transport. Both parties agreed to work towards tapping the synergies of high sea shipping, coastal shipping and inland waterways to establish an integrated system of water transportation across the hinterland, the coasts and the high seas. For this purpose, the SCI Board approved the formation of a dedicated subsidiary company of SCI, based in Kolkata. The Company has been named as "INLAND and COASTAL SHIPPING LIMITED" (ICSL).

The subsidiary company is working on development of a viable business plan on this segment. ICSL finally became operational in Jan'2021. As per Ministry of Ports, Shipping & Waterways, Inland Waterways Transport (IWT) Division letter dated 27.10.2020, approval was accorded to IWAI for handing over three cargo vessels i.e. (i) m.v. Rabindra Nath Tagore, (ii) m.v. Lal Bahadur Shastri and (iii) m.v. Homi Bhabha to SCI on 'Nil Reserve Price'. SCI's wholly-owned subsidiary viz. Inland & Coastal Shipping Ltd. (ICSL) and IWAI signed a historic Memorandum of Understanding on 22.01.2021 and took over MV RN Tagore same day and MV Lal Bahadur Shastri on 26.02.2021 for operation and management. Third vessel MV Homi Bhabha is presently in-operational and will be taken over by ICSL after she is made operational by IWAI. ICSL is also in close discussion with IWAI to take over two RORO vessels which will be operated on NW1

#### B JOINT VENTURES

##### (i) India LNG Transport Co. (No.1), (No.2) and (No.3) Ltd

SCI has entered into three JVCs with three Japanese Companies viz. Mitsui O.S.K.Lines (MOL), Nippon Yusen Kabushiki Kaisha (NYK) and Kawasaki Kisen Kaisha Ltd (K Line) along with Qatar Shipping Company (Q Ship) in case of ILT No. 1 & 2 and Qatar Gas Transport Company (QGTC) in case of ILT No. 3, each owning and operating an LNG tanker deployed in the import of a total of 7.5 million metric ton per annum of LNG for the Dahej Terminal of M/s Petronet LNG Ltd (PLL). SCI is the first and only Indian company to enter into the high-technology oriented & sunrise sector of LNG. SCI is the manager for these three companies, managing the techno-commercial operations of 3 LNG tankers.



## DIRECTORS' REPORT

### (ii) India LNG Transport Co. No. 4 Pvt Ltd

SCI had entered into 4<sup>th</sup> JV formed in Singapore, with the same three Japanese companies viz. Mitsui O.S.K.Lines (MOL), Nippon Yusen Kabushiki Kaisha (NYK) and Kawasaki Kisen Kaisha Ltd (K Line) and Petronet LNG to own and operate one 173,000 CBMLNG Tanker for transporting 1.44 million metric tons of LNG primarily from Gorgon, Australia to India for charterers Petronet LNG Limited. The vessel is now novated to Exxonmobil by Petronet LNG and operating world-wide with a focus on India and Far East region. SCI is the manager for this company and is managing the techno-commercial operations of the tanker.

### (iii) Irano Hind Shipping Company

The Company holds 49% in Irano Hind Shipping Company, P.J.S (IHSC) a joint venture company. As per directives received from the Govt. of India, it has been agreed to dissolve the Company. Therefore investment in IHSC is classified as asset held for sale.

### (iv) SAIL SCI Shipping Pvt Ltd (SSSPL)

SCI and SAIL had co-promoted a JVC "SAIL SCI Shipping Pvt Ltd" (SSSPL), which was primarily to cater to SAIL's shipping requirements. The JVC was incorporated on 19.05.2010. However, due to continued depressed freight levels, the JVC could not justify tonnage acquisition and both the Boards of SCI & SAIL decided to voluntarily wind up the company. The company has completed the process of winding up and uploading of details is awaited by ROC as the same is delayed due to Covid related lockdown.

### Fleet position during the year:

During the year under report, there has been NIL additions or deletions to the SCI owned fleet. Thus, the overall fleet position of SCI stood at 59 vessels of 5.311 million DWT at the end of the year.

### Fleet Profile during the Year

Particulars		As on 31.03.2020		Additions		Deletion		As on 31.03.2021	
		No.	DWT	No.	DWT	No.	DWT	No.	DWT
1.	Crude oil Tanker	18	3231602	-	-	-	-	18	3231602
	Product tanker	13	862925	-	-	-	-	13	862925
	Gas carriers	1	53,503	-	-	-	-	1	53,503
2.	Bulk carriers	15	1022344	-	-	-	-	15	1022344
3.	Container vessels	2	115598	-	-	-	-	2	115598
4.	Offshore vessels	10	25238	-	-	-	-	10	25238
Total		59	5311210	-	-	-	-	59	5311210

At the end of the year, the Company had no new built vessels on order.

### Particulars of Loans, Guarantees and investments

Details of Loans, Guarantees and Investments are given in the notes to financial statements.

### Extract of Annual Return

In accordance with section 134 (3) (a) and section 92(3) of the companies Act, 2013 read with relevant rules, the annual return as on 31<sup>st</sup> March, 2021 is available on the Company's website- [https://www.shipindia.com/investors/agm\\_new/13](https://www.shipindia.com/investors/agm_new/13)

### Particulars of contracts/arrangements with related parties

Particulars of contracts/arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed form AOC-2 is appended to the Director's Report. The details are also available in Note 30 under 'Notes to Financial statements.

### Particulars of Employees

Your Company, being a Govt. Company, is exempted to furnish information under Section 197 of Companies Act, 2013 vide Ministry of Corporate Affairs (MCA) Notification dated 05.06.2015.

### Employees Stock Option Scheme

The Company does not have any Employee Stock Option Scheme.

### Company's Policy on Directors appointment and remuneration

The terms of Directors appointment and remuneration are fixed by the Government of India.

### Receipt of Remuneration by Managing Director from Subsidiary Companies

Smt. H.K. Joshi, Chairperson & Managing Director also holding Addl.charge of Director (Finance) of the Company, has not received any remuneration from any of its subsidiary companies.

## DIRECTORS' REPORT

**Details of Presidential Directives issued by the Central Government and their compliance during the year and also in the last three years are as follows:**

SCI has fully complied with the requirements of Directorate General of Shipping pertaining to conduct of courses and has also complied with the Indian Maritime University guidelines.

SCI is actively participating in Swachh Bharat drive within the campus and in public places. Cadets, trainees, faculties and staff at MTI are involved in the activity- planned at regular intervals. In line with Govt.'s vision, SCI contributed massively in the swacchta pakhwada from 16.09.2020 to 02.10.2020 and organized various cleaning drives, poster making competition, essay writing competition through online platforms etc. for increasing awareness.

### Risk Management

Pursuant to Regulation 21 of the SEBI (LODR) Regulations, 2015 and amendments thereon, a Risk Management Committee was constituted in the Board Meeting held on 3.8.2019 consisting of all Functional Directors and HOD (IT). During the Financial Year the Chief Financial Officer was also nominated in the Risk Management Committee with effect from 1.11.2019. As per Regulation 21(2) of SEBI LODR Regulations, the Board in its meeting dated 13.5.2021 has also nominated Shri Pramod Kumar Panda, an Independent Director in the Risk Management Committee. The senior Most Director is the Chairperson of the Committee. SCI has approved Risk Management framework and risk register to build up a strong Risk Management Culture within SCI in achieving company's goals and objectives. The entity level Risk Assessment includes;

- i) Strategic Risk
- ii) Operational Risk
- iii) Financial Risk
- iv) Compliance Risk

In specific SCI has identified risks which includes volatility in freight rates, bunker procurement exposure, delay in revenue transfer etc. In SCI, concerted efforts are made for mitigating / containing and controlling risks. The top priority in the present situation includes the implications arising from pandemic circumstance and continuing with the business as per the business continuity model by identifying the critical functions. The meetings of the Risk Management Committee were held on 16.2.2021 and 7.4.2021.

### Conservation of Energy, Technology Absorption

The information pertaining to conservation of energy, technology absorption is forming a part of the Management Discussion and Analysis Report.

### Foreign exchange earnings and outgo

₹ in crores

Particulars	2020-21	2019-20
Foreign exchange earned*	3891.24	4500.52
Foreign exchange outgo*	2810.35	4422.91

\*includes deemed foreign exchange earning and outgo.

### Public Deposit

During the financial year 2020-21, your Company has not accepted any deposit within the meaning of Section 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 and as such no amount of principal or interest was outstanding as on the date of the Balance Sheet.

### Proposed Strategic Disinvestment of SCI

The Company has received letter from the Ministry of Ports, Shipping and Waterways (MoPSW) dated 11<sup>th</sup> February, 2021 wherein, MoPSW has directed that the two lease hold properties i.e Shipping House and MTI would be transferred to DG Shipping for a fair consideration. The provision of Article 150 of the Articles of Association of SCI requires Presidential assent with reference to Transfer of Asset having original book value of ₹ 1 crore or more. A letter in this regard has been sent to the Ministry.

Based on the direction received from the Ministry for having an independent consultant, Company has appointed M/s. Corporate Professionals Capital Private Limited for undertaking activity of demerger. The Indicative Road map for undertaking Demerger activity of the Company which was submitted by the Consultant was referred to the Board of the Company. After further clarification and amendments, the draft Scheme of Demerger was placed before the Board in its meeting held on 03.08.2021 to review and arrive at various decisions which are required for making the scheme of Demerger effective. SCI has also sought advice from the administrative Ministry on the draft demerger scheme. The Company is taking necessary action in this regard so that the activity is completed as per the directions received from DIPAM, who are coordinating on behalf of Government of India.

In terms of the advice received from M/s RBSA Capital Advisors LLP, the Transaction Advisors appointed for the Disinvestment, the Company has opened the Virtual Data Room (VDR) on 12<sup>th</sup> July, 2021 for the QIP.



## DIRECTORS' REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS

The following remaining information w.r.t. to addition of new sub clause (i) under clause 1 in Part B ('Management Discussion and Analysis) of schedule V of SEBI (LODR) Regulations, 2015.

Particulars	Standalone		Consolidated	
	2020-21	2019-20*	2020-21	2019-20*
Debtors Turnover	6.0	7.3	6.0	7.3
Inventory Turnover	6.5	7.7	6.5	7.7
Interest coverage Ratio	31.1	1.95	31.1	1.95
Current Ratio	0.95	0.53	0.95	0.53
Debt Equity	0.41	0.38	0.40	0.37
Operating Profit Margin (%)	13.8	2.36	16.6	2.4
Net Profit Margin (%)	16.7	6.8	18.8	7.6
Return on Networth (%)	7.8	4.1	8.5	4.5

\* Ratios of comparative period i.e. 2019-20 are based on previous year figures which have been regrouped and rearranged wherever necessary to confirm to current year presentation of the financial statements as per Schedule III (Division II) to the Companies Act 2013.

#### Ratio – Details of Significant changes and explanation thereto:

- 1) Interest coverage Ratio - Interest Coverage ratio for standalone has increased to 31.1 in F.Y. 2020-21 as compared to 1.95 in F.Y. 2019-20. This is due to decrease in Finance cost for the year 20-21 due to Foreign Currency gains which are adjusted in Finance cost as per requirement of Ind AS 23, lower interest rates and repayment of loans.
- 2) Current Ratio: Conversion of short term loan into long term loan has resulted in decrease in current liability and consequently Current Ratio has changed from 0.53 in FY 2019-20 to 0.95 in FY 2020-21.
- 3) Debt Equity ratio – Debt Equity Ratio has increased from 0.38 as on 31<sup>st</sup> March 2020 to 0.41 as on 31<sup>st</sup> March 2021 due to Conversion of short term borrowings into long term borrowings.
- 4) Operating Profit Margin (%) - Although revenue from operation has decreased when compared with Previous year, Operating Profit has increased with respect to previous year resulting in increased operating profit Margin Ratio. Revenue from Operation has decreased from ₹ 442544 lakhs in F.Y. 2019-20 to ₹ 370325 lakhs in F.Y. 2020-21 whereas operating profit has increased from ₹10456 lakhs in F.Y. 2019-20 to ₹ 50921 lakhs in F.Y. 2020-21.
- 5) Net Profit Margin (%) - Although revenue from operation has decreased when compared with previous financial year i.e. 2019-20, Net Profit has increased with respect to previous year resulting in increased Net Profit Margin Ratio. Revenue from Operation has decreased from ₹ 442544 lakhs in F.Y. 2019-20 to ₹ 370325 lakhs in F.Y. 2020-21 whereas net profit has increased from ₹ 30235 lakhs in F.Y. 2019-20 to ₹ 61810 lakhs in F.Y. 2020-21.
- 6) Return on Networth (%) – Standalone Return on Net worth has increased from 4.1% in F.Y. 2019-20 to 7.8 % in F.Y. 2020-21 as Standalone Net profit for F.Y. 2020-21 has increased to ₹ 61810 lakhs from ₹ 30235 lakhs in the F.Y. 2019-20. Similarly Consolidated Return on Net Worth has increased from 4.5% in 2019-20 to 8.5% in 2020-21 as Consolidated Net Profit for F.Y. 2020-21 has increased to ₹ 69609 lakhs from ₹ 33648 lakhs in the F.Y. 2019-20.

### A. INDUSTRY STRUCTURE AND DEVELOPMENTS

#### (i) World Scenario

The world GDP shrunk by an average - 3.6 % in 2020, compared to the economic expansion of about 3.9% in the previous year. The growth estimates for 2021 and 2022 are 6.0% and 4.4% respectively. Most of the world economies are still reeling under the impact of COVID-19, with the struggle to evade any permanent scarring due to the pandemic which is still underway. 2020-21 was a different year on so many levels, including economically. The pandemic induced curbs and lockdowns sent major shockwaves across the world economy and its ripples were felt everywhere. Economic activity was considerably stifled throughout the world, with may be China being the only positive exception among major economies. However, thanks to central banks and government fiscal policy initiatives around the world, their proactive swift fiscal response and sustained accommodative policy stance have been successful in avoiding any major collapse in the world economy. Looking ahead, tapering of various economic and social restrictions on account of improved treatment methods and extensive vaccination programs is expected to boost the national economic outputs of almost all economically significant nations. However, there are significant downside risks to this bounce-back, as prolonged 2<sup>nd</sup> and 3<sup>rd</sup> waves of the COVID-19 pandemic may disrupt this economic recovery and threaten to cause permanent damages in economic structures in many countries across the world. As already seen, the second wave has significantly impacted India's otherwise projected growth. Economic recovery itself is uneven, as extended curbs on economic activity have been especially more hurtful for low-skill labour and unorganized sector workers. With almost no savings, and with inability of developing economies to provide sufficient social security benefits, the unorganized sector and low-skill labourers have the risk of slipping into poverty and thereby nullifying the gains made from years of anti-poverty measures of various governments. We however remain hopeful for a swift

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and thorough V-shaped recovery.

In advanced economies, the economic growth is expected to be back, on account of the low base made in 2020. Along with low-base effect, extensive vaccine rollouts, continued policy and fiscal support owing to their deep pockets, have rendered optimistic growth forecasts to the advanced economies, with 5.1% growth expected in advanced economies in 2021. U.S. is expected to be major contributor to this bounce back, along with Spain, U.K. and Canada. Other major European economies are expected to grow at a relatively moderate pace. Meanwhile, EMDE (Emerging Markets and Developing Economies) are expected to exhibit strong rebound growth numbers, as predicted last year. Overall EMDEs are expected to grow at healthy 6.7%, with China posting relentlessly good economic figures and India making a decent economic comeback in 2021. Of course, there are downside risks to these forecasts, with looming threats of recurrence of lockdowns and curbs causing prolonged systemic strains.

For the next two years, the global GDP growth is forecasted at 5.4% in 2021 and 4.4% in 2022. The healthy forecast figures are due to low-base effects, with world economic growth indicators taking a battering in 2020. Looking at the year 2021, the advanced economies are expected to grow at 5.1% and EMDEs (Emerging Markets and Developing Economies) are expected to grow at 6.0%. In the subsequent year 2022, the world output is expected to begin normalizing, with growth expected to clock in at 4.4%. Virus is expected to be contained by then and with the underlying assumption of swift demand revival, rising industrial output and continued governmental policy support, world economy is expected to be in mid-stages of recovery.

### (ii) Global GDP

According to IMF, Global Trade Volume (goods and services) growth has been hugely negative at -8.5% in 2020 and is expected to rapidly rebound to around 8.4% in 2021. In developed countries, the trade volume growth is expected to handsomely bounce back in 2021, at an average of around 8.5%. Most developed regions, especially Europe, had lost a large chunk of trade in 2020 owing to various curbs on economic activities. Now with the help of expansive vaccination drives and better management of pandemic through the significant resources that they possess, the trade volumes with imports in particular are expected to bounce back in developed countries.

In the EMDE (Emerging Markets & Developing Economies) region, the growth in trade volume during the year 2020 was -8.6% in imports and -5.7% in exports. Many major EMDE economies were exhibiting signs of sluggishness even before the pandemic. Moreover, with these economies consisting a high percentage of relatively low-skill, non-automated, in-person jobs which could not be performed remotely via technology, the lockdowns impacted these economies worse. India has a high percentage of its working population in the aforementioned job category and this unorganized sector particularly bore the brunt of the social distancing and lockdowns. Plus, many tourism-intensive economies in Asia (Thailand, Malaysia, Maldives, Sri Lanka, Cambodia, Indonesia etc.) were badly hit by the travel restrictions. However, an advantage of having large working population and unorganized sector is that its businesses bounce back very quickly once the curbs are lifted, which is what these EMDEs are banking on to happen in 2021. Overall, the world's total trade volume is forecasted to sharply rebound by 8.4% in 2021, on the backdrop of normalizing economic activity as the world begins again from the pandemic.

Statistics-wise, IMF's World Economic Outlook states that global trade volume will rebound sharply by 8.4% in 2021 and gather further momentum towards normalization to post a forecasted 6.5% hike in 2022, as against a significant contraction of -8.5% in 2020. The combined economy (GDP) of developed nations is expected to grow by 5.1% in 2021 and then rise by 4.4% in 2022. Whereas, the report forecasts that economies of Emerging Markets & Developing Countries will expand by 6.7% and then grow further by 5.0% in 2021 and 2022 respectively, as against the contraction of -2.2% in 2020. Going forward, strong organic demand and accompanying robust domestic trade as well as export-focused international trade will be the key growth determinants particularly for EMDE countries.

The global GDP growth and corresponding economic activity directly represents the international trade (export and imports) and in turn provides useful pointers to the shipping industry as about 80% of the international trade by volume is carried out by shipping.

### (iii) Seaborne Trade, Fleet & Market

Globally, the average seaborne oil trade (inclusive of both crude oil & refined products) exhibited a calamitous drop of -12.01% in 2020 as compared to -1.64% drop in 2019. Within the seaborne oil trade development, the 'Crude oil' trade decreased by -8.40% with total figure at 1,886 million tons in 2020. Whereas, 'Product trade' (excluding Fuel Oil) was at merely 546 million tons in 2020, plunging sharply by -22.55%. The crude & product tanker fleets expanded by 3.14% & 1.55% respectively in 2020 (when calculated by gross dwt), as compared to the growth/reduction (-) figures of +6.47% & +3.90% during the previous year. For the year 2021, crude and product tanker markets are forecasted to remain fairly depressed, due to oversupply of tonnage and dwindling oil demand. The uncertain situation does not really set the tone for new upstream investments. For CPP demand to return to pre-COVID levels, large parts of major refined products of consumer countries or a continent need to have conclusively brought the pandemic under control, so that transportation and international aviation begin to have positive effect on the medium term demand scenario. Thus, both crude and clean products markets are set to see a yet another disappointing year in 2021.

The dry bulk trade registered a noteworthy decline of -2.63% in gross cargo quantity over the course of year 2020, however the forecasts for the 2021 are looking quite optimistic as the pent up demand for dry bulk materials is supposed to boost the cargo tonnage figures. Government stimulus packages encouraging activity in manufacturing and construction, plus some of the record-breaking grain harvests in Australia and US, has breathed new life into dry bulk trade so far in Q1 of 2021. The total dry bulk fleet growth rate was about 4.17% in



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2020, which is moderately higher than the figure of 3.92% in 2019. Dry bulk charter rates have shown a remarkable improvement during Q1 of 2021, as the pent up demand for dry bulk cargoes has lifted the sentiments and markets. Strong trade in agri commodities, iron ore, coal and steel is expected to keep the dry bulk markets on the higher side in 2021.

### (iv) Indian Scenario

As per National Statistical Office (NSO), Indian economy contracted by a disappointing -7.96% (estimated) in FY 2020-21, as compared to the growth rate of 4.04% in 2019-20. The GDP numbers have dipped sharply due to the economic shock rendered to the system on account of COVID-19 related curbs. Lack of major capital investments, depressed domestic demand, sluggishness in manufacturing sector and dampened sentiments across almost all the sectors have led to significant downturn in economic activity. On the other hand, immediate upswing in the economy looks uncertain as long as the pandemic persists. A combination of these factors has thereby caused the GDP growth to plunge. As per IMF World Economic Outlook, India's GDP growth has fallen below China for the year 2020, similar to last year when India's growth had remained lower than that of China in 2019. The agricultural/farming sector exhibited an encouraging annual GVA (Gross Value Added) growth of 3.0% in 2020-21, while the sector had registered 4.3% GVA expansion in the earlier period. The power and utility sectors (Electricity, Gas, Water Supply and Other Utility Services) also posted an estimated GVA growth at an annual rate of 1.8% in 2020-21 as compared with 2.1% growth rate exhibited in the previous year 2019-20.

According to sources from Ministry of Commerce, based on data available till Jan, India's exports in value terms deteriorated significantly by -26.99% (majorly due to COVID-19 pandemic) to US\$ 228.77 billion in 2020-21, while imports also decreased significantly by a figure of -35.89% to US\$ 304.36 billion. One of the main reasons for this extraordinary drop in exports as well as imports was the economic havoc wreaked by the COVID-19 pandemic, hampering economic activity across sectors. As per the Press Information Bureau & Indian Ports Association (IPA), the quantum of Cargo Traffic at India's 12 major ports decreased by -4.59% in the period April 2020 to March 2021 i.e. cargo traffic reduced to around 672.61 million tons in the period April 2020 - March 2021, as compared to the handled traffic of 704.93 million tons in the corresponding period of previous year. Looking at commodity-wise breakdown of cargo traffic, the largest commodity group in the total traffic was P.O.L. (Petroleum, Oil & Lubricants) with around 30.74% share, followed by Container traffic at 21.37%, Thermal & Steam Coal at 11.60%, 'Other Misc. Cargo' (10.83%), Iron Ore & Pellets (10.56%), Coking & Other Coal (8.04%), Other Liquids (4.20%), Finished Fertilizers (1.54%) and Raw Fertilizers (1.13%) respectively. This improvement in port performances is the result of many strategic measures initiated by the Ministry of Ports, Shipping and Waterways, focused towards elevating the performance of Indian ports. These measures include mechanization of the terminals, focus on improving the TAT (turn-around time), introduction of new processes and practices for quick evacuation of cargo, active encouragement towards use of new technologies like electronic tagging, blockchain etc., special thrust on coastal transportation, expansion/modernization of port-related infrastructure and skill development of port employees. On the other hand, the existing non-major ports, especially private ports, continue to grow due to factors such as a diversified cargo portfolio, superior operating efficiency and contemporary infrastructure, and the presence of captive cargo streams.

### (v) Strengths

Years of experience in Shipping together with diversified fleet across all major segments give SCI an unique ability to exploit demand growth in any given segment with a quick-mover advantage on the peak of learning curve. New acquisitions have brought down average age from 18 years in 2007 to about 12.28 years. Presently longstanding COA relationships with major Indian Oil Refineries offer cargo security & employment assurance for major part of the tanker fleet.

### (vi) Outlook

The prospects for global economy points to elevated levels of growth at about 6.0% to 4.4% in 2021-22, on account of low-base formed in 2020. In the crude tanker markets, after enjoying new highs in H1 of 2020, crude tanker markets have dipped drastically. The global crude oil demand remained persistently low and tonnage surplus situation exacerbated, thereby sharply bringing down the crude tanker earnings. In 2021, the same scenario is expected to be repeated. In fact, situation may even worsen in 2021, as crude oil future prices may fall due to 2<sup>nd</sup> and 3<sup>rd</sup> waves of COVID-19, leading to drawdown of inventory and floating storages causing tonnage oversupply. From H2 2021, the markets are expected to rebalance and thereafter any uptick in crude oil demand may result in proportionate rise in crude tanker freight levels. The product tanker markets will remain under pressure as a very large portion of the refined product demand is destroyed by the pandemic and accompanying lockdowns. However, fortunately the demand for clean petroleum products (especially gasoline and gasoil) appears to have the ability to bounce back quickly. Even with limited vaccinations in Q1 2021, the CPP demand was significantly up wherever the mobility was restored. The demand for jet fuel however, is expected to take a bit longer to normalize. Clean tanker charter rates are expected to remain stable at around 2019 levels in 2021, before edging upwards from 2022.

In the dry bulk market, FY 2020-21 was an interesting year. It was expected that the pandemic induced slowdown in global trade would spell doom for dry bulk markets as well, among other shipping segments. However, surprisingly China shook off the pandemic quite well and was a major generator of dry bulk cargoes in H1 2020. In the latter parts of 2020 and in Q1 2021 as well the market conditions turned quite favourable for dry bulk owners. Following factors were mainly responsible for the same – stimulus packages by various governments sparked significant activity in manufacturing and construction sectors, generating raw material demand for cargoes like steel, coal, iron ore etc., good agricultural harvests in US, Brazil (Corn) and Australia (Wheat) generating grain cargoes to Asia, decrease in active dry bulk

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tonnage etc. Overall, 2021 seems to be a strong year for dry bulk owners as many favourable factors from both demand as well as supply side are lending a helping hand to dry bulk trade.

It would be prudent here to mention that all of the above forecasts have an underlying assumption of COVID-19 pandemic being controlled to some extent in the 1<sup>st</sup> half of 2021. Since the pandemic situation is ongoing and quite dynamic, delays in containing the virus spread beyond the assumed timelines or eruption of secondary/tertiary waves of infections will further weaken the global trade, thus sharply pulling down the shipping freight markets across segments.

The outlook for shipping markets depends to a large extent upon overall global economic activity and upon readiness of the major trading economies in re-integrating with the world markets via increased globalization. National policies backing free movement of goods in the global markets, enable companies to endeavor in building extensively integrated global supply chains, thereby generating more seaborne trade.

### B SEGMENTWISE FLEET & MARKET STUDY

#### 1. BULK CARRIER AND TANKERS

##### a) Crude Oil & Product Tankers

In the year 2020 the global demand for Crude Oil registered a huge decline of -8.89% to 91.2 mbpd (million barrels per day) over the previous year. It is forecasted that global oil demand will gradually recover from H1 2021 onwards. However, the forecasts are based on many assumptions about COVID-19 related disruptions, policy of the new US government on shale oil extraction and sanctions, recovery of economic activity and demand in Europe, India and Australia. Moreover, there are many downside risks such as lesser tendency of people to travel outside, adoption and growing sales of electric vehicles, environmental restrictions by the governments etc. Even with projected bounceback in 2021, the global oil demand is still expected to be lesser than 2019 levels, which it is forecasted to re-touch only in 2023. Further down the road, improving fuel efficiency and rising adaptation of electric vehicles are expected to limit global oil demand growth.

The Indian crude oil import demand which had been steadily rising for the past few years, took a sharp dive to register levels of around 178.08 MMT in 2020-21. The Indian oil demand was already showing signs of stagnation even before the pandemic. The pandemic made it plunge to historically low levels.

US domestic crude output is likely to decrease by about 0.2 mbpd in 2021, a slight reduction of 1.75% over the year. In case of US, the new administration has put the new oil and gas leases on hold for days soon after taking charge. The climate plans of new administration is expected to make it difficult for shale oil producers to increase production. Meanwhile, OPEC countries & their non-OPEC allies (collectively known as OPEC+), are set to ease their production curbs, thus marginally increasing their share in the global crude oil production. With US crude oil production on similar levels and OPEC output slightly inching upwards, as well as reduced refinery throughputs in Europe, the tanker tonne-mile demand will be adversely affected. There were deliveries of 15.2 million dwt of Crude oil tanker tonnage and 1.7 million dwt of Products tanker tonnage in 2020. Looking further down the line, the expected deliveries of Crude oil tankers in 2021 and 2022 are 14.6 million dwt and 16.9 million dwt respectively. For Product tankers, the respective delivery figures are 3.0 million dwt and 3.5 million dwt for 2021 and 2022. New building prices for crude tankers saw a decline in 2020, decreasing by 2-3% on average, since the freight markets are unattractive and owners are hesitant to place newbuilding orders due to uncertain scenario in near future on charter rate as well as environmental regulations side. The prices are forecasted to soften till markets recover as weak oil demand will translate into weak orderbook. Meanwhile, New building prices for product tankers also decreased marginally in 2020, decreasing by 2-3% on average. In tonne-mile terms, the crude oil trade contracted by -8.4% in 2020 as compared to the previous year, while products trade collapsed by -22.55% in the same period.

The near future crude as well as product tanker freight markets will strongly depend on how on pandemic situation develops, as global oil demand is greatly interlinked with the same. Also, there are certain other factors in play such as geopolitical and environmental policies of the new US administration, ongoing slowdown in refinery runs across Europe etc. which may impact tanker markets. The average spot rate yield (TCE) of TD3C route of AG/China for VLCC was US\$ 47,500/day in 2020. The future market in this segment appears to be in the range of US\$ 13,000-28,500/day, impacted significantly by global crude oil demand shock and increased tonnage oversupply creating market imbalance. One Year TC rate for VLCC was about US\$ 41,200/day in 2020, however unfortunately for VLCC owners, the freight levels are forecasted to dip significantly and settle only around \$20,000 in 2021. This is due to large oversupply of tonnage and tepid growth in tonnage demand. The Suezmax rate yield on West Africa – North West Europe (TD20) route was about US\$ 26,200/day in 2020 which is expected to fall significantly by about -65.27% year over year, in the next year. For Aframax segment, the spot rate on AG/Far East route (TD8) was US\$ 16,300/day. These freight levels were noticeably depressed, but rates are expected to drop even further to pretty dismal levels of \$7,300 in 2021, before beginning to recover gradually thereafter. For Product tankers, LR1 Spot rate on AG/East route (TC5) was US\$ 19,900/day in 2020 and expected to exhibit falling trend in 2021 and 2022. Average One year TC rate for LR1 was US\$ 17,200/day, which is a slight improvement over the previous year's TC rate, however still not enough for LR1 owners to earn sizeable profits. In MR tankers, on US Gulf/UKC route the spot rate was at lower levels of US\$ 8,100/day in 2020. One Year TC rate for MR tankers was US\$ 14,400/day in 2020 and is expected to be around the same level of US\$ 14,800/day over the next year.

Your company has five VLCCs & all were operational during the year 2020-21. They were mainly employed on a mix of COA voyages, TC



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voyages & spot voyage charters with Indian as well as foreign charterers. The COA voyages and TC voyages earned reasonable returns, while spot trades returned lesser yields. SCI's Suezmax tankers were mainly deployed with the Indian oil industry and performed COA voyages, while also occasionally performing spot voyages for Indian and foreign charterers. The Suezmax and Aframax COA earnings are based on AFRA, which has been moderate throughout the year. The time charter rates compare well with respective market benchmarks.

Most of SCI's LR-I tankers were employed on Indian coast on a mix of COAs, Spot voyages and time charters, catering to Indian coastal crude movement of the Indian oil industry. In addition, the LR 1's were employed on assignments such as lighterage operations, FPSO loadings and floating storage duties etc. Their earnings compare well with market levels. One LR-I tanker was used as a CPP tanker for hauling Clean Petroleum Product cargoes worldwide.

SCI's GP product tankers were well employed with Indian charterers on time charter & sporadic voyage charters and their earnings are in line with market levels.

With respect to 3 MR product tankers of SCI, they were gainfully employed with Indian as well as Foreign charterers and their earnings compared well with the market. MT Swarna Mala was deployed on Spot voyages with foreign charterers for short periods during the financial year. MT Swarna Kalash and MT Swarna Pushp, which were deployed along the Indian coast, were employed in a profitable mix of time and voyage charters supporting coastal product movements.

The two LR-II tankers MT Swarna Jayanti and MT Swarna Kamal were employed with foreign charterers in a mix of pools & voyage charters. Their returns were stable and in line with available markets.

Earnings of SCI's Aframax tankers were in line with markets, along with the average of benchmark yields under TD8 (Arabian Gulf to Singapore) and TD14 (Indo-Australia) routes on the back of COA voyages and triangulation spot voyages owing to intermittent fuel oil arbitrage trades which minimized ballast voyages. While one Aframax was deployed on TC, the remaining Aframaxes mainly performed India centric - Far East / Red Sea voyages, along with occasional lighterages in Indian waters.

### Opportunities and Threats

Tanker markets are expected to undergo a tough phase in 2021. However, extensive vaccination drives are underway and as countries re-emerge from the pandemic, restrictions on economic activities will be eased. Consequently, oil demand in the respective region will surge up, generating cargoes and better freight rate opportunities for tanker owners. Moreover, due to ongoing refinery closures and lesser refinery runs in US and Europe, rise in exports of these regions may generate a high number of cargoes from Atlantic basin to Asia, boosting the tonne-mile demand.

Also, due to prolonged low freight levels in tanker markets, there might be a liquidity crunch in the market. Moreover, newbuilding orders may dry up due to unresolved ambiguity with respect to decarbonization and green shipping norms. Both of these factors combined shall pull down rates in both primary and secondary tanker sale/purchase markets, creating real value-buying opportunities for tanker owners.

In product tanker trade also, uptick in refined oil demand (especially in aviation fuel demand, which has been affected the worst) may create good pockets of opportunities. Also, the harsh winter in Europe and Asia is expected to lift the product tanker demand towards the end of 2021. In Indian context, the second wave of COVID 19 has deferred the projected growth but nevertheless with ongoing measures and vaccination drive the growth trajectory in the later half of the year can only be upwards. These road to recovery will hopefully translate into robust oil demand, lending a strong hand to sustained import cargoes into the country as well as coastal oil movements. SCI is uniquely positioned to cater to these trades and reap benefits therein.

With its diversified and modern tanker fleet, your company's vessels stand to secure a lot of gainful employments and on the other side the company is well-equipped to withstand contingent market pressures.

### Risks and Concerns

There were geopolitical and structural concerns to the oil trade even before the pandemic struck. Many of those issues - US and China trade tensions, sanctions on Iran, marine violence in Middle East, Venezuelan crisis, slowdown conditions in US, Europe and some Asian economies etc. still persist. However, COVID-19 has upstaged them all and has unfortunately become the leading cause of concern across the globe. It has devastated the oil demand worldwide and as mentioned earlier, the situation is very dynamic and pessimistic forecasts are truly concerning, which poses a great risk to all of trade and thus shipping too. There are high chances of 3rd wave of COVID-19 infections, further denting recoveries in oil demand. Markets may become very volatile and unpredictable in near term, making them difficult to gauge and plan for.

The policy by the new US administration of holding off new oil and gas leases on federal lands is an indicator that shale oil production is expected to be more difficult going forward. Reduction of US shale oil cargoes shall free up tonnage creating oversupply situation in the market. Furthermore, as oil prices inch up higher towards normalization, a lot of floating storage oil inventory will be utilized, freeing up the respective vessels.

A change of stance by new US administration on Iran sanctions may change the Middle East tonnage scenario overnight, as a lot of Iranian vessels shall be free to do global market cargoes. This tonnage oversupply also poses a risk to an already off-balance market, pulling the tanker earning still lower.



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### b) Dry Bulk

The benchmark Baltic Dry Index (BDI) rose marginally to an average value of 1357 in 2020-21, against an average of 1298 in 2019-20, exhibiting a moderate 4.54% increase, while registering its highest average monthly value of 1818 in March 2021.

The total dry bulk tonnage demand is expected to be on growing track for the next few years, after an obvious dip in 2020. When compared to 2020, dry bulk trade is set to exhibit a rise of 5.19% in 2021, with tonne-mile demand increasing by an estimated 5.89%. The dry bulk global trade is expected to grow at an average of 2.8% - 4.1% for the subsequent 3 years.

Dry bulk markets fared quite well in the COVID-19 impacted world, mainly due to China quickly re-emerging from the pandemic. Going ahead, as the major economies begin to recover from the pandemic, the demand for dry bulk commodities is forecasted to shoot up, giving a hefty boost to the dry bulk freight rates. In order to provide and sustain employment during pandemic-induced recession, various governments around the world provided stimulus packages, especially in the labour intensive manufacturing and construction sectors. These stimulus packages generated a lot of activity, thereby boosting demand for dry bulk commodities. This trend is expected to repeat many times as economies begin to recover. Furthermore, some great agricultural harvests, release of pent-up demand, increased iron ore production are some of the factors giving dry bulk owners a fairly optimistic picture.

The dry bulk fleet grew by 4.17% in the year 2020. Dry bulk fleet growth is expected to be elevated for the next 2 years also, despite a lower number of deliveries. On account of attractive charter rates, a lot of inactive dry bulk tonnage will be made available for chartering. This extra active tonnage in the market is expected to offset low deliveries and keep the trading fleet at a higher level.

Global seaborne iron ore trade is set to expand by 4.55% (forecasted) in 2021. With regard to Non-Coking Coal, India's imports are predicted to rise marginally, from the levels of 167 million tons in 2020 to a forecast of around 180 million tons for 2021. India's imports of Coking Coal are set to rise in 2021, with imports of about 58 million tons in 2021, as compared with imports of 55 million tons in 2020.

Urea movements into India, which is a key cargo for dry bulk vessels and is part of minor dry bulk commodities, has for the last few years been a "supporting trade" for bulkers ranging from Handysize to Panamax.

Grain trade provided a positive support to the dry segment during the year FY20-21. Seaborne trade (imports) of major grains remained upbeat, recording a rise of 6.29% in the year 2020, with major exporters being European Union, USA, Ukraine, Argentina, Brazil, Russia, Canada and Australia. On demand side, encouraging trends are present with factors such as growing population translating into growing grain demand, increasing demand from Asian and African countries and corresponding increase in tonne-miles in the grain trade.

Global steel production is projected to increase by 4.05% in 2021 with economies recovering from the disruptions caused by the pandemic. Major drivers of the crude steel trade will be Europe (with major stimulus package spurring on activity), China and India (with sharp recoveries from pandemic). Moreover, the Indian government's push for infrastructure will eventually strengthen demand for steel over the next few quarters.

In the year 2021, it is projected that 185 dry bulk ships will be sold for demolition as against 137 dry bulkers in the previous year. Such high scrapping numbers are mostly because of tonnage restructuring along with liquidity crunch, and reduced fleet size is an encouraging sign for future dry bulk market.

In the year 2021, One-year Time Charter rate of Handymax is projected to be US\$ 10,400/- pdpr, whereas for Supramaxes the same is US\$ 11,500/- pdpr. In the Panamax segment, the one-year TC rate in 2021 is forecasted to be US\$ 12,300/- pdpr. In the upcoming years, the freight rate forecasts exhibit an upward trend, with market forecasts showing handsome increases year-on-year.

The company's dry bulk fleet now comprises of eight modern Supramax vessels of around 57,000 dwt each & seven modern Panamax / Kamsarmax dry carriers of around 80-82,000 dwt as on 31<sup>st</sup> March, 2021. The bulk carriers fleet is young with an average age of about 9.2 years. The earnings of our dry bulk fleet were in line with markets. In addition to the usual foreign voyage/trip-time charter/time charter mix, your dry bulk carriers were also employed on Indian coast, performing a few coastal time charters & voyage charters, whose earnings compare well with markets. In order to maintain a healthy cash flow your company preferred fixing the bulk carriers on trip time charter and short-to-medium term time charters.

### Opportunities and Threats

The dry bulk trade is expected to provide fairly good returns to ship owners in 2021. As mentioned earlier, various stimulus packages which are targeted towards the job creating manufacturing and construction sectors will boost the demand for dry bulk materials, effectively lifting dry bulk tonnage demand. In the iron ore trade, a major boost is expected to come from Brazil, as Vale company has decided to step up its iron ore production. This will lift the overall dry bulk markets.

The grain trade is also expected to soar upwards in 2021, as there have been some excellent harvests in more than one regions. US has seen strong harvest of Corn, which has resulted in its Corn exports raising significantly over previous years. Whereas in South America, Brazil is also expected to significantly improve its Corn production. Meanwhile Australia is expected nearly double its year-on-year wheat harvest. These surplus agri commodities are expected to generate a large number of grain cargoes. Also, since most of these grains will be imported by Asian countries, the long haul voyages will boost tonne-mile demand. Thus, strategically positioned tonnage will stand to gain backhaul and triangulation benefits to earn good returns.



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India's continued push to phase off petcoke has caused a big spike in its coal imports in the recent years. The Indian coal imports are expected to rise coming year too. This is a welcome development for our dry bulk ships, which are hauling a good portion of the import coal cargoes for India.

India has launched many schemes such as 'Saubhagya Yojna', which plans to electrify all the left out Indian households. Such ambitious plans for boosting domestic electricity, along with focus on creation of Industrial infrastructure is expected to generate a significantly robust demand-supply network for electricity. Government of India has also proposed other projects like 'Bharatmala' which plan to create an unprecedented road network in India by constructing roads spanning thousands of kilometers. The coal, steel & cement needed to implement these schemes will see a high demand growth in dry bulk materials, both for coastal movements as well as for imports.

### Risks & Concerns

Advent of renewable energy-centric policies and increasing use of renewable energy sources as a means of transportation and mass-scale production, poses a significant threat to the dry bulk trade. Many countries are shifting focus from traditional energy sources towards the renewable sources of energy & are actively building strategic initiatives for the same. This will not only reduce the demand for shipping of traditional energy sources like coal & oil, but bring their prices down which will make extant shipping costs unviable. This puts a question mark on future of traditional dry bulk cargo like coal and poses a significant risk on seaborne dry bulk trade.

Domestic factors such as ban on iron ore mining in Goa / Karnataka, lengthy legal process involved in clearing the hurdles to re-start the mines, high export duty on iron ore, in India will continue to negatively affect the growth of dry bulk demand on India export-centric dry bulk trades.

Although vaccinations are underway, it will take time for the economic activity to come in full swing. Also the 3<sup>rd</sup> wave of Covid-19 may force lockdowns, halting the economic activities. This may hamper the recovery and thereby pull down dry bulk trade, bringing down charter rates. Another cause of concern is the ongoing standoff between China and Australia. Due to this China has restricted coal imports from Australia. Loss of such significant dry bulk trade shall adversely affect regional as well as global dry bulk markets. Some of this trade may be lost for years if China starts excessively importing coking coal from Mongolia. Furthermore, due to sustained period of good rates, many dry bulk vessel owners are preparing postponed their plans of retrofitting, scrapping and scheduled repairs. This will cause a significant bulge in active/trading fleet of dry bulk tonnage, exacerbating the oversupply situation in the market.

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

SCI with critical mass in panamaxes is catering to transportation of three major commodities such as Iron ore, coal and grain, which are prone to be affected by economic slowdowns. View persisting future slowdown in these major trades globally the earnings of panamaxes may suffer.

The absence of long-standing COAs & similar assured business opportunities stand to make your company's dry bulk business volatile & open to adverse impacts by the market forces. One more aspect that may churn charter rates is delayed scrapping of the vessels (especially older tonnage), on account of temporary spikes in freight rates, which could lead to recurrence of overcapacity situation in the market.

The macro economic factors such as interest rate volatility, subsidies on petroleum products, volatile rupee value vis à-vis the dollar and inflation continue to plague the national demand. Shipping being a derived demand will be negatively affected by these factors.

### c) LNG Transportation

Global LNG trade is projected to grow at a CAGR of 4.5% between 2020 and 2025 due to higher LNG use in power generation and industrial sectors. Many countries have announced decarbonisation goals which will accelerate projects for replacing polluting energy sources such as coal and oil with cleaner sources – LNG and renewables. However, delays in liquefaction addition, weak economic growth and higher competition from renewable energy will hinder growth in the forecast period.

Overall, global LNG demand is estimated to hit 700 million tonnes by 2040 with Asia expected to drive nearly 75 per cent of this growth as domestic gas production declines and LNG substitutes higher emission energy sources, tackling air quality concerns and meeting emissions targets.

India's imports of LNG rose by 11 per cent in 2020 on the back of lower prices. As the pandemic drove down international prices of the fuel and domestic LNG production fell, India ramped up its imports of the fuel. India imported 26.65 million tonnes of LNG in 2020, compared to 23.9 million tonnes in the previous year. The government's initiatives to boost LNG consumption in the country through an investment of \$60 billion in pipelines, LNG filling stations, city gas distribution (CGD) networks and LNG import infrastructure will be the main growth drivers for LNG demand. India's LNG imports to grow at a CAGR of 9% between 2020 and 2025.

India primarily imports LNG from Qatar and Australia through longterm contracts and has also stepped up the securing spot cargoes to take advantage of low LNG prices. Meanwhile, India is also looking to renegotiate its long-term LNG supply deals with Qatar to lower import prices. Your company jointly owns and operates 3 LNG carriers under long term charters with charterers Petronet LNG Limited, India for transportation of LNG predominantly from Qatar. The 4<sup>th</sup> LNG carrier is under long term charter to Exxon Mobil LNG Services B.V, Netherlands. In order to ensure its presence in the new areas of the LNG market, your company is exploring opportunities for participation by ownership and in operations of FSRU, small LNG carriers and coastal LNG shipping. Your company has built up a pool of trained LNG officers and the

## DIRECTORS' REPORT

experience of independent technical operation of LNG tankers has helped to provide ship management services. Your company is jointly working with one of its Japanese partner, and has trained its LNG officers on construction and operations of FSRU. The FSRU was delivered on 29<sup>th</sup> September 2020 and SCI's officers are posted on-board and operating the FSRU.

NTPC Vidyut Vyapar Nigam (NVVN) had released a RFQ for a 50 MW LNG based generation plant in the south Andaman Island, for which SCI had intended to participate through a consortium, however the project has been delayed due to the ensuing lock down and COVID pandemic.

### d) LPG Carriers

India's LPG imports for 2020 are at about 16.2 million tonnes, up 9% from 2019. The rise, despite the pandemic, was due to reduced refinery utilisation rates which prompted an increase in LPG imports.

India's LPG imports to slow down in 2021 as refinery utilisation recovers. India's LPG demand increased by 4% in 2020 to reach 27.4 million tonnes. However, domestic LPG production declined by 4% in 2020 to 12.2 million tonnes highlighting a rise in the country's reliance on imported LPG supplies. India imported an estimated 55% of its LPG demand compared with 51% in 2019.

Your company's sole VLGC carrier - VLGC Nanda Devi, was employed under time charter with Indian energy PSUs during this financial year. The daily earnings were attractive as compared with markets.

## DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial performance of the tanker segment has been largely influenced by earnings on the VLCCs, Suezmax and Aframax segments where SCI has had a mix of cross trade charters, market linked Contract of Affreightments and Time charter businesses to effectively hedge employment and earnings risks. In the smaller segments consisting of product carriers and LR-I dirty carriers, the employment was mainly to meet the domestic product and indigenous crude movements on long term contracts and time charter business. The mix of employment types and geographical concentration in niche coastal business segment has ensured returns in line with market trends. However, with globally weak tanker markets, there was strong competition in coastal & product trades which hampered their earnings a bit. Also, a noteworthy chunk of potentially lucrative earnings opportunities was lost due to unfortunate mishaps and inherent technical issues on the vessels. Internationally, in the aftermath of COVID-19 induced oil demand plunge, a heavy fall in market fortunes across the company's usual trade routes resulted in very low charter rates. Overall, overly depressed freight levels meant the tankers segment gave a highly subdued performance.

The dry bulk segment is still recovering from historically bad period and loss of key cargoes such as Iron ore exports from India, resulting in long non-profitable ballast legs thereby putting pressure on earnings. Although, in later parts of 2020, dry bulk trade recovered remarkably well on account of stimulus packages given by various governments and with China, the main driver of dry bulk demand, recovering pretty quickly from COVID-19 crisis. Simultaneous occurrence of multiple factors conducive for the dry bulk shipping business, viz., spike in dry bulk materials demand, strong trade in grain, coal and iron ore segments, low active fleet growth maintaining tonnage balance etc. gave a good push to the dry bulk rates. Also, strong trade growth and tapering dry bulk carrier deliveries bode well for the near future.

### (e) Information Technology:

SCI has a robust ERP system in place. These systems are hosted on our own Data center located at Powai and having a Disaster Recovery Site at Kolkata office to ensure business continuity during any emergency. E-tendering platform is being extensively being used for procurements, which enable transparency and efficiency in procurement processes. SCI has implemented Vendor Invoice Management system which facilitates the vendors to register their invoices centrally and the same go through a work flow mechanism for approvals till settlement. Vendor has a facility to track and understand the status of their invoices. The system ensures transparency and efficiency. SCI web site [www.shipindia.com](http://www.shipindia.com) has been revamped with a new look and accessibility. During Covid 19 Pandemic, various IT solutions are enabled for Employees to work from home / anywhere and ensure smooth business functions. Various digital initiatives such as E-Invoicing, Online crew recruitment etc have been taken to improve certain processes.

## 2 LINER & PASSENGER SERVICES

### Industry Structure & Developments

#### (i) World Scenario

Shipping industry is undergoing a sea change and, thereby, impacting almost all segments within the trade, leading to shipping industry thinking ahead for the foreseen new building requirements towards year 2035. Apart from ongoing technological advancements and increasing regulatory pressure on the industry, the geopolitical situation, slowing pace of overall seaborne trade growth and general global economic uncertainties including Covid-19 pandemic outbreak with several strains, etc. have also affected the forecasts.

As per shipping journals, demand exists across all segments but at the same time, Covid-19 pandemic has adversely affected many regions of the world which were core of the many major supply chains of the world. As per Deloitte report, "full impact of Covid-19 pandemic on supply chains is still unknown, with the most optimistic forecasts predicting "normalcy" in China returning by April 2021". However, its adverse impact has been seen across many sectors. Primarily, the costs of supplies from supplier countries have increased due to reduction in manufacturing capacity along with depleting stocks. This in-turn has affected movement of containers to the consuming regions owing to reduction in the number of liner shipping services calling ports and increased blank sailings.



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Asia contains economic powerhouses mainly China, India, Japan, South Korea along with ASEAN nations where gradual slow trade growth off-shoots are visible after disruption caused by Covid-19 pandemic. Thus, it is expected basis various estimates that it will take some time in the range of about 6 to 8 months to have trade-led recovery. However, the western countries should be able to overcome the pandemic which in many cases is witnessing strains, second and third waves of Covid-19. This is a potential risks and can impact the early trade recovery. Further, US-China relationship will also have an impact in deciding full-fledged trade recovery.

No doubt, Low Sulphur fuel has increased the input costs but during Covid-19 pandemic, all the equations of demand – supply dynamics changed where demand remained intact and supply side get depleted gradually. It is pertinent to mention that huge costs were invested by the Shipping Lines while installing Scrubbers to balance higher costs of VLSFO (very low sulphur fuel oil) which was in short supply initially. Now, with normalcy in availability of VLSFO, Scrubber fitted vessels are finding no takers. Initially, there was a VLSFO Surcharge which gradually subsumed in the All-In (AI) Freight rates now. With AI freight rates at all time high today, this off-set all VLSFO costs and now the Cargo Interests have learnt to absorb VLSFO and the same is being factored-in the freight rates.

Due to increased demand and successful capacity management compared in December 2020 vis-a-vis December 2019, the ocean freight rates from Shanghai to USWC (United States West Coast) tripled from average \$1,500/40' HC levels to \$4,500/40' HC plus levels. The Ocean carriers published record profits in 2020 after so many years. However, this type of extraordinary increase is not sustainable and it might not continue the same way in the medium term.

With a staggered resumption of normalcy in the wake of Covid-19 pandemic, the demand from the consuming regions of the world increased and, hence, supply of containers from supplier to consuming regions increased and with greater demand for containers and vessel space, the shipping freight has witnessed a tremendous rise. Also the container de-stuffing and clearance at discharge locations is also taking more than the normal time owing to congestion which is increasing turnaround time for the containers. Hence, the reposition of empty containers has got adversely and severely affected. Due to this demand - supply gap dynamics, it led to increase in container rates in liner shipping. The shippers are also ready to pay premium for carriage of their containerized cargo on liner ships. Thus, the normal supply chain has been disturbed and it will take some time for it to come back to normalcy.

With demand intact, supply scarcity and freight rates holding firm for up to short terms, the results of SCI are encouraging and trend will continue during the next quarter as well.

While the prospects for seaborne trade are positive, these are threatened by trade wars and increased inward-looking policies. Escalating protectionism and tit-for-tat tariff battles may potentially disrupt the global trading system which underpins demand for the maritime transport industry. Consolidation activity in liner shipping continued unabated: Liner shipping industry witnessed further consolidation through mergers and acquisitions and global alliance restructuring.

Liner shipping alliances and vessel upsizing have made the relationship between container shipping lines and ports more complex and triggered new dynamics where shipping lines have a stronger bargaining power and influence. Increase in size of vessels and rise of mega-alliances have heightened the requirements for ports to adapt. While liner shipping networks seem to have benefited from efficiency gains arising from consolidation and alliance restructuring, for ports, the benefits did not evolve at the same pace. This dynamic is further complicated by the shipping lines often being involved in port operations which in turn could redefine approaches to terminal concessions. Technological advances in the shipping industry, such as block chain applications, cargo and vessel tracking / RFID, autonomous ships, and the Internet of Things, hold opportunities for the global shipping industry.

There are a limited number of new vessels coming into the market in 2021 and there won't be much change on the currently offered capacity. New Orders are already placed by mega Carriers during this period and this is evident looking at the aggressiveness in the time charter market where vessels are picked-up for longer time charter fixtures up to four - five years and more at all time high fixed rates. As per estimates, the New Builds deliveries are lined-up for next year onwards which implies that the volatility will remain in the market with prevalence of Carrier's market.

The outlook for liner shipping will remain robust moving into Q1, 2021-22. Liner Shipping is continuously recovering its early losses and with few blank sailings on overall level, it is expected 2021 will keep the liner momentum. Worldwide, global shipping lines are continuously picking up any available charter tonnage leading to a situation where idle capacity is scarcely available along with situations of delayed scrapping of vessels by carriers. Going forward, many carriers have also decided for acquisition of new tonnage in their respective fleets.

The negative impact of Covid-19 with subsequent release of pent up economic demand has fuelled recovery of container volume in 2020 which is expected to continue its momentum in 2021 as well. Currently, in the liner shipping market, increased rates issue have taken a back seat and the prime concern for shippers is for securing space on vessels for which in many sectors carriers are charging premium rates. Even the next quarter will also see a strong reliance on repositioning of empties to ensure they are available at cargo origin locations.

There are also signs of rising contract rates as per China Containerized Freight Index (CCFI), which tracks spot and contract rates. This is expected to remain at higher levels vis-à-vis recent years and, thus, negative impact of Covid-19 will continue ripple effects in 2021. According to GTA Forecasting, global container volumes expected to grow at 5.8% as compared to 2020 whereas Container capacity may only expand by 2 - 3 %.

Currently, the export volumes continue with an upward trajectory and it is expected to continue for the next few months. The availability of

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inventory still remains a big concern with most of the carriers. The reason being congestion at most of the European port, hence, the rotation of inventory has become a big challenge. Due to extended lock downs in European countries owing to second & third Covid-19 waves, most of the ports and terminals are continuously facing congestion situations impacting overall vessel and cargo operations. Due to equipment shortage and other supply side limitations, Export Freight rates are holding up and are expected to remain strong in short to Medium term.

### (ii) Indian Scenario

The Indian ports and shipping industry plays a vital role in sustaining growth in the country's trade and commerce. India is the sixteenth largest maritime country in the world, with a coastline of about 7,517 km. The Indian Government plays an important role in supporting the ports sector. It has allowed Foreign Direct Investment (FDI) of up to 100 per cent under the automatic route for port and harbour construction and maintenance projects. It has also facilitated a 10-year tax holiday to enterprises that develop, maintain and operate ports, inland waterways and inland ports. The Indian Government plans to develop 10 coastal economic regions as part of plans to revive the country's Sagarmala (string of ports) project. The zones would be converted into manufacturing hubs, supported by port modernization projects, and could span 300–500 km of the coastline. The government is also looking to develop the inland waterway sector as an alternative to road and rail routes to transport goods to the nation's ports and hopes to attract private investment in the sector. This is expected to boost the coastal shipping and SCI is an active partner in the above projects of GOI. Under the Sagarmala Programme, the government has envisioned a total of 189 projects for modernization of ports involving an investment of ₹ 1.42 trillion (US\$ 22 billion) by the year 2035.

Ocean and air freight forwarders are likely to see a rise in demand from the industrial and automotive sectors in 2021. Automotive sales fell by 25-30% in the first half of 2020. But by the end of the year, the fall for 2020 as a whole was 17%, a considerable improvement highlighting a path for growth in 2021.

For Indian coastal trade, liner shipping is expected to remain on high with more cargo flow, conversion and/or modal shift of road & rail based movement to sea based movement and expected shortage of containers on Indian coastal. All these factors contribute towards increased coastal rates further. Further, the continuously increasing domestic oil & gas rates is further pushing various cargo & commodities towards ocean based movement which further lead to growth in coastal trade.

SCI is further expected to enhance EXIM transshipment cargo on coastal vessels on both onward & return leg, thus, improving the load factor of coastal vessels. Emphasis will also be on EXIM cargo and continuation of increased rates along with implementation of LSS on cargo for Middle East during return voyage is being done to help in covering the additional impact of low sulphur bunker cost. Availability of container inventory at right locations at right time would be a significant factor in deciding the bottom-line of SCI's coastal shipping services, thus, emphasis will also be on reducing the turnaround time for container inventory to increase its fill factor. With current prevailing freight rates, the bottom-line has seen improvements corresponding to past years. In the short to medium terms, current freight rate trend may continue to hold for next quarter as well.

### (iii) Business Sector and Outlook

With introduction of COVID-19 pandemic vaccines & more positivism about its effectiveness, more pharmaceutical companies in the fray providing needful impetus for vaccine during 2021 itself, the International Monetary Fund (IMF) revised up its outlook for the year predicting that "levels of global trade might reach pre-pandemic levels at some point during currency of this year". Danish shipping and logistics giant AP Moeller Maersk concurs, predicting growth of up to 5% in the container market during 2021. Kuwaiti logistics firm Agility also expects its business to rebound in 2021.

### (iv) Expected changes and trends in Shipping during 2021

#### a) More Reliance on the Power of Digital

With limited personal contacts during the pandemic, power that digitization possesses to help freight forwarders continue with their business remotely became apparent during Covid-19 crisis. Necessity is the mother of invention, and that's certainly been the case for the shipping industry. Eliminating paperwork and embracing digitization has demonstrated "why the industry must look to adopt new, paper-free ways of working" sooner rather than later. Further, investment is essential to ensure wider use of digitized platforms and international shipping processes and procedures. Areas where digitization can be beneficial include:

Replacing paper originals with digital copies

Processing pre-arrivals

Accepting electronic payments

Automation of customs processes

All above will help speed-up international trade with minimal social interaction. This is vital as social distancing restrictions are likely to remain in place for much of 2021 in many territories. It's pertinent to mention that any increased investment in digital processes will need to be accompanied by investment in mitigating the risks of breaches to cyber security systems.

#### b) A Change in Status for Seafarers

At the height of corona virus crisis, more than 300,000 cargo vessel crew members were left stranded on their vessels long past the date their contracts expired. UNCTAD has repeated its call for seafarers to be regarded as key workers and, therefore, exempt from COVID-19



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travel restrictions. Developments are expected in this area during 2021.

### **c) Problems to Persist in Access to Ocean Freight Services**

Getting access to ocean capacity was a daily challenge in 2020, and difficulties are predicted to continue in 2021. Many enterprises found delivering capacity fell short of expectations last year. The solution could be further diversification of how shippers access ocean carriers, perhaps via more use of;

- i) Freight forwarders
- ii) NVOs (Non-vessel-operating common carriers)
- iii) Ocean spot market

### **(v) More Uncertainty over Shipping Rates**

The pandemic will have a massive role to play in shaping the dynamics of shipping rates in 2021. High freight rates are expected to last well into the year due to continuing disruption and uncertainty caused by corona virus. Pricing volatility is inevitable, especially, if volumes crash again due to new strains of the virus causing further lockdowns and other restrictions. However, blank sailings may help reduce this downward volatility.

There's a limit though, to how high shipping rates can go, and how long they can remain at such elevated levels. The later months of 2021 should see a return to more normalized market conditions, with freight movements more akin to those seen before the pandemic.

That said, 2021 is still expected to be a challenging year. While many governments continue to finance their citizens' purchasing power via furlough schemes, these can't last forever. Their withdrawal, expected at some point in 2021, will inevitably have an impact on demand for products with a knock-on effect on the shipping industry.

### **(vi) Market Volatility to Continue**

Volatility is likely to be the watchword for the shipping and freight forwarding markets during 2021. Many carriers claimed full order books up to February 2021, but events of March & April 2020 should serve as a warning that orders can be quickly cancelled when circumstances changed in 2020.

### **(vii) Main pressing issues going into 2021 are;**

- i) High demand for empty containers not being met
- ii) Limited vessel availability
- iii) Congestion in port terminals

Only sure fire way to prevent a repeat would be to ensure over-capacity in all areas of shipping, specifically:

- i) More containers
- ii) More vessels
- iii) Larger terminals

All above, require substantial investment & considerable time to implement.

### **(viii) Strength & Weaknesses**

Liner Division of SCI has vast experience in the trade which is the most formidable force instilling confidence in the cargo interests / owners who continue to lend their invaluable support to SCI. The customer friendly approach at all the levels and SCI's customized services puts SCI ahead in the league. The wide network of agents, all across the world, provides and facilitates for localized contacts in markets to offer customised logistics solutions.

Operating partnerships have been forged with internationally recognized container carriers in select consortia, to enhance coverage and frequency on the major trading routes.

SCI is a licensed MTO in India and also has International Freight Forwarding License.

Breakbulk operations are largely profitable and passenger services provided by SCI provide stable source of revenue, not to mention the vital link that supports the islander's to the mainland.

Efforts are on to expand the India-centric focus to garner the benefits of economies of scale.

### **(ix) Opportunities & Threats**

Govt. of India is taking lot of initiatives and is making huge investments to increase the capacity of the Indian ports. Under the Sagarmala Programme, the government has envisioned a total of 189 projects for modernisation of ports involving an investment of ₹ 1.42 trillion (US\$ 22 billion) by the year 2035. India's cargo traffic handled by ports is expected to reach 1,695 million metric tonnes by 2021-22, according to a report of the National Transport Development Policy Committee. This is expected to result in significant improvement in operating profitability in the future. New operating alliances are expected to contribute by allowing global carriers to further synergize network efficiencies and vessel deployment optimization bringing about higher savings. Improving economic conditions in the US and Europe is expected to boost market fundamentals and support carriers in their effort to restore freight rates.

An improvement in liner operating profitability is also expected to act as a catalyst for higher charter vessel demand and higher charter rates.

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Despite improving market fundamentals, the industry has to overcome challenges in the year ahead due to increase of mega-ship deliveries. The break bulk sector continues to maintain good potential in respect of ocean freight arrangements of General cargoes, Over-Dimensional Cargoes (ODC), Project cargoes, Heavy Lift cargoes etc. on account of the Government Departments / PSUs and other GOI organizations.

### Segment-Wise Performance

**a) Liner Vessels:** The table below shows the profile of your Company's owned liner fleet having total container carrying capacity of 8800 TEU (nominal capacity).

Type of Ships	As on 31.03.2020		Addition		Scrapping		As on 31.03.2021	
	No.	Dwt (MT)	No.	Dwt.	No.	Dwt.	No.	Dwt (MT)
Fully Cellular	2	115,598	-	-	-	-	2	115,598

Both container vessels namely, MV SCI Chennai and MV SCI Mumbai are 12 yrs old. As on 31.03.2021, 2 in-chartered container vessels having total Net Tonnage of about 80,000 MT were operated by your Company. In addition to the above owned and in-chartered vessel, your Company also has cargo loading rights on 25 vessels of its partners in various consortia arrangements that your Company has with leading shipping lines, such as Mediterranean Shipping Company (MSC), Sima Marine / Simatech etc. to name a few. Your Company continued to deploy its owned / operated container vessels in the following sectors:

### b) Container Services

- (i) **Himalaya Service (erstwhile ISE Service):** The UK-C Cellular Container Service commenced in 1994 with SCI as a single operator operating three vessels with 1,800 TEU capacities, which was later upgraded to a fixed day weekly service operating with seven vessels of similar capacity. The service, from May 2009, was operated in consortia comprising of two partners viz. SCI and MSC, with eight vessels, of which two vessels contributed by SCI. Since end-Feb 2016, the consortia contribution has been changed to one SCI vessel. This strategic reduction has been done to improve profitability of the service. The service is operated on round voyage duration of 63 days.
- (ii) **IPAK Service:** In a slot swap arrangement between SCI and MSC, SCI has been allotted 150 TEUs slots @ 12 MT/TEU by MSC, which operates IPAK service in exchange for similar slots allotted to MSC on the ISE service.
- (iii) **SCI Middle East India Liner Express (SMILE) Service of SCI and India West Coast Service (IWCS) & Chennai Colombo Gulf Service (CCG) of Partner:** SMILE, IWCS and CCG services seamlessly links up Persian Gulf with East Coast of India and West Coast of India, thereby, strengthening and expanding SCI's presence in the Coastal Shipping Sector. The joint operation on this route will be a force multiplier for SCI which will provide a high quality of Coastal Services on fixed day fixed window basis with potential for even bigger expansion in Coastal and near Coastal trades with special emphasis on the East Coast of India ports. Three services viz. SMILE, IWCS and CCG with their service rotations makes it feasible to connect pan-Indian ports with an improved transit time. SCI seeks to cooperate with other Indian Companies to work out the best transportation solutions for the trading community vis-à-vis commercially, economically viable and environmentally feasible options. SCI connected West Coast of India to Southern and Eastern ports of India viz. Katupalli / Krishnapatnam / Vizag / Haldia / Kolkata and the Pan India service got stabilized during 2017-18 up till February 2021 (to be resumed soon), thus, promoting GOI initiative 'Sagarmala' and increased coastal shipping.
- (iv) **India – Maldives Shipping Services:** As envisioned by Hon'able Prime Minister of India and the counter-part of the Maldives, SCI commenced a regular direct shipping service w.e.f. 21.09.2020, between the ports of Cochin – Tuticorin – Male – Kulhuduffushi with inducement calls to Holumale and Thilaffushi by inchartering mv MCP Linz .
- (v) **Inland Waterways Services:** Your Company has through its Subsidiary i.e Inland And Coastal Shipping Limited has made a foray into the Inland Waterways Shipping Services by taking delivery of IWA vessels, namely, mv Rabindra Nath Tagore and mv Lal Bahadur Shastri. These vessels will ply between Kolkata – Patna – Varanasi and vice-versa.
- (vi) **Portblair Services:** Your Company started a new standalone service in December, 2018 with 2 in-chartered vessels connecting Kolkata – Chennai – Port Blair route providing connectivity for cargoes from West and East coast of India to Port Blair. The service stands temporarily suspended and we will revive it soon.
- (vii) **ECX Service:** Your Company started one more standalone service in March, 2019 with 1 in-chartered vessel for providing connectivity for WCI / ECI cargoes on Tuticorin / Kattupalli / Krishnapatnam / Haldia route. The service stands temporarily suspended and we will revive it soon.
- (viii) **Feeder Operations:** SCI makes feeder arrangements with the "Common Carriers" between various destinations / port-pairs on the Indian Sub-continent.
- (ix) **Slot swap arrangements:** SCI enters into slot-swap arrangements with service providers depending upon trade requirements.
- (x) **Break-Bulk Services:** SCI arranges carriage of break-bulk cargoes on space charter basis from various regions across the globe including USA, Europe and Far East for imports on account of the Government Departments / PSUs and other GOI organisations, which includes Shipments of Over-Dimensional Cargoes (ODC) / Project cargoes / Heavy Lift cargoes / IMO Class I Cargoes etc. and also containers.



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### Marketing

SCI's marketing team continues to make regular customer calls through its own offices and also through agents appointed at various ports in India and abroad in order to market its container and break-bulk services. Meetings, Virtual Meetings with the agents are held periodically, and SCI representatives also participate in various trade meets at important locations in India. Your Company has obtained Freight Forwarding and Multimodal Transport Operator (MTO) licenses and continues to use its vast experience and large agency network to render 3PL (Third Party Logistics) services to the customers. This helps your Company to retain the clients while generating additional revenue.

### Outlook

Under the Foreign Trade Policy (FTP), India aspires to achieve its share in the global trade to 3.5% by 2020-21. Incentives to agricultural exports and extension of the same under Merchandise Exports from India Scheme to units in SEZ are part of this FTP. This is aimed to integrate with "Make in India" and "Digital India" initiatives.

- Multiple infrastructure projects, eyeing to improve India's logistics efficiency and hinterland connectivity, will boost the country's box trade in the coming years. Some of the key projects that will be a game changer when fully operational include;
- Multi-modal terminal under Jal Marg Vikas project: The 170 crore multi-modal terminal at Varanasi, under the Jal Marg Vikas project that will opened recently, is a major logistics hub connecting North India to North East India. The government will also develop 35 multi-modal logistics parks for freight aggregation and distribution, multi-modal transportation and warehousing.
- Port based multi-product SEZ at JNPT, first of its kind, will be developed with Free Trade Warehousing Zone, Engineering Goods sector, Electronics & Hardware sector and Pharma sector.
- Dedicated Freight Corridor (DFC), will provide logistics support for the Make in India initiative. Two of the three DFCs are scheduled to be operational in the next three years. DFC will reduce the inland transit time significantly.
- Sagarmala programme, The Indian government is implementing the Sagarmala programme in phases, spanning over 20 years from 2015-35.

### Risks & Concerns

The prolonged economic struggles of most shipping lines have made the maritime sector more sensitive to risk than other modes of transport. The most common maritime risks have traditionally been relatively predictable: natural disasters, mechanical failures and human error. Now, with the incredible growth of international trade and the introduction of new technologies mean that shipping industry risks are evolving. Covid-19 pandemic is the new entrant in the list of business risks.

Once seen as a marginal problem for shipping, cyber risk is now considered one of the top threats. Ship data recorders have shown that human error accounts for about 75% to 90% of marine accidents, amounting to more than \$1.6 billion in losses. Numbers like these have spurred interest in autonomous ships that could move cargo more safely. In order for this to work, the industry will need to determine how much human backup would be needed to avoid collisions between manned and unmanned vessels.

The international geopolitical developments viz. rebalancing of Chinese economy towards domestic demand, the emerging trade policy direction of United States of America (USA) and looming trade war between China and USA, Brexit after effects, Spiraling Inflation in some parts of the world, Political instability in Turkey, Iran sanctions etc. the world economy and trade has been thrown into an uncertain and challenging territory which could put the global trade recovery at risk with inevitable consequences for wider economy.

### Discussion on Financial Performance w.r.t. to Operational Performance

Your Company's liner segment registered a net profit of ₹ 75.95 crores in FY 2020-21 as against a loss of ₹ (131.34) crores in 2019-20. The Operating Income increased to ₹ 601.66 crores in 2020-21 from ₹ 535.19 crores in the preceding year due to enhanced volumes and higher average freight levels. You may like to note that your Company is adopting various cost saving measures accruing to the liner services viz. considerable saving on feeder and trans-shipment costs by reducing carrying cargoes to non-base ports, better inventory management, control on repair costs of vessels and containers. Our on time schedule reliability on our services, particularly in Europe sector continues to be very good and comparable or better than the global players.

### Measures taken by us to improve our Services & Operations

Liner Division is ensuring that General Rate Increases (GRI) are being strictly implemented keeping in mind the market sentiments and demand-supply gap dynamics. Performance of each Container Service is being reviewed monthly from the point of view of profitability. Ultra slow steaming planned / achieved on the container ships. Liner division has already expanded its Coastal and Feeder Services and is trying for further expansion. SCI's strategy has been to use our Indian Flag ships on these routes when Indian Flag commands a premium and to use Foreign Flag vessels on the other routes. Foreign companies dominate in Indian Sub-continent feeder routes and provide seamless connections. By mutual cooperation with the other Indian Companies through slot exchange, it is envisaged that feeder freight would be retained within the country, which would also help in minimizing the working capital requirements for the Division. Further, ports like Kandla and newly emerging container ports in East Coast of India like Kattupalli, Krishnapatnam and Vizag are offering substantial discounts on trans-shipment costs and storage charges, and by using these ports optimally, substantial system costs reductions are being achieved. Our focus is to maintain right sized leased equipment inventory to optimum levels to make services sustainable and undertaking firm negotiations with leasing companies and vendors for achieving desired results. Aging inventory is being replaced by the younger fleet at better terms.

## DIRECTORS' REPORT

We are identifying niche sectors to commence new services, like, feasibility study been done for intended services viz. Ex-India / Myanmar / Bangladesh / Thailand, extending Coastal Services to include Iranian port(s) viz. Chabahar & Bandar Abbas. Other feasibility studies been conducted for services like Ex-India / East African ports. Liner division has slowed down on new acquisitions for now with ISE / Himalaya Service and is continuing to operate with one in-chartered vessel of about 7,500 TEU capacity. CAPEX expansion planned for this year. Options are kept open and Division is scouting for second hand vessel(s) if it fits commercial requirements. Engagement with landside Logistics PSU firms viz. CONCOR, Balmer Lawrie, CWC etc. for offering seamless multi-modal services between Inland locations and ports on the Indian Coasts as well as overseas ports. We have also undertaken feasibility study for setting up owned or jointly operated CFS / ICDs for various viable routes and also freight forwarding operations. We are also in discussion with "Inland Waterways Authority of India" for undertaking their commercial operations on NW1 and NW2. SCI have already taken possession of Inland Waterways vessels, namely, mv Rabindranath Tagore and mv Lal Bahadur Shastri.

### C TECHNICAL & OFFSHORE SERVICES

#### Industry Structure and Developments

##### World scenario

The offshore support vessels industry is dependent on utilization of rigs, E&P activities and other activities in oil fields, which in turn depends upon strategic decisions of energy security by oil and gas producers, shifts in Government policies and long term crude oil price trends. Due to the ongoing covid-19 pandemic and with low crude oil prices, which remained below US\$60 per barrel for major portion of the year, the E&P activities has also remained very subdued throughout the year. Many contracts for offshore vessels were either cancelled or negotiated in view of the depressed markets.

##### Indian scenario

The country's petroleum product consumption fell from about 214 million tonnes in 2019-20 to 195 million tonnes in 2020-21. Also, the crude oil output fell by 6% in 2020-21. The fall in consumption and production levels has been effect of the lockdown conditions due to covid-19 pandemic. Due to the lockdown and due to various restrictions, many E&P projects were affected and rig movements were very low. This had an impact on the utilization of offshore vessels in the Indian market as well. However, in the second half of the year, with ONGC processing and concluding its two tenders for long term charter, has helped many owners secure employment for their vessels.

##### Outlook

Many countries have come under the grip of the second wave of covid-19 pandemic and have been compelled to put their countries under lockdown conditions. This has had an impact on the world economies and India is also passing through similar phase. However, with the release of the vaccine for covid-19 and the Government aggressively taking all efforts to administer vaccines to all citizens, it is expected that we would be able to have a better control over the ongoing pandemic situation. This would help open and restart the engines of the economy and industries to flourish. This should also give a thrust to the E&P companies and they are expected to reinstate the projects which they had cancelled or postponed, giving a better outlook to the offshore industry.

##### Strengths and Weaknesses

Your company has a diversified fleet of offshore vessels with 02 nos. 80T AHTSVs, 04 nos. 120T AHTSVs, 02 nos. PSVs and 02 nos. MPSVs, thus enabling it to cater to requirements of various clients in the offshore market. It also has a young fleet giving technological advantage compared to older vessels in market. Further, during the period under review, your Company has been successful in obtaining few long term contracts thus ensuring steady revenue in the coming years.

During the year 2020-21, with only few vessels on long term contract, the pandemic had a severe impact on the deployment of vessels, due to limited employment opportunities in the market. Thus, revenues from vessels which were working on Spot market was impacted.

ONGC being the biggest E&P Company in India, your company has been employing majority of its vessels with them on short term / long term basis. However to mitigate the risk of dependence on one client, your company has been in constant discussions with various other public/private operators to deploy our vessels for their offshore activities.

##### Opportunities and Threats

During the period under review the offshore market witnessed gradual improvement in the charter hire rates, thus sparking hopes of better years ahead, especially considering the long span of depressed rates in the market. Your Company was successful in capitalizing this opportunity and was successful in obtaining long term contracts for few vessels.

The year 2020-21 was engulfed with the covid-19 pandemic and the resultant restrictions it brought alongwith it. Many E&P operators had either postponed their scheduled activities or had cancelled the same. This severely affected the utilization of offshore vessels and revenues were hit. Although phase-wise unlocking had begun, the onset of second wave in India from March' 2021 has again brought back threat of lockdown situation and employability of offshore assets.

##### Risks and Concerns

Although from second-half of 2020-21 phase-wise unlocking had begun, the onset of second wave in India from March'2021 has again brought back threat of lockdown situation and employability of offshore assets. The impact that the covid-19 pandemic would have in the future cannot be ascertained and is a concern. During lockdown periods inspection/clearances from authorities to work in the oil field are



## DIRECTORS' REPORT

kept on hold, which can result in delay in hiring of vessels.

Entry of new players in the Indian market with low capital expenditure is also major concern and challenge for your company. However, your company is making all efforts to ensure continuous employment for the offshore vessels.

### OFFSHORE ACTIVITIES:

The T&OS Division of SCI operates fleet of 10 owned offshore vessels. In addition to the above, it also manages 48 vessels of various organizations / Government departments. This comprises of 12 vessels of ONGC, 28 vessels of A&N Administration, 3 vessels of Geological Survey of India and 5 vessels of Ministry of Earth Science.

#### Information relating to the year under review viz 01.04.2020 to 31.03.2021:

##### 1.1 SCI owned Offshore vessels:

Your Company's owned offshore fleet comprises of 10 vessels i.e. 02 nos. 80T Anchor Handling, Towing & Supply Vessels (AHTSVs), 04 nos. 120T AHTSVs, 02 nos. Platform Supply Vessels (PSVs) and 02 nos. Multi-Purpose Support Vessel (MPSV).

During the year under review, two MPSVs continued their charter with DRDO assisting them in their national missions of strategic importance. Also, one PSV (SCI Nalanda) which had entered into long term charter with ONGC last year, continued to be on charter. However, the covid-19 global pandemic and the related restrictions that it brought along, had a severe impact on employment opportunities in the offshore segment, especially in the 1<sup>st</sup> half of 2020-21. In the 2<sup>nd</sup> half of the year, your company has aggressively competed in the long-term tenders floated by ONGC and has successfully grabbed contracts for three year duration for all four 120T AHTSVs. Necessary modifications/ upgradations as per charter party requirement were carried on two vessels and they have been on-hire with ONGC. Modifications are underway on the other two vessels as well.

##### 1.2. O&M of ONGC owned vessels

###### i. Offshore Supply Vessels (OSVs) of ONGC:

Your company continues to provide Operation & Maintenance (O&M) services of seven OSVs of M/s ONGC built at M/s Pipavav Defence and Offshore Engineering Company Ltd. These vessels are being managed by your company since their deliveries, which began from 2013 onwards. These O&M contracts have been awarded on cost-plus basis, till 31.03.2023, thus ensuring long term business for your company.

###### ii. Mobile Offshore Drilling Units (MODU):

In view of the expertise of your Company in management of offshore vessels, ONGC had awarded long term contract for Marine Man Management services of their two MODUs viz. "Sagar Vijay" and "Sagar Bhushan", respectively, for a period of 06 years.

Your company continued the O&M of these ONGC owned MODU vessels on cost-plus basis and the present contracts are valid till 30.06.2022 and 18.07.2022 respectively.

###### iii. Specialized vessels:

During the year 2020-21, your company continued the Operation & Maintenance management (O&M) of ONGC's one Diving Support Vessel (DSV) (Samudra Prabha) and one Geotechnical Vessel (GTV) (Samudra Sarvekshak) on nomination basis under 'Cost plus' arrangement. The existing contract for both these vessels which were valid till 31.03.2021 has been extended for one more year i.e. till 31.03.2022.

Your Company has also continued the Operation & Maintenance management (O&M) of ONGC owned Well Stimulation Vessel (WSV) "Samudra Nidhi" on 'cost plus basis' since the vessels delivery in year 1986. Your company has been awarded 6 years long term contract by ONGC for Samudra Nidhi, valid till 31.03.2023.

##### 1.3 O&M of A&NA owned vessels:

In addition to Offshore operations, your Company with 11 managed vessels, owned by Andaman & Nicobar Administration (A&NA) operates domestic passenger and cargo transportation services between the Mainland and the A&N group of islands and inter-islands. Also, 17 nos. of Foreshore vessels of A&N Administration are technically managed by your company, on behalf of the Administration.

#### Manned and managed vessels

Type of Ships	As on 31.03.2020			Additions Nos.	Scrap / Redelivered (Nos.)	As on 31.03.2021		
	Nos.	Pax Cap	Cargo Cap. (MT)			Nos.	Pax Cap	Cargo Cap. (MT)
Pax-Cum-Cargo	9	5763	4220	1	0	10	6263	4370
Cargo ship	1	-	400	0	0	1	-	400
Other vessels	17 Foreshore & 8 Research	1,601	250	0	0	17 Foreshore & 8 Research	1,601	250
<b>Total</b>	<b>35</b>	<b>7364</b>	<b>4870</b>	<b>1</b>	<b>0</b>	<b>36</b>	<b>7864</b>	<b>5020</b>

The pattern of deployment of these vessels is as follows:

- Three vessels for carrying Passengers and cargo between the Mainland and Andaman and Nicobar Islands.
- Seven vessels and One Cargo ship for Inter-Islands run (A&N Islands).

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- Seventeen vessels for Fore Shore Sector run (A&N Islands).
- Eight Research vessels of GSI, NCPOR, NIOT, CMLRE carrying out scientific expedition in the Indian Coast.

### 1.4 O&M of other organizations:

Your company also manages Oceanographic and Coastal Research vessels on behalf of Government agencies/ departments viz; three vessels owned by Geological Survey of India (GSI) under Ministry of Mines and five vessels of Ministry of Earth Science. The vessels of Ministry of Earth Science comprises of one vessel of National Centre for Polar & Ocean Research (NCPOR), one vessel of Centre of Marine Living Resources and Ecology (CMLRE) and three vessels of National Institute of Technology (NIOT).

### 1.5 DRDO Project:

Defence Research & Development Organization (DRDO) had placed its requirement with your company for hiring of two support vessels for a firm period of 4 years plus 1 year extension option. Accordingly, SCI had acquired two secondhand/resale MPSVs, "SCI Sabarmati" and "SCI Saraswati", customized to suit requirements of DRDO. These vessels are being utilized to meet support requirements towards DRDO's strategic missions of national importance. After the expiry of the four year period, DRDO has extended the contract for another six months i.e. till June/July 2021 and discussions are on for extension of further six months.

Further, similar to the previous year, during the current year also Indian Navy has continued to avail the services of your company's offshore vessel, 'SCI Sabarmati', for conducting Sea Acceptance Trials (SAT) for its new Deep Submergence Rescue Vehicle (DSRV) equipments. Your company is proud to have been associated & assisted the Indian Navy in conducting of trials on the West coast & East coast of India.

## II Technical Services:

### Technical Consultancy Services

During the year under report the Company continued to provide technical consultancy services to A&N Administration, Union Territory of Lakshadweep Administration, Geological Survey of India and other Government Departments for their various ship acquisition projects. During the year, your Company assisted A&N Administration in taking successful delivery of 1<sup>st</sup> 500 Passenger-cum-cargo vessel, "m.v. Sindhu", out of the series of two vessels which were under construction at M/s Cochin Shipyard Ltd. Similarly, one 700 MT Oil tanker has also been successfully delivered to UTL Administration, technical consultancy for which was provided by your company.

Further, similar to last year when your company had added M/s. Sardar Sarovar Narmada Nigam Limited (SSNNL) to its list of prestigious clients, in 2020-21, technical consultancy was provided to M/s. Cochin Shipyard Ltd. (CSL). Your company is assisting CSL in acquisition of secondhand floating dry-dock to be deployed at Indira Dock in Mumbai Port Trust (MbPT).

## III Tonnage Acquisition Programme

During the year under report, your company had envisaged acquisition of secondhand vessels in various segments viz., Crude Oil Carriers, Product Carriers, small size Container carriers, Gas Carriers and Offshore vessels. Out of the above, your Company floated global tender for acquisition of upto 2 nos. of VLGC size LPG carrier(s) of about 10-15 years old, technical evaluation of which is in progress. If the offered vessels meet the technical & commercial requirements, the vessel(s) are planned to be acquired during the next year i.e. FY 2021-22. Acquisition of vessels in other segments were kept on hold considering the market dynamics and fund position. Informatively, your company has been continuously scanning the market for right assets in the market in relation to the available employment opportunities and is optimistic about acquisition of vessels at the opportune time.

## IV Eco-Friendly and Conservation of Energy

As a policy, your Company remained committed to environmental protection as per International Convention for the Prevention of Pollution from Ships. Necessary steps have been taken to minimize air pollution and oil pollution from ships.

Your company has successfully complied with IMO's 0.5% sulphur fuel regulation which came into force from January 2020 and all vessels are being supplied low sulphur fuel oil since 1<sup>st</sup> January 2020.

Your company has already taken necessary steps to meet IMO's fuel oil data collection system directive, as per IMO directives to report fuel oil consumption data from 01<sup>st</sup> Jan' 2019.

Further, all engines fitted on board are meeting applicable NOx emissions requirements. For the existing vessels, your company had developed a Ship Specific Energy Efficiency Management Plan (SEEMP) to improve and monitor energy efficiency in ship operations. Usage of eco-friendly refrigerants, installation of Ballast Water Treatment plants, availability of Inventory of Hazardous Materials on most of its ships, usage of TBT free paints, etc are some of the measures showing your company's commitment to Eco-friendly policies and conservation of energy.

## V Technology Absorption, Adoption and Innovation

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

Your company has taken the initiative to upgrade its offshore vessels from UK00A 'C' compliant to UK00A 'B' compliant as per UK00A ERRV guidelines. As per Emergency Response Rescue Vehicle (ERRV) Group 'B' guidelines vessels are to be equipped with two Fast Rescue Crafts with Inboard Diesel Engines of capacity of 15 persons each. After the upgradation, offshore vessels of your company will be capable of rescuing persons from water, providing medical aid, place of safety for workers and on scene co-ordination in the event of emergency on



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offshore installations.

Your company has taken initiative to install Ballast Water Treatment Plants on all those vessels which are not fitted with the treatment plants. This exercise is being carried out in a phased manner in order to comply with the IMO regulations.

To take of the Cyber related risk, SCI has developed "Cyber Risk Management Policy" in line with the IMO regulations, so as to build capabilities to prevent, mitigate and respond to cyber risks, to reduce vulnerabilities and minimize damage from cyber incidents and protect information systems of SCI.

For the (2 firm + 1 optional) 2000 Domestic LPG Carriers for UTL Administration which are under construction at M/s Goa Shipyard Limited, your company as the technical consultant has recommended various optional features such as installation of sewage treatment plant, double hull protection to fuel oil tanks, etc. which proves your company's commitment to technology absorption.

Similarly, for 500/1200 Passenger vessels under construction for A&N Administration, your company had recommended adoption of certain technological up gradations for passenger comfort and operational efficiency.

### VI Situation in Coastal operation and Offshore areas

With slight improvement in charter rates, the year 2019-20 had brought some hopes of better years ahead. But the drastic fall in crude oil prices and sudden onset of the coronavirus pandemic by the end of year hit the industry hard. The impact of the covid-19 pandemic was seen throughout the year 2020-21 with various levels of restrictions and uncertainty about future. This led to limited employment opportunities available in the offshore market and the industry facing tough time for survival especially in the 1st half of the year.

However, your Company was continuously on look out for employment in the market and employed vessels for short term durations as & when opportunities arose. Subsequently, in the second half of the year, your Company successfully grabbed contracts for four vessels for long term duration with ONGC, thus ensuring steady revenues for the years to come.

### VII Measures taken to improve services and operations

Your company has consistently been taking measures to maintain its ships to the highest standards of performance and the vessels have been following Condition Based Overhauling system to ensure that they remain technically seaworthy at all times.

### VIII Awards and Accolades

OSV Col. S. P. Wahi, managed by SCI was involved in an exemplary act of bravery & courage when the vessel rescued over 16 fishermen from a fishing boat 'Dev Sandesh' on 05.08.2020. The vessel was on ODAG surveillance duty & deployed at Mumbai High when the Master reported that Maritime Rescue Coordination Centre (MRCC) contacted the vessel to provide rescue of fishermen stranded in the fishing boat. As reported, the boat was flooding & had witnessed total power failure. Thereafter, the boat was located & rescue operation was affected in the most professional way. The said operation was conducted in extreme rough weather conditions & was monitored from shore offshore team.

View above, your Company has received appreciations from ONGC, MRCC and also The Nautical Institute of London.

"SCI Sabarmati" is on long charter with Defence Research & Development Organization (DRDO). During the year, it has safely and successfully carried out submarine replenishment operation trials at sea. The efforts of the vessel and its crew were appreciated by the Eastern Naval Command, Vizag on successful culmination of the trials.

The vessel 'SCI Yamuna' was onhired by M/s Mazagon Dock Shipbuilders Ltd. for their various operational requirement. In view of the professional service provided by your company, MDL has appreciated every aspect of the vessel viz; performance, manoeuvring capability, professional attitude of crew onboard, hospitality, etc.

The operations and maintenance of the specialized vessel, managed by SCI, GTV Samudra Sarvekshak, has been carried out by SCI for a long time. ONGC has issued a letter of appreciation for the efforts put in by the entire team of the vessel enabling continuous operations of vessel till date without losing any downtime even during severe conditions caused by the covid-19 pandemic.

### IX Overview of the industry and important changes in the industry during the last year;

The Offshore industry is primarily a support industry to the offshore oil and gas Exploration and Production (E&P) sector. Its fortunes directly depend on that of the Oil and Gas Industry. The Indian offshore market had shown signs of gradual improvement during the last year, with an upward trend in the charter hire rates. However, the advent of the covid-19 pandemic and the sudden drop in oil prices led to the industry once again facing difficult times during 2020-21.

The lockdown conditions imposed due to the pandemic led to difficulties in obtaining clearances for onhiring of vessels. The industry also witnessed contracts for offshore vessels being foreclosed due to Force Majeure conditions, while some contracts being re-negotiated. The industry is hopeful of a better year ahead in expectation of revival of projects by the E&P operators, which had been postponed in the last year. Further, although the country is witnessing the second wave of the pandemic, it is expected that the impact would be much less compared to the last year considering that the vaccine is already released and all efforts are being taken by Government to administer the same to all at the earliest.

### Key initiatives with respect to Stakeholder relationship, Customer relationship, Environment, Sustainability, Health and Safety

Your company continued to interact with the vendors across the globe so as to exchange ideas for mutual growth of both SCI and Vendors. SCI continued to register new vendors especially from MSME category so as to increase procurement from MSME vendors as mandated by



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Public Procurement Policy which provides for 25% procurement of its total applicable procurement from MSME vendors and timely payment within 45 days.

As regards health, safety and environment, measures and guidelines framed by P&A and ISM Department are strictly monitored periodically.

### **International Safety Management Cell**

The SCI has introduced the Safety Management System by setting up a dedicated International Safety Management (ISM) Cell, which has developed, structured and documented procedures in compliance with the International Management Code for Safe Operation of Ships and for Pollution Prevention (ISM Code), in accordance with the resolution A.788(9) of the International Maritime Organization (IMO) and SOLAS, Chapter IX. The SCI has laid the foundation of the Safety Management System (SMS) by recognising that the cornerstone of good Safety Management is a commitment from the top management, coupled with the competence, attitude and motivation of individuals at all levels, that determines the expectations of a good Safety Management System. The SCI has complied with all the functional requirements of the ISM Code, which includes the Safety, Occupational Health & Environment Protection Policy and Drug & Alcohol Policy.

As regards, Safety Management Certificate (SMC) for SCI fleet, all ships are put up for periodical/ renewal SMC audits within time frame and respective SMCs are accordingly endorsed. The requirements of various amendments to ISM Code and Statutory regulations from IMO/Flag are also complied with.

Towards addressing all emergency related issues, dedicated contact numbers remain manned 24 hours in the operating divisions:

The achievement of time-bound certifications was the result of the SCI's strength of professional experience, planning, training, execution, systematic analysis and quality expertise, which is an asset for any world-class ship operator or owner. The SCI is also in a position to provide such management expertise to other national/ international ship operators.

### **SCI's Drug & Alcohol Policy:-**

SCI has implemented new Drug & Alcohol Policy prohibiting drug and alcohol abuse both ashore and afloat for the health and welfare of its employees, operational safety and the environment from 03<sup>rd</sup> May 2016.

### **ISPS Cell**

The SCI has successfully implemented the ISPS Code on all vessels on international voyages and coastal trade vessel as per the Administration requirement.

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

Security of its ships and their crew, passengers and cargo

Support to its ships in implementing and maintaining the Ship Security Plan.

Integrated Management System (IMS)

SCI is now in compliance with IMS (ISO 9001:2015 – Quality Management System, ISO 14001:2015 – Environmental Management System and ISO 45001:2018 – Occupational Health and Safety Management System) on board all vessels and shore establishments.

The required certification is valid till 21<sup>st</sup> December 2021.

## **PERSONNEL AND ADMINISTRATION**

### **A) FLEET PERSONNEL**

1. There is an acute shortage of senior Floating Staff officers, especially in the ranks of Masters & Chief Engineer Officers (CEO) as well as Second Engineer (2EO) for Matrix requirement. The Fleet Personnel Department is trying to mitigate the shortage by recruiting officers on direct contract and through manning agents by offering market-related wages which have been revised in the Main Fleet and Offshore Sector in 2015 and need upward revision now. Fleet Personnel Department also trying to manage shortage with early promotion of Class -1 and Class-2 COC holders in non - matrix / coastal tanker and bulk carriers with management approval. However, the shortage also continues due to taxation issues.
2. To ensure an uninterrupted supply of officers, deck cadets and trainee marine engineer, on completion of their shipboard training and subsequent to their obtaining the certificate of competency, are being offered employment on Contract and terms of INSA-MUI Agreement.
3. Due to the Pandemic two-day Shipboard Orientation Workshop could not be organized. However, workshop was organized online on 16.01.2021 for fleet officers to enhance the quality of our seafarers and their level of awareness of the continuous evolving shipboard developments. Superintendents from ISM Cell, BNT Vetting and Fleet Personnel Department conducted the workshop. The Workshop shall be conducted online till situation stabilizes. This initiative will help us to grow as a knowledge-based learning Company.
4. There were numerous restrictions imposed on the movement of people by local authorities, Governments worldwide resulting in stoppage of crew change on board. Many seafarers were forced to stay on board for extended periods and the ones ashore were unable to earn their living. However, with combined efforts of FP personnel ashore over 5500 seafarers were signed on / signed off from the vessels in India and abroad during the FY 2020-21 safely in compliance of DGS Order and related SOPs.
5. The pandemic has resulted in loss of earnings to seafarers especially ratings. Pre-Covid ratings used to come to SCI HO premises for



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selection which was not possible due restrictions and fear of the spread of the virus in the Shipping House. The ratings on board had also become restless and anxious due to prolonged stay. In order to overcome the hurdles, online crew selection has been implemented, as approved by the management, where ratings are not required to come to Mumbai for selection. They can submit their documents online from the comfort of their home and after selection they are being directly sent to the port of joining.

6. Though there were instances of Covid infection on board which was handled promptly and there has been no loss of life on board due to Covid during the period. Also there has been no loss of revenue because of the manning issues in view of worldwide pandemic of Covid19 due to 24x7 sincere services by the full FPD team with less manpower resources but with effective guidance and planning of the HODs

### MARITIME TRAINING INSTITUTE

Your company's Maritime Training Institute (MTI) at Powai has successfully obtained approvals for five new courses in the year 2020, viz. Chief Mate Phase-I, Chief Mate Phase-II, Passenger Ship Crisis Management, Advance Training for Oil Tanker Cargo Operations (TASCO), and Refresher Training in Proficiency in Survival Craft and Rescue Boats (Ref. P.S.C.R.B.). Presently, one batch of Diploma in Nautical Sciences (DNS) and one batch of Graduate Marine Engineering (GME) course are underway at Powai campus. Two batches of DNS course and one batch of Electro Technical Officer (ETO) course have successfully completed at MTI in March, 2021, which got delayed due to lockdown and ongoing pandemic condition.

SCI-MTI suspended all the courses (pre-sea, competency and modular) as per instructions issued by Government of Maharashtra, Directorate General of Shipping (DGS) and Indian Maritime University (IMU) vide DGS order no. 02 of 2020 dated 16.03.2020, IMU circular bearing ref. no. IMU-HQ/R/12/54/1/2018-Admin(HQ)/02 dated 16.03.2020 and order dated 14.03.2020 by Principal Secretary, Government of Maharashtra. All residential cadets in MTI campus were asked to vacate hostels and sent home after their examination by the SCI-MTI campus doctor. Cadets were issued a travel advisory with precautions to be taken during journey and on safe arrival at home.

Online classes have been conducted since the first lockdown to ensure continuity of study for the cadets and timely completion of syllabus vide DGS circular no. 19 of 2020 dated 18.05.2020. Regular Technical Seminars for Non-Technical Officers, Guest lectures, seminars, and professional development programs have been conducted for all ranks of officers, petty officers, ratings and shore officers through online platforms to enhance their competence and build a sense of belonging towards the company.

SCI-MTI reopened practical training of DNS cadets since November, 2020 in line with IMU and DGS guidelines vide DGS order 28 of 2020 dated 01.10.2020. SCI-MTI also commenced various other STCW courses from November'2020 onwards as per guidelines issued by DG Shipping vide their Order no. 38 of 2020 dated 12.11.2020 through three tier approach – Completion of E-Learning module (on DGS website), satisfactory completion of relevant course at approved MTIs through online classes & practical training under controlled condition, and Exit Exam conducted by DGS.

Your Company's Training Centre - Maritime Training Institute at Powai, Mumbai has been assigned GRADE A1 (Outstanding) rating by DNV-GL during the last inspection as per the Comprehensive Inspection Programme (CIP) Guidelines of the Director General of Shipping (DGS). CIP audit for the current financial year is due and will be carried out in April 2021 by DNV-GL. The Institute has significantly improved in the external examinations conducted by Indian Maritime University (IMU) where the passing percentage has gone beyond 95 percent in the first attempt.

In view of recent increase in the Covid-19 cases in Mumbai since mid of February 2021, SCI-MTI has already taken preventive measures to mitigate the risk of Covid-19 spread. Employees are working at 50% strength and attending office on rotational basis in line with instructions from Govt. of Maharashtra and SCI Management. Students inside the campus (reporting for practical training) are accommodated in single occupancy rooms and checked for body temperature, proper mask wearing, social distancing and sanitization during their practical training. Your Company's Training Centre at the Maritime Training Institute at Powai, Mumbai has conducted **99** Courses for **748** participants in FY 2020-21 and the total man-days of training during this year are **11447**. These included **9072** man-days for SCI's personnel and **2375** man-days for personnel from other companies. In addition, SCI-MTI also conducted various online seminars in coordination with HR department of SCI for skilling SCI Employees. However, courses (pre-sea, competency, and modular) were suspended since 16.03.2020 as per instructions from DGS, IMU, and Government of Maharashtra.

We had admitted the DNS & GME cadets as per the table below:

Intake	Batch	ST	SC	OBC	GEN EWS	GEN
Aug 2020	DNS-56	03	06	14	04	13
Intake	Batch	ST	SC	OBC	GEN EWS	GEN
Jan 2021	GME-09	02	07	23	03	05

### Information towards major achievement during the year under review i.e. FY 2020-21

#### Academic Achievements:

- SCI-MTI has obtained approval for five new courses from DG Shipping in the year 2020-21:

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- Chief Mate Phase-I
- Chief Mate Phase-II
- Passenger Ship Crisis Management
- Advance Training for Oil Tanker Cargo Operations (TASCO)
- Refresher Training in Proficiency in Survival Craft and Rescue Boats (Ref. P.S.C.R.B.)
- Pass Percentage of SCI-MTI for DNS batches successfully increased to 98% in October 2020 examination where the practical training and examinations were completed in phase-wise manner in January, 2021. Last year the passing percentage was 95% in December 2019 IMU examination for Semester II.
- SCI-MTI proactively and safely sent the residential cadets of pre-sea courses to their respective homes prior to announcement of first lockdown in March, 2020. Regular communication was done with the students to ensure their well-being and continuation of their training through online platform.
- SCI-MTI successfully completed practical training of all cadets of MTI in phase-wise manner with utmost safety and compliance to stringent guidelines of Government of Maharashtra, Indian Maritime University and Directorate General of Shipping without having any Covid-19 case in the campus among the students.
- SCI-MTI for the first time ever selected the 09<sup>th</sup> batch of Graduate Marine Engineering (GME) course through its completely online admission process where applications submission, document verification and personal interviews were conducted online and with full transparency.
- In spite of pandemic conditions across country, SCI-MTI received the highest ever applications (per vacant seat) in our admission process for November 2020 batch of Diploma in Nautical Science (DNS) course. More than 25 applications for one vacant seat were received where the earlier highest ratio was 15 applications per vacant seat.

### Non-Academic Achievements:

- SCI-MTI became CCTV enabled campus with 24 x 7 CCTV surveillance of all the administrative and residential buildings, including security posts throughout the campus. Classrooms in MTI have also been added to the CCTV surveillance.
- SCI-MTI is utilizing the in-campus natural waste (leaves etc) to create manure and Lake/Well Water for gardening work in MTI campus, thus realizing Government of India and SCI's vision of self-sustainability.
- SCI-MTI continued to save around 30% on the monthly expenditure toward electricity consumption with support of its solar power plant of 0.5 MW capacity, which is operational since December 2017. Savings on electricity has further increased this year due to continuous lockdown and less occupancy of hostels.
- SCI-MTI has significantly improved its tendering process by following online tendering for all tenders and contracts at MTI. Procurement from Government e-Marketplace (GeM) portal has been exercised wherever possible. Proudly, SCI-MTI has reduced the annual financial implications of many major tenders/contracts of the Institute, including catering contract, uniform contract, civil contracts etc.
- Many assignments of structural renovation and repairs have been carried out at SCI-MTI during the lockdown period. The accommodation facility at MTI has been strengthened from existing 220 beds to 250+ beds to meet projected accommodation requirement in view of commencement of post-sea courses at MTI.

### Other Initiatives:

Institute's course booking office has become completely online where candidates can enquire and book courses online. Classes are conducted through online platform and certificates are issued digitally in line with DGS guidelines.

### B) SHORE PERSONNEL

#### a) Material developments in Human Resource / Industrial Relations front, including number of people employed

The total Manpower as on 31.03.2021 is 596 (excluding Board Level members), out of which 532 are officers and 64 are staff members. With a view to meet the present and future challenges and be a globally competitive Corporation, a number of capacity development initiatives and employee engagement activities were carried out in the year 2020-21.

#### b) Training and Employee Engagement Activities of 2020-21:

Various virtual training programmes, knowledge sharing sessions, learning sessions both in-house and external have been conducted for the employee for development of their skill sets and domain knowledge. Virtual Trainings like Technical for Non-Technical Personnel, familiarization on Technical Operation of Ships, IT & Security, ISM familiarization, Container Shipping: Adapting Emerging Technologies, Marine Insurance for shore employees and seafarers, MM Module and E-Tendering (SRM), E-MDP and Yoga workshops were conducted during the entire Pandemic period. Employees took this opportunity to prepare Standard Operating Procedures pertaining to their core profiles. Various programs were conducted on Phyigital platforms with minimum physical attendance following social distancing. Some of the programs to be highlighted are:

The first session of SCI Corporate LEAP (Leveraging Employee's Aspirations & Potentials to be a world organization) for 2020-2021 chaired by C&MD Smt. H.K. Joshi was conducted virtually on 26.08.2020, to sensitize employees regarding the MOU targets and



## DIRECTORS' REPORT

the current standing of the Company w.r.t. market scenario.

To recognize and award the employees who performed admirably well during these challenging times of the ongoing Pandemic Covid-19, both on-board vessels and ashore, a COVID Warrior Award scheme was launched in the year 2020-21. These awards were dedicated to the employees who performed exceptionally by remaining committed and dedicated to their profession, who truly rose to the occasion and made significant contributions, in some cases even beyond their normal scope of work towards ensuring unhindered operations, support services and timely compliance(s).

An In-house competition of SCI Brand Presentation Template designing was launched to get interesting, creative and appealing power-point templates out of which the best template was selected as SCI Brand for presentations which could be used by all SCIs from time to time in making professional presentations.

As a mark of entering into the Diamond Jubilee year of SCI's foundation and to begin the year long celebrations, the foundation day program was conducted on 2<sup>nd</sup> October 2020. Diamond Jubilee Logo and Jingle contest were organized for employees to showcase their talent and creativity.

SCI Activity clubs viz. SCI Quiz Club – Quiriosity, Book Review Club, Computer Aided Designing Club and SCI Photography Club were also launched to develop the functional skills and to provide multiple platforms to employees enabling them to pursue their passion and interests other than profession. The inaugural session of the club was conducted on 28.11.2020.

As a part of Diamond Jubilee Celebrations of SCI, a program was organized on 8<sup>th</sup> March 2021 on the occasion of Women's Day which was graced by Dr. Sudha Murthy, Chairperson Infosys Foundation, Padmashree Awardee and noted author with her esteemed presence. During the phygital program she talked about women evolution over the period of time and shared some interesting instances from her own personal life.

Other activities like Swachhta Pakhwada and Vigilance Awareness Week were also observed. SCI has always supported diversity particularly with regard to women seafarers. Besides giving training to the Women Trainee Officers at discounted rates at its training institute at MTI, all Officers joining the vessels are also being sensitized towards work ethics while dealing with women at work place in line with DGS circular. As part of our internal initiatives to promote inclusive workplace ashore and onboard vessels, SCI has also started counselling all women seafarers with respect to Sexual Harassment at work place prior joining a vessel.

Under the able guidance and leadership of its first Woman Chairperson Mrs. H K Joshi, who brings along with her a basket full of professional experience to light up other hundreds of women employees' careers, SCI created history with its vessel Swarna Krishna (SCI's product carrier) of capacity 73655 t DWT embarking on a voyage commanded and manned by all woman officers. This vessel has caught attention in entire maritime sector after Mr. Mansukh Mandaviya, Minister of State (Independent Charge) for Ports, Shipping & Waterways, virtually flagged off the vessel on March 6<sup>th</sup> 2021 from JNPT.

### c) Steps taken by SCI to combat Covid-19 Pandemic:

With the onset of the worldwide Pandemic COVID-19, SCI has been very proactive and has introduced all the precautionary measures to safeguard the wellbeing of its employees. In the month of March 2020, SCI issued various advisories to employees regarding washing hands, avoiding personal travels, limiting the entry of visitors into the building. Sanitizers were installed in the Head Office and the branch offices, practice of checking temperature of employees while entering the work area was started. After reopening of office from June 2020 (partial opening), Circulars pertaining to work from office premises and work from home along with observance of various Covid hygiene guidelines have been issued in line with Government guidelines issued from time to time. Intimation about one's health in form of COVID Declaration form was made mandatory for all employees who attend office on any given day in order to analyse the health condition of the employees by the respective Head of the Departments. With a view to facilitate employees to commute during peak hours the flexi timing was extended. Employees are being motivated to take vaccines as per the eligibility.

### d) Reservation Policy:

Company is complying with all government guidelines as applicable from time to time in respect of reservation policy so as to empower the weaker sections of the society.

## SC/ST/OBC REPORT

Annual Statement showing the representation of SCs, STs and OBCs as on 1st January 2021 and number of appointments made during the preceding calendar year:

Groups	Representation of SCs/STs/OBCs as on 01.01.2021				Number of appointments made during the calendar year 2020							
					By Direct Recruitment				By Absorption			
	Total Number of Employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
Executive Group A	541	110	47	91	0	0	0	0	4	0	0	0

## DIRECTORS' REPORT

Groups	Representation of SCs/STs/OBCs as on 01.01.2021				Number of appointments made during the calendar year 2020							
					By Direct Recruitment				By Absorption			
	Total Number of Employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	OBCs
Non Executives Group B	50	15	4	3	0	0	0	0	0	0	0	0
Group C	16	5	1	0	0	0	0	0	0	0	0	0
Group D	0	0	0	0	0	0	0	0	0	0	0	0
Total (Executives in Group A and Non Executives)	607	130	52	94	0	0	0	0	4	0	0	0

### e) Women Representation:

Company is committed to the principle of equal employment opportunity and strives to provide employees with a workplace free of discrimination. All HR activities of recruitment, placement, promotion, transfer, separation, compensation, benefits and training ensure equal opportunities for skill enhancement and career progression. Company's efforts are reflected in the representation of women across various hierarchical grades. At present women constitute around 20.50% of total work force at shore establishments of your company. Company encourages active involvement in the activities of the Forum of Women in Public Sector (WIPS) since its inception. WIPS, under the aegis of SCOPE has appreciated company's efforts by conferring the "Best Enterprise for contribution towards Women's Upliftment (1<sup>st</sup> Prize)" under Navratna Category in the year 2019-20.

### f) Policy to prevent sexual harassment at workplace:

The Company promotes gender equality and has been taking proactive measures to prevent any Sexual Harassment at workplace. The Company has constituted a committee comprising of senior women executives and a woman representative from the NGO Pratham to enquire into complaints of Sexual Harassment at the workplace. No complaints were received in the year 2020-21 related to Sexual Harassment.

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

The Corporate Social Responsibility vision of your company articulates its aim to be a corporate with its strategies, policies and actions aligned with wider social concerns, through initiatives in education, public health, women empowerment and other areas of social upliftment. Your company has framed its CSR policy in line with the guidelines contained in the Companies Act 2013 and Companies (CSR Policy) Rules, 2021 notified therein" and constituted a CSR committee as per the act to coordinate and oversee the implementation of CSR initiatives. The policy is available on company's website <https://www.shipindia.com/csr/csrsuppage/preamble/2>.

The budget available for CSR initiatives in the year 2020-21, as per applicable provisions was ₹ 1.95 Crores. Against the available budget, your company allocated ₹ 1.95 Crores for the following initiatives in the year 2020 – 21:

#### 1. Promotion of Education & Maritime Education –

- Setting up of Mini Science Centre at government schools of Osmanabad, aspirational district in Maharashtra.
- Support for running Gadadhar Abhyudaya Prakalpa (GAP) for holistic development of underprivileged children at centres of Ramakrishna Mission Ashram.
- Award of Annual Grants to meritorious students from weaker section of the society, viz. SC/ST/BPL candidates, pursuing Ocean Engineering/Naval Architecture/Nautical Science/GME courses at premier institutes (IMU's & IIT's) to encourage and support Maritime Education in the country.
- Setting up smart classrooms at municipals schools under Thane Municipal Corporation, Thane, Maharashtra. With an aim to invoke interest in education among the students by introducing them to real time e-learning with the help of audios and videos, multimedia, images, PPT presentations, 2d/3d animations etc, SCI has undertaken setting up of Smart Classrooms at four municipal schools under Thane Municipal Corporation, Thane, Maharashtra in association with Society for NEED. The project has been undertaken in consultation with the local administration.

#### 2. Eradicating Hunger & Malnutrition –

- Support to Akshaya Patra Foundation for provision of mid-day meals to 3000 school children.  
SCI has supported Akshaya Patra Foundation for eradicating classroom hunger and malnutrition amongst children in two cities in Uttar Pradesh namely Lucknow and Vrindavan by providing hot, nutritious, healthy and unlimited mid-day meals to 3000 children studying in government and government aided schools here.  
The Akshaya Patra project has been promoting the United National Sustainable Development Goals (SDG) of Zero Hunger & Good Health and Well-being and in partnership with the Government of India and respective State Governments implementing the Mid-DAY meal scheme across government and government aided schools.



## DIRECTORS' REPORT

### 3. Health Care:

- A. Provision for treatment of Clubfeet among 100 newly born in the coastal clinics of Maharashtra (Lokmanya Tilak Municipal Hospital Sion, J.J Hospital Mumbai, District Hospital Sindhudurg, Vasai Vihar City Municipal Corporation Nalasopara, DEIC Thane and Indira Gandhi Memorial Hospital Bhiwandi.) The Ponseti Method (Non - surgical) performed by the doctors in these clinics comprises of three phases including manipulation and casting, tenotomy (minor surgery) followed by a three week long plaster casting. Thereafter a scientifically developed foot abduction brace (FAB) is used to keep the foot in the corrective position to control relapse. The brace has to be worn by the children for four to five years and is changed frequently along with the growth of the feet. 8 to 10 braces are given on an average to every child during this five year follow up.
- B. As part of safety and precautionary measures, as an effort to safeguard and protect frontline warriors and underprivileged from getting infected, SCI has supported police stations in the vicinity of Head office and Regional Offices, 7 child care centers in Mumbai catering to 1200 orphans, 55 children infected with HIV/AIDS residing at institutional care centers and 2000 underprivileged PwDs/Divyangjans with various safety equipments viz. sanitizers, gloves and face masks.
- C. Empowerment of divyangjans by distribution of assistive devices to them in association with Artificial Limbs Manufacturing Corporation of India (ALIMCO).
- D. Support to Cancer patients for surgeries at Bhaktivedanta Hospital, Mira Road, Thane.
- E. Support to Andaman Administration with One Ambulance, for bringing the Covid patients from their respective places to the different health institutions.
- F. Organising awareness campaigns on Covid19 related social behaviours in aspirational districts.
- G. Support to 55 children infected and affected with HIV/AIDS residing at institutional care centres in Mumbai with "supplementary nutrition kits" to improve the immunity levels of the kids for further survival.

### 4. Women Empowerment & Skill Development –

- A. Skill Development training of 150 underprivileged women in apparel sector & other technical fields in association with Regional Centre for Entrepreneurship Development (RCED) at aspirational districts in Maharashtra.  
SCI has associated with Regional Centre for Entrepreneurship Development (RCED) for providing Skill Development training to 150 underprivileged women in apparel sector and other technical fields. The project has been implemented in Nandurbar & Osmanabad, aspirational districts in Maharashtra.

The project aims to provide skill development training to 150 women to make them capable and self-dependent through proper technical training in the field of traditional and technical occupations.

Against the allocation of ₹ 1.95 crores, ₹ 1.17 Crores have already been disbursed and balance will be disbursed on achievement/completion of project specific timelines.

#### Material Orders of Judicial Bodies / Regulators

Details of significant and material orders passed by any Regulator, Court, Tribunal, Statutory and quasi-judicial body, impacting the going concern status of the company and its future operations – Nil.

#### Implementation of Official Language Policy

In accordance with the Official Language policy of the Government, your company reiterated its commitment and made consistent efforts to promote the progressive use of Hindi in its day-to-day affairs during the year under report. In view of the prevailing COVID-19 situation, your Company conducted various Hindi activities and competitions online/through email at regular intervals. To inculcate the habit of reading books in Hindi, a Book Review Competition of Hindi books was conducted. An online session of 90 minutes on "Familiarization and Training of Official Language Hindi E-tools" was arranged wherein about 120 officers actively participated. Nominated employees were imparted practical training sessions of Hindi Unicode typing and translation at their respective desks every quarter.

In order to create a sense of competition amongst all Divisions/Departments and individual officers for enhancing the use of Hindi in day-to-day correspondence and activities, the Annual Rajbhasha Shield (at Divisional Level) and Annual Rajbhasha Gaurav Sammaan (at Individual Level) schemes were continued for 2020-21 after having necessary modifications. The "Annual Rajbhasha Shield" for the year 2019-2020 was won by the Liner & Passenger Services Division. There were 3 employees who received the "Annual Rajbhasha Gaurav Sammaan" on the basis of their performance in Hindi during the year under report. These initiatives have led to a marked improvement in official correspondence and other work in Hindi.

Your Company also attended meetings of the TOLIC for PSUs during the year under report to encourage Hindi activities amongst PSU employees.

Apart from this, your Company continued to encourage the use of Hindi through email correspondence by way of Quarterly Hindi correspondence incentive scheme, and the eligible employees were rewarded. During the Hindi Pakhwara in September 2020, an appeal was made by CMD on email to all the employees to accelerate the use of Hindi in their official work.

#### Procurement of Goods and Services:

Your company enters into rate contract on periodical basis for procurement and supply of high value and safety items like Marine Lubes,

## DIRECTORS' REPORT

Marine Paints, Charts, Wire ropes, LSA / FFA, Life Rafts etc, both at Indian ports and major foreign ports, like Singapore and Fujairah. This ensures timely supply of right quality goods / services to the vessels at reasonable price.

During the financial year 2020-21, your Company continues to support the Micro and Small scale Enterprises (MSEs) by procuring 40.99% of its applicable supplies of goods and services from MSEs as against the set target of 25% in line with the revised Public Procurement Policy. Further, your company actively participates in the programs organized by the Ministry so as to make MSEs aware of the SCI's requirements. Your company dealt with all challenges posed by covid-19 pandemic effectively and efficiently and continued to maintain uninterrupted supply of stores and services to all vessels.

### Protection & Indemnity (P&I) Insurance

Protection and Indemnity (P&I) Insurance cover entered with three Group P&I Clubs for your company's fleet for the policy year 2020-21 commencing from 20.02.2020 has been negotiated by your Company. There was an increase of 4.22 % in the renewal premium over the expiring premium for policy year 2020-21 due to hardening of insurance and reinsurance markets globally.

Further, your company is glad to inform you that one of the Group P&I Clubs have refunded 7.5% of the annual premium for the policy year 2019-20 to your company (and other members) in view of their better financial performance.

### Appointment and Remuneration Policy:

The appointments in your company are done in accordance with Government of India guidelines. The remuneration to the senior management and other shore employees of your company is governed by the Presidential Directives issued by the Ministry of Port, Shipping and Waterways and Department of Public Enterprises (DPE), from time to time, which form the remuneration policy of your company.

### Right to Information Act 2005 (RTI ACT 2005)

A suitable mechanism has been put in place for dealing with the requests and appeals under RTI Act 2005. The RTI manual is posted on the Company's website. Your Company has been complying with the provisions of the Act within the stipulated time limit provided under the Act. As on 31.03.2021, your Company has disposed off most of the applications and appeals received from the parties. For the year 2020-21, an Independent Auditor has been appointed to carry out online Transparency Audit of Section 4 which pertains to Suo-moto disclosure under the RTI Act.

### SPECIAL PURPOSE VEHICLE

#### Sethusamudram Corporation Ltd.

The Government of India had constituted Sethusamudram Corporation Limited (SCL) to raise finance and to undertake activities to facilitate operation of a navigable channel from Gulf of Mannar to Bay of Bengal through Palk Bay (Sethusamudram Ship Channel Project). As per the Government directive, this project is to be funded by way of equity contributions from various PSUs including the SCI. As on FY 2016-17, SCI has invested ₹ 50 crore in the project. Work suspended since 17.09.2007 consequent to an interim stay by the Hon'ble Supreme Court for carrying out dredging operations in Adam's bridge area. Pending a final decision on alternative alignment, all the dredgers were withdrawn since 27.07.2009. Supreme Court's final hearing on the matter was scheduled on 06.04.2018, however, the hearing was withheld indefinitely. SCL Board during its Board meeting held on 18.03.2021 accepted the resignation of Smt. Sangeeta Sharma, Director (L&PS), SCI, as Director, SCL from the Company. Further, SCL requested SCI to nominate new Director on SCL Board, in place of Smt Sangeeta Sharma who has retired on superannuation.

### Memorandum of Understanding (MOU) with the Ministry of Ports, Shipping and Waterways

The MOU for the financial year 2021-22 is under progress. The proposed MOU has been prepared as per the revised guidelines issued by Department of Public Enterprise (DPE) vide circular dated 16 February 2021. Under the new guidelines, entering, signing, monitoring and evaluation of MOU will be done through online dashboard.

SCI's MoU performance evaluation report for the year 2019-20 is submitted and evaluated score from DPE is awaited. MOU performance evaluation report for financial year 2020-21 on the basis of Audited accounts will be submitted to DPE after the approval of the Board and through the Administrative Ministry on or before 30<sup>th</sup> September 2021.

### Utilization of FPO Proceeds

During the year 2010-11, your Company had floated a "Further Public Offer", (FPO), comprising of a 'fresh issue' of 42,345,365 equity shares in your company and an 'offer for sale' of 42,345,365 equity shares by the President of India. The FPO proceeds of ₹ 58245 lakhs were fully utilized in the financial year 2011-12 as per object of the issue for part financing of capital expenditure on nine shipbuilding projects. However, due to delays in the projects resulting in default by the shipyards, during the period January 2014 to May 2014, your Company rescinded contracts for four shipbuilding projects and also, re-negotiated the payments for two projects. The investment in the rescinded contracts out of the FPO Proceeds was ₹ 330.65 crores.

Your Company has received back entire sum of ₹ 330.65 crores from the shipyards. The shareholders vide the resolution passed through postal ballot on 11.02.2017 approved the proposal to re-deploy the said sum of ₹ 330.65 crores received as refund from Shipyards, towards various shipbuilding projects including offshore assets and liquid petroleum gas (LPG) vessels and also for acquisition of any other such vessels, on such terms and conditions as the Board would deem fit from time to time as mentioned in the approval of the postal ballot. Further



## DIRECTORS' REPORT

based on the approval granted by the shareholders, the Company can also utilize the sum towards the balance payments remaining due for the tonnage acquisition made by it.

Out of the said amount of ₹ 330.65 crs, an amount of ₹ 196.80 crs has been utilised till date as under –

Month & Year	₹ Crs	Utilised for
November 2016	34.37	Equity portion of PSV – SCI Sabarmati
April 2017	63.82	Equity portion of Suezmax Tanker – Desh Abhiman
July 2017	27.63	Equity portion of PSV – SCI Saraswati
September 2017	70.98	Equity Portion of VLGC – Nanda Devi
<b>Total Utilised till date</b>	<b>196.80</b>	

The un-utilised FPO proceeds amount of ₹ 133.85 crores are kept in fixed deposit.

The company is in the process of acquiring 1 + 1 Very Large Gas Carriers and the above amount may be utilised to fund the equity portion of such vessels.

### Segment-wise performance

Report on performance of the various operating segments of the Company (audited) is included at Note No. 32 of Notes on Financial Statements (Standalone) for the year ended 31<sup>st</sup> March 2021, which is forming part of the Annual Accounts.

### Internal Control System and Their Adequacy

The Company has an internal control system that is adequate and commensurate with the size, scale and complexity of its operations. Internal financial controls framework and Risk Control Matrix (RCM) for various business processes is in place. The internal control systems (including Internal Financial Controls over Financial Reporting) are reviewed on an ongoing basis and necessary changes are carried out to align with the changing business / statutory requirements. Internal audit is carried out by an independent firm of Chartered Accountants on concurrent basis. The scope and authority of the Internal Audit function is defined in the Internal Audit Plan, which is approved by the Audit Committee. To maintain its objectivity and independence, the Internal Audit function submits quarterly reports to the Audit Committee of the Board. The Internal Audit examine, evaluate and report on the adequacy and effectiveness of the internal control systems in the company, its compliance with the laid down policies and procedures and ensure compliance with applicable laws and regulations. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are reviewed, deliberated and presented to the Audit Committee of the Board

### Dividend Distribution Policy

The Dividend Distribution Policy of SCI seeks to reward its shareholders for their trust and investment in Company's business objectives. The declaration and payment of dividend will be regulated by the Companies Act 2013, the SEBI (LODR) Regulations, 2015. Further, dividend distribution will also be regulated to the extent possible with the applicable guidelines issued in this regard by Government of India. The quantum of dividend payments will depend on annual consolidated Profits, fund requirement for company's expansion plans, present and anticipated future business environment with special reference to Shipping Industry and various other factors impacting company's performance. The dividend distribution will also be subjected to restrictions / conditions, if any, imposed by lenders, orders of Courts and / or statutory bodies. The said Policy is available at SCI's website i.e.; [http://shipindia.com/upload/policies/SCI\\_Dividend\\_Distribution\\_Policy1.pdf](http://shipindia.com/upload/policies/SCI_Dividend_Distribution_Policy1.pdf). As per the guidelines dated 27/05/2016 issued by Department of Investment and Public Asset Management (DIPAM), MOF, GOI in respect of dividend, bonus shares etc. The company has an obligation to comply with these guidelines. However the company shall take into consideration and be guided by the provisions of the Companies Act 2013, Companies (Declaration and payment of dividend) Rules 2014 and guidance note on Dividend & Secretrial Standard 3 (SS3) for taking necessary action appropriate and deemed fit in the circumstances.

### Role of Vigilance Division in SCI

During the year under review, the Chief Vigilance Officer continued to ensure the integration and monitoring of preventive vigilance initiatives in the business process thus striving towards greater transparency and towards improved ethical and corporate governance standards. Vigilance Division undertook activities of preventive and punitive vigilance and also ensured adoption of good and ethical corporate governance practices. Use of technology in business processes such as e-payments, migration to Supplier Relationship Management platform for procurements; bill tracking system, provision for online registration of complaints via the Vigilance Webpage contained in the SCI website and dissemination of important circulars/guidelines on the webpage has helped in achieving greater transparency and eliminating systemic weaknesses. Vigilance Division has been propagating the culture of lodging of complaints under the Public Interest Disclosure and Protection of Informers' Resolution (PIDPI Resolution) whereby the identity of the complainant would be kept secret and he/she would be protected from victimization. Vigilance Division continued to interact with various employees of SCI as well as various stake holders including Vendors, Contractors etc. which has helped in understanding the issues from their perspective as well.

### Activities of the Vigilance Division carried out in 2020-21:

During the year under review, the Vigilance Division continued the activities encompassing the 3 Ps of Vigilance:-

- Preventive Vigilance
- Punitive Vigilance
- Participative Vigilance.

The important activities that were carried out in 2020-21 by the Vigilance Division were as

## DIRECTORS' REPORT

follows:-

- A) Investigations into complaints of corruption /malpractice were conducted
- B) Random scrutiny of Annual Property Returns (APRs)
- C) Active monitoring of the implementation of Integrity Pact in SCI
- D) Acted as a catalyst in the implementation of preventive vigilance measures by your Management such as e-payments, bill tracking systems, phased transfers of employees posted in sensitive areas etc.
- E) Conducting surprise and periodic inspections, CTE type inspections, conducting Systems Studies and recommending systemic improvements.
- F) Selective scrutiny of Voyage Repairs Bills, dry-docking bills, various accounts
- G) Training of Officers on vigilance related subjects as well as CDA Rules.
- H) Vigilance Division has developed a specific vigilance related training module which forms a part of Management Development Programme for various levels of executives to enhance effective and efficient managerial efficiency of participants for better working culture of SCI. Through this module participants are made aware of the rules which enhances the levels of participative and preventive vigilance and helps improve governance standards in the organisation.
- I) Annual Vigilance magazine "SCI Voyager-2020" was E-published on the occasion of inauguration of Vigilance Awareness Week-2020.
- J) A compilation of various preventive vigilance measures advised by Vigilance Division was published as an E-booklet "Compendium of Vigilance Circulars of 2017-2020" during valedictory function of Vigilance Awareness Week 2020.
- K) For the annual Vigilance Awareness Programme, in-house programmes were held to spread Vigilance Awareness among employees and their families.
- L) Vigilance Awareness was spread to the public via an interaction of the Chief Vigilance Officer, SCI on AIR FM Rainbow during Vigilance Awareness Week-2020.
- M) Awareness campaign on board SCI ships: In order to spread the awareness about Vigilance amongst seafarers, the Integrity pledge was administered on board the ships and banners were displayed.

### Vigilance Study Circle Mumbai Chapter:

The Vigilance Study Circle Mumbai Chapter, started on the initiative of SCI Vigilance Division in 2010, is today a forum of 33 member organizations from varied sectors. The CVO, SCI holds the office of President in VSC - Mumbai. It continues to spread Vigilance awareness and develop the knowledge and skills of Vigilance Professionals and provides an ideal platform for the Chief Vigilance Officers of Mumbai based PSUs, Banks etc. to meet and exchange their views/ experiences, etc. At the start of the year 2020-21, there was nationwide lockdown in accordance with the government guidelines to avoid the spread of COVID – 19. Owing to this pandemic situation in the country and its continuation for a long time, the Executive Committee of VSC – Mumbai to held meetings and conducted training / workshops by using the digital technology thru online mode.

Taking forward the continual learning and knowledge sharing initiative, following workshops / training sessions were organized by the VSC - Mumbai chapter in 2020 – 21:

1. First webinar / training on October 13, 2020 on topic – "Building Sustainable Goals for Development [SGD] into Board Technology" This session was conducted by Shri. Shailesh Haribhakti, eminent Chartered & Cost Accountant and Independent Director on boards of many organizations.
2. Second webinar / training was conducted on October 21, 2020 on topic – "Vigilant India Prosperous India" thru Zoom meeting. This session was conducted by Shri. Kiran Gandhi, an eminent Human Resource Consultant and an Expert on Ethics in Public Governance at IofC (Initiatives of Change, Asia Plateau, Panchgani).
3. Third, a CVOs Conference on 'Case Studies on Procurement' was conducted on February 11, 2021 at the ARK Guest House, RCF, Chembur. This exclusive session for CVOs was conducted by Shri. Sanjay Banga, Chief Engr MTNL & Ex CVO IREL.
4. In addition to the above mentioned webinars, multiple meetings of VSC – Mumbai Executive Committee have been organized thru Zoom meeting to discuss issues of common interest and knowledge sharing.

### Integrity Pact in the Shipping Corporation of India Ltd.

SCI had signed a Memorandum of Understanding (MoU) with Transparency International India for the adoption of Integrity Pact. By signing the MoU, your Company is committed to have most ethical and corruption free business dealings with the counterparties whether they are bidders, contractors or suppliers. The threshold value for implementation of Integrity Pact in domestic goods and service contracts is ₹ 1 crore. Thus, any goods/services contract of ₹ 1 crore and above will incorporate the Integrity Pact thereby assuring the concerned parties of the transparent and ethical practices in SCI. During the year under review, the Integrity Pact was monitored by a panel of 2 eminent Independent External Monitors (IEMs). Meetings were held periodically in virtual mode with the IEMs to review the progress of implementation of Integrity Pact in SCI.

### Cautionary Statement

The statements made in the Management Discussion and Analysis report describing Company's objectives, projections, estimates and



## DIRECTORS' REPORT

expectations may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied.

### Directors and Key Managerial Personnel

The Ministry of Ports, Shipping and Waterways through various communications informed the Company that Smt. H.K Joshi will continue to hold the additional charge of post of Director (Finance), SCI. Vide letter dated 19.03.2021, The Ministry of Ports, Shipping and Waterways informed that Smt. H.K Joshi, Chairperson & Managing Director (CMD), SCI will continue to hold the additional charge of post of Director (Finance), SCI w.e.f. 19.03.2021 till the approval of the ACC is received in the matter.

Dr. Gautam Sinha and Shri Raj Kishore Tewari, Independent Directors ceased to be on the Board of SCI w.e.f. 29.09.2020 while Dr Kanagasabapathi P, Independent Director ceased to be on the Board of SCI w.e.f. 20.11.2020.

Further, Shri Satinder Pal Singh, Part-time Official Director ceased to be on the Board of SCI w.e.f. 25.11.2020, consequent upon the completion of his deputation period. The Ministry vide letter dated 14.12.2020 nominated Shri Vikram Singh, IRTS, Joint Secretary (Ports and Shipping), Ministry of Ports, Shipping and Waterways as Part-time Official Director on the Board of SCI vice Shri Satinder Pal Singh, IPS from the date of issue of the letter until further orders. However, his appointment is effective from 02.06.2021 i.e., the date on which he obtained DIN.

Smt. Sangeeta Sharma, Director (L&PS) and Shri Surinder Pal Singh Jaggi, Director (P&A) completed their tenures on 30.11.2020, consequent upon their Superannuation. The Ministry of Ports, Shipping and Waterways vide letter dated 18.11.2020, informed that, Shri Rajesh Sood, Director (T&OS) and Shri Atul Ubale, Director (B&T) will hold Additional Charge of Director (L&PS) and Director (P&A) respectively for a period of 3 months w.e.f 01.12.2020 or until further orders whichever is earlier. Further to this, the Ministry vide letter dated 07.01.2021 informed the appointment of Capt. B.K. Tyagi as Director (Liner and Passenger Services), SCI for the period of five years or till the date of his Superannuation, or until further orders, whichever is the earliest. The Ministry vide letter dated 03.06.2021 informed the company that with approval of competent authority Shri Atul Ubale Director (B&T), SCI will hold the additional charge of Director (P&A), SCI for a period of 6 months w.e.f. 01.06.2021 or till the appointment of regular incumbent to the post or until further orders whichever is earliest.

Shri Rajesh Sood Director (T&OS) completed his tenure on 30.04.2021 consequent upon his Superannuation. The Ministry of Ports, Shipping and Waterways informed that Capt. B. K. Tyagi, Director (L&PS) will hold Additional Charge of Director (T&OS) w.e.f. 01.05.2021 till the approval of competent authority is received in the matter.

Shri Vijay Jadhao, Independent Director completed his tenure on the Board of SCI on 02.07.2021.

The Board places on record its sincere appreciation for the valuable services rendered by Shri Raj Kishore Tewari, Dr Gautam Sinha, Dr Kanagasabapathi P, Shri Satinder Pal Singh, Smt Sangeeta Sharma, Shri Surinder Pal Singh Jaggi, Shri Rajesh Sood and Shri Vijay Jadhao as Directors during their tenure in the Corporation.

The PESB in the interview held on 12.05.2021 for selection of Director (P&A) recommended selection of Shri Prabir Kumar Gangopadhyay as Whole-Time Director (P&A) on Board of SCI. However his appointment will be effective only upon issuance of necessary approvals of Government of India / from the Administrative Ministry and as per section 152(3), his appointment will be regularized only after obtaining DIN.

As on date Smt H K Joshi, CMD & CEO and also holding Addl. charge of Director (Finance), Shri Atul Ubale, Director (B&T) and also holding Addl. Charge of Director (P&A), Capt B K Tyagi, Director (L&PS) and also holding Addl. Charge of D (T&OS), Shri Lawrence Serrao, Chief Financial Officer and Shri Dipankar Halder, Company Secretary are the Key Managerial Personnel of the Company.

### Declaration of Independence

The Company has received Declaration from Independent Directors conforming that they meet the criteria of Independence and have complied with the Code for Independent Directors as prescribed under Companies Act 2013, the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and DPE guidelines.

### Composition and Meeting of the Board and its Committee

The Board and its various Committees are constituted in terms of requirements of the Companies Act, 2013 read with the rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The details in respect of the number of Board and Committee meetings of your Company are set out in the Corporate Governance Report, which forms part of the Annual Report.

### Performance Evaluation of Board, Committee and Directors

In accordance with applicable provisions of the Companies Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the evaluation of the Board as a whole, Committees and all the Directors was conducted, as per the internally designed evaluation process approved by the Board.

### Secretarial Standard

The Company complied with all the applicable Secretarial Standards.

### Auditors Report

The Statutory Auditors have given an unqualified report on the Financial Statements of the Company for the Financial Year 2020-21. Further there are no comments made by Comptroller and Auditor General of India on the Standalone and Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2021.

### Secretarial Audit

Pursuant to Section 204 of the Companies Act, 2013 and the Companies appointment and Remuneration of Managerial personnel) Rules,



## DIRECTORS' REPORT

2014, the Board had appointed Mr Upendra C Shukla, Practicing Company Secretary to conduct Secretarial Audit for the Financial Years 2020-2021 and 2021-2022. The Secretarial Audit report for the financial year 2020-21 is appended to the Directors' Report.

The Secretarial Auditor in his report for the year ended 31<sup>st</sup> March, 2021 has brought out that:

The Corporation has complied with the requirement of Corporate Governance as provided under regulation 17 of the SEBI (Listing Obligation and Disclosure Requirement) regulations, 2015 and DPE Guidelines on Corporate Governance, with the exception of appointment of Independent Directors to the extent of 50% of the total strength of the Board during the period from April 1<sup>st</sup> 2020 to 31<sup>st</sup> March, 2021 and onwards. It is clarified by the corporation that the matter is being pursued with the administrative ministry for appointing required number of Independent Director on the Board within the period prescribed under Section 149 of the Companies Act, 2013 and Regulation 25(6) of the SEBI (LODR) Regulations, 2015.

The Management views on the above observation are as follows:

As on 31.03.2021, the Board of SCI includes the following three Independent Directors: Shri Vijay Jadhao, CA Mavjibhai B Sorathia and Shri Pramod Kumar Panda. SCI is following up with the Ministry of Ports, Shipping and Waterways for appointment of required number of Independent Directors.

### Corporate Governance

A report on Corporate Governance Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this Report.

### Business Responsibility Report

Your Company has been conducting business from an Environment, Social and Governance perspective that not only delivers long term shareholder value but also benefits the society. The Business Responsibility Report as per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed and forms an integral part of this Annual Report.

### Directors' Responsibility Statement

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 and loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis; and
- the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

Explanation - For the purposes of this clause, the term "internal financial controls" means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information;

- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Acknowledgements

Your Directors extend their gratitude to erstwhile Hon'ble Minister of State (Independent Charge) for Ports, Shipping & Waterways, Government of India, Shri Mansukhlal Mandviya for his support and guidance in managing the affairs of the Company. Your Directors welcomes Shri Sarbananda Sonowal Hon'ble Cabinet Minister, Ministry of Ports, Shipping & Waterways on his assumption of charge and look forward to his vision and guidance. Your Directors also welcome the Hon'ble Ministers of State, Shri Shripad Naik and Shri Shantanu Thakur. Your Directors also extend their gratitude to Dr. Sanjeev Ranjan, Secretary (Shipping) Ministry of Ports, Shipping and Waterways for guidance. Your Directors also wish to express their thanks to the officials in the Ministry of Ports, Shipping and Waterways for the unstinted support given by them in various matters concerning the Company. Your Directors would also like to convey their thanks to Ministry of Ports, Shipping and Waterways, other Ministries, Trade Organizations, and Shippers; Councils, who have played a vital role in the continued success of your Company. The Directors thank the shareholders, other stakeholders 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**

**Smt H.K. Joshi**

**Place: Mumbai**

**Dated: 03/08/2021**

**Chairperson & Managing Director & Director (Finance) Addl.charge**



## ANNUAL REPORT ON CSR ACTIVITIES 2020-2021

### 1. Brief outline on CSR Policy of the Company.

The Corporate Social Responsibility vision of the company articulates its aim to be a corporate with its strategies, policies and actions aligned with wider social concerns, through initiatives in education, public health, nutrition and other areas of social upliftment. The thrust of SCI CSR initiatives in 2020-21 were in the following broad areas:

- 1) Promotion of Education & Maritime Education
- 2) Eradicating Hunger & Malnutrition
- 3) Health Care
- 4) Skill Development Training

### 2. Composition of CSR Committee as on 31.03.2021

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Smt H. K. Joshi	Chairperson and Managing Director (Chairperson)	4	4
2	Shri Atul Ubale, D(P&A)	Whole-time Director (Member)	1	1
3	Shri Rajesh Sood, D(T&OS)	Whole-time Director (Member)	4	4
4	Shri Surinder Pal Singh Jaggi, D(P&A)	Whole-time Director (Member)	3	3
5	Shri Raj Kishore Tewari	Independent Director (Member)	2	2
6	Dr Gautam Sinha	Independent Director (Member)	2	2
7	Shri Pramod Kumar Panda	Independent Director (Member)	2	2
8	Shri Vijay Jadhao	Independent Director (Member)	2	2

- Subsequent to cessation of Directorship of Shri Raj Kishore Tewari and Dr. Gautam Sinha on 29.09.2020, the CSR Committee was reconstituted on 29.09.2020. Shri Pramod Kumar Panda and Shri Vijay Jadhao were appointed as the Members of the Corporate Social Responsibility w.e.f. 29.09.2020.
  - Subsequent to Superannuation of Shri Surinder Pal Singh Jaggi on 30.11.2020, the Ministry of Ports, Shipping and Waterways vide letter dated 18.11.2020, informed that, Shri Atul Ubale, Director (B&T) will hold Additional Charge of Director (P&A) for a period of 3 months w.e.f. 01.12.2020 or until further orders whichever is earlier. The Ministry vide letter dated 03.06.2021 informed the company that with approval of competent authority Shri Atul Ubale Director (B&T), SCI will hold the additional charge of Director (P&A), SCI for a period of 6 months w.e.f. 01.06.2021 or till the appointment of regular incumbent to the post or until further orders whichever is earliest.
  - Shri Rajesh Sood completed his tenure on the Board of SCI on 30.04.2021 consequent upon Superannuation. The Ministry of Ports, Shipping and Waterways informed that Capt. B. K. Tyagi, Director (L&PS) will hold Additional Charge of Director (T&OS) w.e.f. 01.05.2021 till the approval of competent authority is received in the matter.
  - Shri Vijay Jadhao completed his tenure on the Board of SCI on 02.07.2021.
3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company. Web-link <http://www.shipindia.com/csr/csrpage/overview>
  4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).  
Not applicable in case of SCI.
  5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial year (in ₹)	Amount required to be set-off for the financial year, of any (in ₹)
Not Applicable			

6. Average net profit of the company as per section 135 (5).  
Average net profit - ₹ 97.69 crores
7. (a) Two percent of average net profit of the company as per section 135 (5).  
₹ 1.95 crores
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.  
Nil

## ANNUAL REPORT ON CSR ACTIVITIES 2020-2021

- (c) Amount required to be set-off for the financial year Nil.
- (d) Total obligation for the financial year (7a + 7b – 7c)  
Total CSR Obligation for FY 2020-21 – ₹ 1.95 crores
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135 (6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of fund	Amount.	Date of transfer
1,17,04,045.00	77,95,955.00	27.04.2021	-	-	-

- (b) Details of CSR amount spent against ongoing projects for the financial year:

SL No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes / No)	Location of the project.		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing	
				State	District					Name	CSR Registration number
1	Project for treatment of clubfeet among 100 children	I	Yes	Maharashtra	Mumbai	12 Months	1,000,000.00	500,000.00	No	Cure India International Trust	CSR00001867
2	Support for Covid 19 Safety Equipments	I	Yes	Maharashtra / Tamil Nadu	Chennai	12 Months	522,000.00	323,970.00	Yes	NA	NA
3	Distribution of aids & appliances to needy PwDs/ Divyangjan	I	No	Maharashtra	Osmanabad	6 Months	1,095,859.00	825,000.00	No	Artificial Limbs Manufacturing Corporation of India	CSR00000532
4	Support to cancer patients for surgeries	I	Yes	Maharashtra	Mumbai	6 Months	500,000.00	330,000.00	No	Sr Chaitanya Sewa Trust	CSR00001017
5	Support to Andaman Administration for one Ambulance	I	Yes	Andaman & Nicobar Islands	Port Blair	6 Months	1,943,000.00	-	Yes	NA	NA
6	Project to support children infected & affected with HIV/AIDS	I	Yes	Maharashtra	Mumbai	12 Months	1,828,860.00	914,430.00	No	Desire Society	CSR00002465
7	Annual Grants for Maritime Education	II	Yes	Maharashtra / Tamil Nadu / West Bengal	Mumbai / Chennai / Kolkata	12 Months	3,255,000.00	3,135,000.00	Yes	NA	NA
8	Provision of Mid-Day meals	I & II	No	Uttar Pradesh	Vrindavan / Lucknow	12 Months	3,300,000.00	1,650,000.00	No	Akshaya Patra Foundation	CSR00000286
9	Project for development of underprivileged children	I & II	No	Maharashtra / West Bengal	Kolhapur / Sargachi / Berachampa	12 Months	2,028,000.00	-	No	Ramakrishna Mission	CSR00006101
<b>Total</b>							<b>15,472,719.00</b>	<b>7,678,400.00</b>			

- (c) Details of CSR amount spent against other than ongoing projects for the financial year:

SL No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.
1	Project for setting up 3 Mini Science Centre in government schools	II	Yes	Maharashtra	Osmanabad	1,665,645.00	No	Seva Sahayog Foundation	CSR00000756
2	Project for setting up 4 smart classrooms in Municipal Schools	II	No	Maharashtra	Thane	860,000.00	No	Society for NEED	CSR00006833



## ANNUAL REPORT ON CSR ACTIVITIES 2020-2021

SL No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.
3	Skill Development Training for 150 Underprivileged Women	II	No	Maharashtra	Osmanabad / Nandurbar	1,500,000.00	No	Regional Centre for Entrepreneurship Development	CSR00000070
<b>Total</b>						<b>4,025,645.00</b>			

(d) Amount spent in Administrative Overheads

Nil.

(e) Amount spent on Impact Assessment, if applicable.

Nil.

(f) Total amount spent for the Financial Year

(8b + 8c + 8d + 8e) - ₹ 1,17,04,045/-

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of the average net profit of the company as per section 135(5)	1,95,00,000.00
(ii)	Total amount spent for the Financial Year	1,17,04,045.00
(iii)	Excess amount spent for the financial year ((ii)-(i))	NIL
(iv)	Surplus arising out of the CSR projects or projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years ((iii) - (iv))	NIL

9 (a) Details of Unspent CSR Amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (In ₹)	Amount Spent in the reporting Financial Year (In ₹)	Amount transferred to any fund specified under Schedule VII as per section 135 (6), if any			Amount remaining to be spent in succeeding financial years. (In ₹)
				Name of the fund	Amount in ₹	Date of transfer	
1	2019-20	NIL	34,17,409.00	NA	NIL	NA	NIL
2	2018-19	NIL	27,39,291.00				
3	2017-18	NIL	19,17,339.00				
<b>TOTAL</b>			<b>80,74,039.00</b>				

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sl. No	Project ID	Name of the Project	Financial year in which the project was commenced	Project Duration	Total Amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial year (in ₹)	Cumulative amount spent at the end of reporting financial year (in ₹)	Status of the project Completed /Ongoing
1	NA	Provision for mid-day meals	2019-20	12 months	2,200,000.00	1,100,000.00	2,200,000.00	completed
2	NA	Support to Cancer patients for surgeries	2019-20	12 months	860,081.00	298,009.00	860,081.00	completed
3	NA	Setting up of Mini Science Centre	2019-20	12 months	1,529,100.00	1,019,400.00	1,529,100.00	completed
4	NA	Skill Development Training for PwDs	2018-19	18 months	4,225,650.00	422,565.00	4,225,650.00	completed
5	NA	Augmentation of facilities AYUSH Hospital - KAYAKALP	2018-19	18 months	10,000,000.00	1,000,000.00	1,000,000.00	completed

## ANNUAL REPORT ON CSR ACTIVITIES 2020-2021

Sl. No	Project ID	Name of the Project	Financial year in which the project was commenced	Project Duration	Total Amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial year (in ₹)	Cumulative amount spent at the end of reporting financial year (in ₹)	Status of the project Completed /Ongoing
6	NA	Skill Development Training for Women	2018-19	18 months	3,861,210.00	2,316,726.00	3,861,210.00	completed
7	NA	Impact Assessment Study	2018-19	18 months	1,123,910.00	95,246.00	1,123,910.00	completed
8	NA	Construction of community toilets	2017-18	18 months	3,822,092.00	1,822,092.00	3,822,092.00	completed

(10) In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s).

- 3 Mini Science Centres  
Date – December, 2020
- 4 Smart Classrooms  
Date – January, 2021

(b) Amount of CSR spent for creation or acquisition of capital assets.

- Setting up 3 Mini Science Centres  
Amount Spent – ₹ 16,65,645/-
- Setting up of 4 Smart Classrooms  
Amount Spent – ₹ 8,60,000/-

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

- 3 Mini Science Centres developed at government schools of Osmanabad (aspirational district), Maharashtra.  
School 1 – Zila Parishad Primary Girls School Anadur, Osmanabad  
School 2 – Zila Parishad Primary School, Varuda, Osmanabad  
School 3 - Zila Parishad Primary School, Kothala, Osmanabad
- 4 Smart Classrooms developed at municipal schools under Thane Municipal Corporation, Thane, Maharashtra.  
School 1 – Thane Municipal Corporation School Number 78  
School 2 – Thane Municipal Corporation School Number 40  
School 3 - Thane Municipal Corporation School Number 23  
School 3 - Thane Municipal Corporation School Number 3

(d) Provide details of capital assets(s) created or acquired (including complete address and location of the capital asset).

- 3 Mini Science Centres developed at government schools of Osmanabad (aspirational district), Maharashtra.  
School 1 – Zila Parishad Primary Girls School Anadur, Osmanabad  
School 2 – Zila Parishad Primary School, Varuda, Osmanabad  
School 3 - Zila Parishad Primary School, Kothala, Osmanabad
- 4 Smart Classrooms developed at municipal schools under Thane Municipal Corporation, Thane, Maharashtra.  
School 1 – Thane Municipal Corporation School Number 78, Achanak Nagar, Mumbra, Thane  
School 2 – Thane Municipal Corporation School Number 40, Ideal Market Kausa, Mumbra, Thane.  
School 3 - Thane Municipal Corporation School Number 23, Kisan Nagar, Wagle, Thane.  
School 3 - Thane Municipal Corporation School Number 3, Savarkar Nagar, Kokmanga Savarkar Nagar, Thane.

(11) Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

The entire amount of ₹ 1.95 crores earmarked towards CSR initiatives for the FY 2020-21 has been allocated for various projects. As implementation of most of the initiatives (projects) undertaken are spread over long periods, funds are released in instalments as per the terms of MoU signed with the implementing agencies. Accordingly, ₹ 1.17 crores has been disbursed and an amount of ₹ 0.78 crores remains unspent, which will be disbursed on completion of relevant milestones.

sd/-  
(Chief Executive Officer  
or Managing Director or Director)

sd/-  
(Chairperson CSR Committee)

sd/-  
(Person specified under clause (d)  
of sub-section (1) of section 380 of the Act)  
(Wherever applicable)



## BUSINESS RESPONSIBILITY REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

The Directors present the Business Responsibility Report of the Company for the Financial Year ended on 31<sup>st</sup> March 2021, pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Section A: General Information about the Company

1.	<b>Corporate Identity Number (CIN)</b>	L63030MH1950GOI008033
2.	<b>Name of the Company</b>	The Shipping Corporation of India Limited
3.	<b>Registered address</b>	'Shipping House', 245, Madame Cama Road, Mumbai-400 021.
4.	<b>Website</b>	<a href="http://www.shipindia.com">www.shipindia.com</a>
5.	<b>E-mail id</b>	<a href="mailto:hr@sci.co.in">hr@sci.co.in</a>
6.	<b>Financial Year Reported</b>	1 <sup>st</sup> April 2020 to 31 <sup>st</sup> March 2021
7.	<b>Sector(s) that the Company is engaged in (industrial activity code-wise)</b>	50120
8.	<b>List three key products/services that the Company manufactures/provides (as in Balance Sheet)</b>	1. Dry Bulk Transportation Services 2. Crude Oil & POL Transportation 3. Container Transportation Services 4. Offshore Services. 5. Marine Technical Services
9.	<b>Total number of locations where business activity is undertaken by the Company (i) Number of International Locations (Provide details of major 5) (ii) Number of National Locations</b>	I. International a) London II. National a) Mumbai b) Kolkata c) Chennai d) New Delhi e) Port Blair
10.	<b>Markets served by the Company – Local/ State/ National/ International</b>	National/ International

### Section B: Financial Details of the Company

1.	<b>Paid up Capital (INR) :</b>	₹ 46,580 lakhs
2.	<b>Total Turnover (INR) :</b>	₹ 3,70,325 Lakhs
3.	<b>Total profit after taxes (INR) :</b>	₹ 61,810 Lakhs
4.	<b>Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) :</b>	₹ 195 lakhs (To be read w.r.t. note 26(b) of the accounts of the Company)
5.	<b>List of activities in which expenditure in 4 above has been incurred:</b>	In accordance with the schedule VII of the Companies Act, 2013 the areas of CSR initiatives for FY 2020-21 are as follows: a. Promotion of Education including Maritime Education b. Eradicating Hunger & Malnutrition c. Health Care d. Skill Development Training

### Section C: Other Details

1.	<b>Does the Company have any Subsidiary Company/ Companies?</b>	Yes-M/s Inland & Coastal Shipping Ltd (a wholly owned subsidiary)
2.	<b>Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)</b>	Yes. There is only 1 subsidiary company as stated above
3.	<b>Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]</b>	NA

## BUSINESS RESPONSIBILITY REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

### Section D: BR Information

#### 1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

- DIN : 08630613
- Name : Shri Atul L Ubale
- Designation : Director (P&A)

b) Details of the BR head

S. No.	Particulars	Details
1.	DIN Number (if applicable)	NA
2.	Name	Mr. Sandeep Misra (w.e.f 01.12.2020 upto 19.05.2021) / Mr. P.K. Gangopadhyay (w.e.f. 20.05.2021)
3.	Designation	GM(P&A)
4.	Telephone number	022-2277 2562
5.	e-mail id	<a href="mailto:sandeep.misra@sci.co.in">sandeep.misra@sci.co.in</a> / <a href="mailto:pk.gangopadhyay@sci.co.in">pk.gangopadhyay@sci.co.in</a>

#### 2. Principle-wise SCI BR Policy based on NVGs issued by MCA (Reply in Y/N)

(a) Details of compliance (Reply in Y/N)

S.No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy for all the principles?	YES								
2.	Has the policy being formulated in consultation with the relevant stakeholders?	YES								
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	SCI BR Policy is based on SEBI guidelines and principles of UN Global Compact, Transparency International ISO 9001:2015, ISO 14001:2015 & BS OHSAS 18001:2007 Standards.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	YES, the policy is signed by C&MD.								
5.	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	YES								
6.	Indicate the link for the policy to be viewed online	<a href="http://www.shipindia.com">www.shipindia.com</a> → Interface → Investor → Disclosure under Listing Regulation → BRR Policy.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The Policy has been displayed on SCI website which can be accessed by all the stakeholders.								
8.	Does the company have in-house structure to implement the policy/policies?	YES								
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	YES. The Stakeholder Relationship Committee is functional as per the SEBI (LODR) Regulation, 2015.								
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	NO. SCI has started implementing the structural requirement to address issues of BRR. The process is still under nascent stage in some areas and it is not necessary for SCI to conduct an audit at this stage. Once the process emerges completely, SCI Management will take necessary decision for audit. The policy extends to the JVs, subsidiaries, suppliers, contractors to the extent they are dealing with SCI.								



## BUSINESS RESPONSIBILITY REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S.No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The company has not understood the Principles	Not Applicable								
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

### 3. Governance related to BR

1.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.	Annually
2.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	YES, The BR is a part of Annual Report published every year. The policy is also available for viewing on the website of the company. The path is as follows: <a href="http://www.shipindia.com">www.shipindia.com</a> → Interface → Investor → Disclosure under Listing Regulation → BRR Policy.

### Section E: Principle-wise performance

#### Principle 1

- Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No.
  - No. It covers all the stakeholders including company's employees & Directors. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?
    - The policy extends to the Joint Ventures, Subsidiaries, suppliers, contractors etc., to the extent they are dealing with SCI.
- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.
  - Details w.r.t. Stakeholders' Grievances received, pending and redressed during the year are as follows:

Sr No	Particulars	No. of Investor Complaints	No. of Customer Complaints	No. of Employee Complaints	No. of Other Complaints
1	Complaints pending at beginning of year 01.04.2020	0	0	9	17
2	Complaints received during the year	7	0	32	99
	1 <sup>st</sup> Qtr	1	0	9	18
	2 <sup>nd</sup> Qtr	1	0	3	22
	3 <sup>rd</sup> Qtr	4	0	11	29
	4 <sup>th</sup> Qtr	1	0	9	30
3	Complaints disposed of during the year	7	0	28	99
4	Complaints remaining unresolved at the end of the year 31.03.2021	0	0	13	17

#### Principle 2

- List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
  - The company has adopted latest technologies on its ships to improve environmental sustainability by: The company has adopted latest technologies on its ships to improve environmental sustainability by:
    - Reducing NOx&SOx emissions from its ships to improve air quality & reduce carbon footprint. Company has successfully complied with IMO's 0.5% sulphur fuel regulation which came into force from January 2020 and all vessels are being supplied low sulphur fuel oil.

## BUSINESS RESPONSIBILITY REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

- ii. Use of tin free paints on the ship's hull to sustain marine eco systems.
  - iii. Prohibition on discharge of oil, solid waste & sewage etc. from its ships.
  - iv. Use of solar power & LED lighting.
  - v. Refrigerant used in AC plants onboard ships is environment friendly as a safeguard against Ozone layer depletion.
  - vi. Most of our vessels comply Green Passport or equivalent notation which requires inventory of hazardous materials to be maintained onboard and statement of compliance issued by recognised organization for same, which will be useful while recycling/handling of hazardous materials.
  - vii. Ballast Water Treatment Plants are being installed on vessels in a phased manner in order to comply with the IMO regulations.
  - viii. Vessels have Ship Energy Efficiency Management Plan (SEEMP) onboard which reduce Sox & CO<sub>2</sub> emission by minimizing fuel consumption.
  - ix. We are complying with IMO DCS requirement SEEMP Part II which describes the procedures for monitoring fuel oil consumption. SCI is doing the needful and data is being submitted on IRS.
  - x. Slow steaming of vessel is done whenever possible, thereby reducing fuel consumption and related emissions.
  - xi. Restricted use of SUP on-board the vessels (Single Use Plastic)
  - xii. Use of Asbestos free products onboard.
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):
    - a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain.
      1. An increase in saving of fuel consumption by about 1%. by cleaning of vessels hull regularly – conservation of natural resources.
      2. Reduction of onboard Garbage Generation by 2% from previous year – conservation of natural resources.
      3. Reduction of sludge generation onboard by 1% of fuel consumption onboard from previous year – conservation of natural resources.
    - b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
      - NIL.
  3. Does the company have procedures in place for sustainable sourcing (including transportation)?
    - I. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.
      - Yes.

The company sources the bunker fuel for its ships which has less than 0.1% of sulphur content for ECA areas and not more than 0.5% for other areas, as per the prevailing IMO regulations effective from 1.01.2020.
  4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
    4. If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
      - SCI continues to support MSMEs in areas of supplies & services where such MSME vendors are present, thus implementing the Public Procurement Policy of Govt. of India and encourage Make in India. Procurement of goods & services are done in accordance with the revised Public Procurement (Preference to Make in India) Order dated 04.06.2020 and its further revision dated 16.09.2020. During the financial year 2020-21, the procurement from MSME vendors is about 40.99%, complying the D.O. letter No.19 (07)/2018-SME dated 04.01.2019 from the Micro, Small and Medium Enterprises and also from the Department of Public Enterprises vide their OM dated 08.01.2019.
      - SCI participates in various workshops / seminars arranged for the benefit of MSME vendors to make them aware of SCI's requirements.
      - Procurement of goods and services is carried out from the local empanelled workshops all around India. Parties are selected through tendering procedure. Supply of stores and repairs onboard ship is done through local vendors/ workshops on Vessels calling Indian ports.
      - SCI is ensuring that only domestic tenders are floated for procurement of all goods, services and works to be supplied on Indian coast, wherein the contract value is below ₹ 200 crore.
  5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.
    - Old/expired batteries and pyrotechnics are handed over to authorized vendors for safe disposal/recycling. Even the sludge remaining on ships has been disposed through Port Authorities for recycling/recrystallizing.

### Principle 3

1. Please indicate the Total number of employees
  - 596 as on 31.03.2021 (except Board Level Executives)
2. Please indicate the Total number of employees hired on temporary / contractual / casual basis
  - 28 as on 31.03.2021



## BUSINESS RESPONSIBILITY REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

3. Please indicate the Number of permanent women employees
  - 122 as on 31.03.2021 (except Board Level Executives)
4. Please indicate the Number of permanent employees with disabilities
  - 10 as on 31.03.2021
5. Do you have an employee association that is recognized by management?
  - YES
6. What percentage of your permanent employees is members of this recognized employee association?
  - The company encourages voluntary participation of its employees.
1. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

S. No.	Category	No of complaints filed during the financial year	No of complaints pending as on the end of the financial year
1.	Child labour/forced labour/involuntary labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

2. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
  - Permanent Employees : 93.79%
  - Permanent Women Employees : 97.00%
  - Casual/Temporary/Contractual Employees : NIL
  - Employees with Disabilities : 80%

### Principle 4

1. Has the company mapped its internal and external stakeholders? Yes/No
  - Yes. The company recognizes the role of its employees, shareholders, customers and suppliers as its stakeholders.
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?
  - SCI continues to support MSME's in areas of supplies and services where such MSME vendors are present.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.
  - NIL.

### Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
  - The policy covers to the Company and its Joint Venture Companies, to the extent they are dealing with SCI.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
  - Details w.r.t. Stakeholders Grievances received, pending and redressed during the year are as follows:

Sr. No.	Particulars	No. of Investor Complaints	No. of Customer Complaints	No. of Employee Complaints	No. of Other Complaints
1	Complaints pending at beginning of year 01.04.2020	0	0	9	17
2	Complaints received during the year	7	0	32	99
	1 <sup>st</sup> Qtr	1	0	9	18
	2 <sup>nd</sup> Qtr	1	0	3	22
	3 <sup>rd</sup> Qtr	4	0	11	29
	4 <sup>th</sup> Qtr	1	0	9	30
3	Complaints disposed of during the year	7	0	28	99
4	Complaints remaining unresolved at the end of the year 31.03.2021	0	0	13	17

## BUSINESS RESPONSIBILITY REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.
  - The policy on Safety, Occupational Health & Environment Protection covers the company and its Joint Venture companies. Being a member of the UN Global Compact, SCI functions in an environmentally responsible fashion.
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.
  - Company has successfully complied with IMO's 0.5% sulphur fuel regulation which came into force from January 2020 and all vessels are being supplied low sulphur fuel oil since 1<sup>st</sup> January 2020. Company has also taken initiative to install Ballast Water Treatment Plants on all those vessels which are not fitted with the treatment plants. This exercise will be carried out in a phased manner in order to comply with the IMO regulations All the Ship's in the fleet comply with MARPOL regulations and have been certified with IOPP (International Oil Pollution Prevention), IAPP (International Air Pollution Prevention) certificate and ISPP (International Sewage Pollution Prevention) certificate. This has been discussed in detail in the Directors Report under the para: Management Discussion & Analysis. Company is ensuring prevention of usage of Single Use Plastics (SUP) onboard vessels in compliance with DGS orders, so as to address the global environmental issues.
  - An environmental management system (EMS) has been developed in compliance with the ISO 14001 standard as part of an organization's strategy to implement its environmental policy and comply with government regulations. Environment Aspect Impact Register is being maintained.
3. Does the company identify and assess potential environmental risks? Y/N
  - Yes.
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
  - NIL
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc./N. If yes, please give hyperlink for web page etc.
  - Yes.  
Company has successfully complied with IMO's 0.5% sulphur fuel regulation which came into force from January 2020 and all vessels are being supplied low sulphur fuel oil since 1<sup>st</sup> January 2020.  
In case of four Passenger vessels (2 nos. 500 Pax and 2 nos. 1200 Pax) under construction at M/s Cochin Shipyard Ltd. for A&N Administration, SCI as Technical Consultant to the project, has recommended installation of Electrical Propulsion to optimize fuel consumption. Informatively, 1<sup>st</sup> 500 Passenger vessel has already been delivered to A&N Administration on 27.03.2021.
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?
  - Emissions/Waste generated by the company Ships are in compliance as per IMO requirements.
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.
  - Nil.

### Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
  1. Bombay Chambers of Commerce & Industry (BCCI)
  2. Baltic & International Maritime Council (BIMCO)
  3. Standing Conference of Public Enterprises (SCOPE)
  4. Indian Coastal Conference Shipping Association (ICCSA)
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).
  - The company being an active member of the trade bodies/ associations / Autonomous bodies always lobbies for various initiatives in Economic Reforms, Energy, Security.

### Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.
  - Yes. The various CSR initiatives taken by SCI are:



## BUSINESS RESPONSIBILITY REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

<b>A. Promotion of School Education including Maritime Education</b>
Setting up Mini Science Centre at government schools of Osmanabad (aspirational district in Maharashtra)
Support for running of three Gadadhar Abhyudaya Prakalpa (GAP) units for holistic development of underprivileged children at Ramakrishna Mission Asharam
Annual Grants to meritorious students from weaker section of the society, viz. SC/ST/BPL candidates, pursuing Maritime Education at premier institutes (IMU's, IIT's & MTI)
Setting up of Smart Classrooms at Municipal schools under Thane Municipal Corporation
<b>B. Eradicating Hunger &amp; Malnutrition</b>
Provision of Mid-Day meals for school children.
<b>C. Health Care</b>
Support to Cancer patients for surgeries at Bhaktivedanta Hospital, Mira Road, Thane.
Provision for elimination of disability from Clubfeet among 100 newly bornes.
Support to frontline warriors and underprivileged with safety equipments to prevent them from being infected from Covid19.
Empowerment of divyangjans/Pwds through provision for assistive devices for them in association with ALIMCO
Awareness campaigns on Covid19 related social behaviours in aspirational districts
Provision for one Ambulance to Andaman & Nicobar Islands Administration.
Provision for supplementary nutrition kits for 55 children infected and affected with HIV/AIDS.
<b>D. Skill Development Training</b>
Support to 150 underprivileged women for skill development training in apparel sector and other technical fields.

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?
  - The projects have been undertaken by the company self and with active support & collaboration with specialized agencies.
3. Have you done any impact assessment of your initiative?
  - The company undertakes an Impact Assessment of the CSR initiatives to ensure that the resources are gainfully utilized for the welfare of the intended communities.
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?
  - ₹ 195 Lakhs (2020-21)

**The projects have been mentioned Under Principal No.8 point 1 which are re-iterated below:**

<b>A. Promotion of School Education including Maritime Education</b>
Setting up Mini Science Centre at government schools of Osmanabad (aspirational district in Maharashtra)
Support for running of three Gadadhar Abhyudaya Prakalpa (GAP) units for holistic development of underprivileged children at Ramakrishna Mission Asharam
Annual Grants to meritorious students from weaker section of the society, viz. SC/ST/BPL candidates, pursuing Maritime Education at premier institutes (IMU's, IIT's & MTI)
Setting up of Smart Classrooms at Municipal schools under Thane Municipal Corporation
<b>B. Eradicating Hunger &amp; Malnutrition</b>
Provision of Mid-Day meals for 2000 school children.
<b>C. Health Care</b>
Support to Cancer patients for surgeries at Bhaktivedanta Hospital, Mira Road, Thane.
Provision for elimination of disability from Clubfeet among 100 newly bornes.
Support to frontline warriors and underprivileged with safety equipments to prevent them from being infected from Covid19.
Empowerment of divyangjans/Pwds through provision for assistive devices for them in association with ALIMCO
Awareness campaigns on Covid19 related social behaviours in aspirational districts
Provision for one Ambulance to Andaman & Nicobar Islands Administration.
Provision for supplementary nutrition kits for 55 children infected and affected with HIV/AIDS.

## BUSINESS RESPONSIBILITY REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

### D. Skill Development Training

Support to 150 underprivileged women for skill development training in apparel sector and other technical fields.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.
  - The various CSR initiatives are taken with focus on welfare of the economically and socially deprived sections of the society, which are implemented mostly after conducting baseline surveys. It is also our endeavour that a large section of the society is benefited from our initiatives

### Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
  - Number of Complaints pending at the end of financial year is mentioned under Principle 1(2) and Principle 5(2).
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)
  - The company does not manufacture any product. The company being a service provider displays all its services on its website.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.
  - Not Applicable.
4. Did your company carry out any consumer survey/consumer satisfaction trend.
  - No consumer survey or consumer satisfaction trend was carried out by company but company being in service sector customer satisfaction reports generated by operating division for the service provided by our fleet vessels to customers is analysed internally and trend analysis is done annually.





## FORM AOC-1 STATEMENT PURSUANT TO ASSOCIATE COMPANIES & JOINT VENTURES

### FORM AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part "A": Subsidiaries

(₹ in lakhs)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Inland & Coastal Shipping Limited*
2.	Financial Year ending on	31.03.2021
3.	Reporting Currency	INR
4.	Share capital	5
5.	Reserves & surplus	65
6.	Total assets	90
7.	Total Liabilities	20.00
8.	Investments	0
9.	Turnover	4
10.	Profit before taxation	(25)
11.	Provision for taxation	0
12.	Profit after taxation	(25)
13.	Proposed Dividend	0
14.	% of shareholding	100

\*"Inland and Coastal Shipping Limited " (ICSL) is wholly owned subsidiary company incorporated in India on 29<sup>th</sup> September 2016. For the purpose of consolidation profit/loss for ICSL has been taken from the audited financial statements for the year ending 31<sup>st</sup> March 2021. The above subsidiary accounts are audited by the auditors other than statutory auditors of the Company.

#### PART "B": Associate Companies and Joint Ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Name of Associates/Joint Venture	India LNG Transport Co. (No. 1) Ltd.	India LNG Transport Co. (No. 2) Ltd.	India LNG Transport Co. (No. 3) Ltd.	India LNG Transport Co. (No. 4) Pvt Ltd.	Irano Hind Shipping Company Ltd.	SAIL SCI Shipping Pvt. Ltd.
1. Latest audited Balance Sheet Date	31.03.2021	31.03.2021	31.03.2021	31.12.2020	20.03.2020	31.03.2019
2. Date on which the Associate or Joint Venture was associated or acquired	21.05.2001	21.05.2001	05.12.2006	13.11.2013	20.03.1975	02.08.2010
3. Shares of Associate/Joint Ventures held by the company at year end						
No. of Shares	2908	2908	2600	11036558	46060000	100000

## FORM AOC-1 STATEMENT PURSUANT TO ASSOCIATE COMPANIES & JOINT VENTURES

Name of Associates/Joint Venture	India LNG Transport Co. (No. 1) Ltd.	India LNG Transport Co. (No. 2) Ltd.	India LNG Transport Co. (No. 3) Ltd.	India LNG Transport Co. (No. 4) Pvt Ltd.	Irano Hind Shipping Company Ltd.	SAIL SCI Shipping Pvt. Ltd.
Amount of Investment in Associates/Joint Venture (in lakhs)	3	3	1	7352	39	10
Extent of Holding	29.08%	29.08%	26%	26%	49%	50%
4. Description of how there is significant influence	shareholding	shareholding	shareholding	shareholding	shareholding	shareholding
5. Reason why associate/ joint venture is not consolidated	NA	NA	NA	NA	IHSC is an investment held for sale	SAIL SCI is an investment held for sale
6. Networth attributable to shareholding as per latest audited Balance sheet (in ₹ lakhs)	13917	14319	(1127)	6833	(36001)	6
<b>7. Profit / Loss for the year (in ₹ lakhs)*</b>						
i. Considered in consolidation	2192	2677	1446	1509	NA	NA
ii. Not considered in consolidation	NA	NA	NA	NA	(26502)	0

\* Profit/loss for the year does not include other comprehensive income

The above joint venture accounts are audited by the auditors other than statutory auditors of the Company.

As per our report of even date attached hereto.

**For V. Sankar Aiyar & Co.,**  
Chartered Accountants  
FR. No.109208W

**For Chokshi & Chokshi LLP,**  
Chartered Accountants  
FR. No. 101872W/W100045

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

**CA G Sankar**  
Partner  
Membership No. 046050

**CA Dhananajay Jaiswal**  
Partner  
Membership No. 187686

**Dipankar Halder**  
ED  
(LA & Company Secretary)

**Mr. L. C. Serrao**  
Chief Financial Officer

**Mrs. H. K. Joshi**  
Chairperson & Managing Director and  
Director (Finance), Addl. Charge  
DIN - 07085755

Mumbai, Dated the 13<sup>th</sup> May, 2021

Mumbai, Dated the 13<sup>th</sup> May, 2021



## PARTICULARS OF CONTRACTS/ARRANGEMENTS ENTERED INTO WITH RELATED PARTIES

### FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

#### 1. Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered into during the year ended 31<sup>st</sup> March, 2021 which were not at arm's length basis.

#### 2. Details of material contracts or arrangement or transactions at arm's length basis

The details of material contracts or arrangement or transaction at arm's length basis for the year ended 31<sup>st</sup> March, 2021 are as follows:

Name of the related party	Nature of relationship	Duration of contracts/ arrangements/ transactions (yr)	Salient terms of the contract or arrangements	Nature of Transactions	Material Trnsactions (in INR lakhs)	Date (s) of approval by the Board, if any	Amount paid as advances, if any
ILT No. 1 Ltd.	Joint Venture Company	till 2028	Based on transfer pricing guidelines	Management & Accounting fee	532	12.12.2008	No advances
				Interest on SHL *	108	06.05.2001	
				SHL provided / (repaid by JV)	(84)		
				TOTAL	557		
ILT No. 2 Ltd.	Joint Venture Company	till 2028	Based on transfer pricing guidelines	Management & Accounting fee	532	12.12.2008	No advances
				Interest on SHL *	103	06.05.2001	
				SHL provided / (repaid by JV)	(219)		
				TOTAL	416		
ILT No. 3 Ltd.	Joint Venture Company	till 2034	Based on transfer pricing guidelines	Management & Accounting fee	583	24.09.2012	No advances
				Interest on SHL*	823	24.09.2012	
				SHL provided / (repaid by JV)	(1,110)		
				TOTAL	296		
ILT No. 4 Pvt. Ltd.	Joint Venture Company	till 2035	Based on transfer pricing guidelines	Management & Accounting fee	418	28.03.2014	No advances
				Interest on SHL *	-	13.11.2013	
				SHL provided / (repaid by JV)	(609)		
				TOTAL	(191)		

\* SHL- Shareholders' Loan provided by SCI to Joint Ventures

For and on behalf of the Board of Directors

Smt. H. K. Joshi,

Chairperson & Managing Director & Director (Finance) Addl.charge

DIN - 07085755

Mumbai

Date: 03/08/2021



## FORM MR-3 SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021 [PURSUANT TO SECTION 204(1) OF THE COMPANIES ACT, 2013 AND RULE NO. 9 OF THE COMPANIES (APPOINTMENT AND REMUNERATION PERSONNEL) RULES, 2014]

To,  
The Members,  
The Shipping Corporation of India Limited,  
Shipping House,  
Madam Cama Road, Nariman Point,  
Mumbai 400 021

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by The Shipping Corporation of India Limited (hereinafter called 'the Corporation'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. **I have conducted online verification and examination of records as facilitated by the Company due to Covid 19 and subsequent lockdown situation for the purpose of issuing this Report.**

Based on my verification of the Corporation's books, papers, minute books, forms and returns filed and other records maintained by the Corporation and also the information provided by the Corporation, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Corporation has during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021 complied with the statutory provisions listed hereunder and also that the Corporation has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by The Shipping Corporation of India Limited for the financial year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent Overseas Direct Investment and External Commercial borrowing;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 read with Listing Agreement.
- (vi) The following Acts / Guidelines specifically applicable to the Company:
  - (a) Merchant Shipping Act, 1958
  - (b) Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010;
  - (c) International Safety Management Code (ISM).
  - (d) Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010.

I report that during the year under review there was no action/event in pursuance of –

- (a) The Securities and Exchange Board of India (Issue and Listing of Debts Securities) Regulations, 2008
- (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (c) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;



## FORM MR-3 SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

- (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client.

I have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards with regard to Meeting of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of the Company Secretaries of India; and
- b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- c) Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 (DPE Guidelines) issued by Ministry of Heavy Industries and Public Enterprises.

During the period under review the Corporation has complied with the provisions of the Act, Rules Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- The Corporation has complied with the requirements of Corporate Governance as provided under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance, with the **exception of appointment of Independent Directors to the extent of 50% of the total strength of the Board and non-appointment of Woman Independent Director during the period 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021. It is clarified by the Corporation that the matter is being pursued with the Administrative Ministry for appointing required number of Independent Directors on the Board within the period prescribed under Section 149 of the Companies Act, 2013 and Regulation 25(6) of the SEBI (LODR) Regulations, 2015.**

I further report that the compliance by the Company of applicable financial laws like direct and indirect tax laws has not been reviewed in this audit since the same has been subject to review by statutory financial audit and other designated professionals.

I further report that –

- *The Board of Directors of the Company is constituted as per Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with balance of Executive Directors and Non-Executive Directors, but with the **exception of appointment of Independent Directors to the extent of 50% of the total strength of the Board and non-appointment of Woman Independent Director during the period 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021. It is clarified by the Corporation that the matter is being pursued with the Administrative Ministry for appointing required number of Independent Directors on the Board within the period prescribed under Section 149 of the Companies Act, 2013 and Regulation 25(6) of the SEBI (LODR) Regulations, 2015.** The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.*
- Adequate notice is given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- As per the minutes of the meeting duly recorded and signed by the chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the Corporation commensurate with the size and operation of the Corporation to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Corporation had no specific events/actions having a major bearing on the Corporation's affairs in pursuance to the laws, rules, regulations, guidelines, standards, etc. referred to above.

UDIN: F002727C000374221

Place: Mumbai

Date: 26/05/2021

Note: This report is to be read with my letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

(U.C. SHUKLA)

COMPANY SECRETARY

FCS: 2727/CP: 1654



**FORM MR-3 SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**  
**ANNEXURE A**

To,  
The Members  
The Shipping Corporation of India Ltd.  
Shipping House  
Madam Cama Road, Nariman Point  
Mumbai 400 021

My report of even date is to be read with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Corporation. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed, provide reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Corporation.
4. Wherever required, I have obtained the management representation about the compliance of the laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
6. The secretarial audit report is neither an assurance as to future viability of the Corporation nor of the efficacy or effectiveness with which the management has conducted the affairs of the Corporation.

**Place: Mumbai**  
**Date: 26/05/2021**

**(U.C. SHUKLA)**  
**COMPANY SECRETARY**  
**FCS: 2727/CP: 1654**



## 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 endeavor in this respect has been acknowledged and appreciated year after year. This year too, SCI will strive to meet the expectations of various stakeholders. SCI apart from complying with the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred as SEBI (LODR) Regulations, 2015] has also adopted the guidelines issued by the DPE in 2010 on Corporate Governance.

### SCI'S CODE OF CONDUCT

The Board of Directors of the Company adopted "Code of Business Conduct & Ethics for Board members & Senior Management Personnel". This Code of Conduct is bifurcated into the "Code of Business Conduct & Ethics for Board Members" & "Code of Business Conduct for Senior Management Personnel". The Code is in alignment with the 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](http://www.shipindia.com)

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

### BOARD OF DIRECTORS

#### COMPOSITION OF THE BOARD OF DIRECTORS

As on date, the Board of Directors of your Company which includes 7 members which comprises of 3 executive Directors (including Chairperson & Managing Director), 2 non-executive Directors (Government Director who represent the promoters i.e., Government of India) and 2 Non-Official Part Time Directors (Independent Directors). As the composition of Board is not compliant with the requirements of regulation 17(1) of SEBI (LODR) Regulations, 2015, the Company is sending regular communication to the Ministry of Ports, Shipping and Waterways for filling up the vacant positions.

None of the Board of Directors of the SCI is related inter-se.

Vide letter dated 19.03.2021, The Ministry of Ports, Shipping and Waterways informed that Smt. H.K Joshi, Chairperson & Managing Director (CMD), SCI will continue to hold the additional charge of post of Director (Finance), SCI w.e.f. 19.03.2021 till the approval of the ACC is received in the matter.

Dr. Gautam Sinha and Shri Raj Kishore Tewari, Independent Directors ceased to be on the Board of SCI w.e.f 29.09.2020 while Dr. Kanagasabapathi P, Independent Director ceased to be on the Board of SCI w.e.f 20.11.2020.

Further, Shri Satinder Pal Singh, Part-time Official Director ceased to be on the Board of SCI w.e.f. 25.11.2020, consequent upon the completion of his deputation period.

Smt. Sangeeta Sharma, Director (L&PS) and Shri Surinder Pal Singh Jaggi, Director (P&A) completed their tenures on 30.11.2020, consequent upon their Superannuation. The Ministry of Ports, Shipping and Waterways vide letter dated 18.11.2020, informed that, Shri Rajesh Sood, Director (T&OS) and Shri Atul Ubale, Director (B&T) will hold Additional Charge of Director (L&PS) and Director (P&A) respectively for a period of 3 months w.e.f 01.12.2020 or until further orders whichever is earlier. Further to this, the Ministry vide letter dated 07.01.2021 informed the appointment of Capt. B K Tyagi as Director (Liner and Passenger Services), SCI for the period of five years or till the date of his Superannuation, or until further orders, whichever is the earliest. The Ministry vide letter dated 03.06.2021 informed the company that with approval of competent authority Shri Atul Ubale Director (B&T), SCI will hold the additional charge of Director (P&A), SCI for a period of 6 months w.e.f. 01.06.2021 or till the appointment of regular incumbent to the post or until further orders whichever is earliest.

Further, Shri Rajesh Sood, Director (T&OS) completed his tenure on 30.04.2021, consequent upon his Superannuation. The Ministry of Ports, Shipping and Waterways informed that Capt. B. K. Tyagi, Director (L&PS) will hold Additional Charge of Director (T&OS) w.e.f. 01.05.2021 till the approval of competent authority is received in the matter.

The Ministry vide letter dated 14.12.2020 nominated Shri Vikram Singh, IRTS, Joint Secretary (Ports and Shipping), Ministry of Ports, Shipping and Waterways as Part-time Official Director on the Board of SCI vice Shri Satinder Pal Singh, IPS from the date of issue of the letter until further orders. However, his appointment is effective from 02.06.2021 i.e., the date on which he obtained DIN.

The tenure of Directorship of Shri Vijay Jadhao, Independent Director completed on 02.07.2021.

The PESB in the interview held on 12.05.2021 for selection of Director (P&A) recommended selection of Shri Prabir Kumar Gangopadhyay as Whole-Time Director (P&A) on Board of SCI. However his appointment will be effective only upon issuance of necessary approvals of Government of India / from the Administrative Ministry and as per section 152(3), his appointment will be regularized only after obtaining DIN.

**The directorships held in other public limited companies and membership/chairpersonship held in the Committees of such Boards by the members of the Board of your Company as on 31<sup>st</sup> March, 2021 are set out below:-**

## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Name of the Director	Designation	Number of Directorships in other Companies*	Details of Directorships in other Listed Entities (Regulation 17A**) of SEBI LODR, Regulations, 2015	Details of Membership/ Chairmanship held in Committees of other Companies (Regulation 26) of SEBI LODR, Regulations, 2015*
<b>FUNCTIONAL DIRECTORS</b>				
Smt. H.K Joshi	Chairperson and Managing Director holding additional charge of Director (Finance)	<ul style="list-style-type: none"> <li>Inland and Coastal Shipping Limited \$</li> <li>Indian Ports Global Ltd.</li> </ul>	NA	NA
Shri. Rajesh Sood	Director (Technical & Offshore Services)	NA	NA	NA
Shri Atul Ubale	Director (Bulk Carrier & Tanker) holding Additional charge of Director (Personnel & Administration)	NA	NA	NA
Capt. B.K Tyagi @	Director (Liner & Passenger Services)	<ul style="list-style-type: none"> <li>Inland and Coastal Shipping Limited \$</li> </ul>	NA	NA
<b>GOVERNMENT NOMINEE DIRECTOR</b>				
Shri. Sanjay Kumar	Government Nominee Director	NA	NA	NA
<b>INDEPENDENT DIRECTOR</b>				
CA Mavjibhai B Sorathia	Independent Director	NA	NA	NA
Shri. Pramod Kumar Panda	Independent Director	NA	NA	NA
Shri. Vijay Jadhao	Independent Director	NA	NA	NA

\*In accordance with Regulation 26(1) of the SEBI (LODR) Regulations, 2015 only directorships on public limited companies have been considered and the directorships on private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 have been excluded. Similarly, in terms of the above regulation membership/chairpersonship of the Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies has been considered.

\*\* In accordance with Regulation 17A of the SEBI (LODR) Regulations, 2015 the Directors of Listed entities shall comply with the following conditions with respect to the maximum number of Directorships that can be held by them at any point of time:

(1) A person shall not be a director in more than seven listed entities with effect from April 1, 2020.

\$Nominated by SCI

@ The Ministry vide letter dated 07.01.2021 informed the appointment of Capt. B K Tyagi as Director (Liner and Passenger Services), SCI for the period of five years or till the date of his Superannuation, or until further orders, whichever is the earliest.

The Ministry vide letter dated 14.12.2020 nominated Shri Vikram Singh, IRTS, Joint Secretary (Ports and Shipping), Ministry of Ports, Shipping and Waterways as Part-time Official Director on the Board of SCI vice Shri Satinder Pal Singh, IPS from the date of issue of the letter



## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

until further orders. However, his appointment is effective from 02.06.2021 i.e. the date on which he obtained DIN

### BOARD MEETINGS / ANNUAL GENERAL MEETING

During the financial year 2020-2021, four (4) Board Meetings were held, the dates being, 29.05.2020, 07.08.2020, 06.11.2020 and 05.02.2021. The details about attendance of the Directors at the Board Meetings and at the 70<sup>th</sup> Annual General Meeting (AGM) held on 18.09.2020 are given below:

Name of the Director	No. of Meetings during FY 2020-21		Attendance at the last AGM held on 18.09.2020
	Held during the tenure of Directors	Attended	
Smt. H. K. Joshi	4	4	Yes
Shri. Rajesh Sood	4	4	Yes
Smt. Sangeeta Sharma	3	2	Yes
Shri. Surinder Pal Singh Jaggi	3	3	Yes
Shri. Atul Ubale	4	4	Yes
Capt. B.K Tyagi*	1	1	NA*
Shri. Sanjay Kumar	4	4	No
Shri. Satinder Pal Singh	3	3	No
CA Mavjibhai B Sorathia	4	4	Yes
Shri. Raj Kishore Tewari	2	2	Yes
Dr. Kanagasabapathi P	3	2	No
Dr. Gautam Sinha	2	2	Yes
Shri. Pramod Kumar Panda	4	4	No
Shri. Vijay Jadhao	4	4	No

\*Capt. B.K Tyagi was appointed on the Board of SCI w.e.f 07.01.2021 as Director (L&PS) by the Ministry of Ports, Shipping and Waterways. The Ministry vide letter dated 14.12.2020 nominated Shri Vikram Singh, IRTS, Joint Secretary (Ports and Shipping), Ministry of Ports, Shipping and Waterways as Part-time Official Director on the Board of SCI vice Shri Satinder Pal Singh, IPS from the date of issue of the letter until further orders. However, his appointment is effective from 02.06.2021 i.e. the date on which he obtained his DIN,

**The changes taken place in the constitution of the Board of Directors of SCI during the FY 2020-2021 are as follows:-**

Name of the Director	Date of Appointment	Date of Cessation	Nature of Appointment/ Reason for cessation
Smt. H. K Joshi	19.03.2020	18.06.2020	Cessation of Additional Charge of Director(Finance) as per the order of The Ministry of Ports, Shipping and Waterways
Smt. H. K Joshi	19.06.2020	18.09.2020	Cessation of Additional Charge of Director (Finance) as per the order of The Ministry of Ports, Shipping and Waterways
Smt H.K Joshi	19.09.2020	18.03.2021	Cessation of Additional Charge of Director (Finance) as per the order of The Ministry of Ports, Shipping and Waterways
Smt H.K Joshi	19.03.2021	-	Extension of Additional Charge of Director (Finance) as per the order of The Ministry of Ports, Shipping and Waterways
Shri. Raj Kishore Tewari	-	29.09.2020	Completion of Tenure
Dr. Gautam Sinha	-	29.09.2020	Completion of Tenure
Dr. Kanagasabapathi P	-	20.11.2020	Completion of Tenure



## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Name of the Director	Date of Appointment	Date of Cessation	Nature of Appointment/ Reason for cessation
Shri Satinder Pal Singh	-	25.11.2020	Completion of Tenure
Smt. Sangeeta Sharma	-	30.11.2020	Superannuation
Shri. Surinder Pal Singh Jaggi	-	30.11.2020	Superannuation
Shri Rajesh Sood	1.12.2020	06.01.2021	Cessation of Additional Charge of Director (L&PS)
Shri Atul Ubale	1.12.2020	28.02.2021	Cessation of Additional Charge of Director (P&A) as per the order of The Ministry of Ports, Shipping and Waterways
Shri Atul Ubale	01.03.2021	-	Extension of Additional Charge of Director (P&A) as per the order of The Ministry of Ports, Shipping and Waterways
Capt. B K Tyagi	07.01.2021	-	Appointment as Director (L&PS) as per order of the Ministry of Ports, Shipping and Waterways

The Ministry vide letter dated 14.12.2020 nominated Shri Vikram Singh, IRTS, Joint Secretary (Ports and Shipping), Ministry of Ports, Shipping and Waterways as Part-time Official Director on the Board of SCI vice Shri Satinder Pal Singh, IPS from the date of issue of the letter until further orders. However, his appointment is effective from 02.06.2021 i.e. the date on which he obtained his DIN,

### INDEPENDENT DIRECTORS:

As provided under Schedule IV of the Companies Act, 2013 and also as per Regulation 25 (3) of the SEBI (LODR) Regulations, 2015, separate meeting of Independent Directors were held on May 29<sup>th</sup>, 2020 and February 04, 2021 during the financial year 2020-21.

It is hereby confirmed that in the opinion of the Board, the Independent Directors fulfils the conditions specified in the SEBI (LODR) Regulations, 2015 and are independent of the Management. SCI being a Government Company, all the Directors on the Board of SCI are appointed by Ministry of Ports, Shipping and Waterways, Government of India. No Independent Director has resigned before the expiry of their term during the FY 2020-2021.

### DETAILS OF FAMILIARIZATION PROGRAMME

The details of familiarisation programme imparted to Independent Directors are disclosed on SCI website [www.shipindia.com](http://www.shipindia.com) → Investors → Information for shareholders → Disclosures under Listing Regulation.

### LIST OF DIRECTORS' CORE SKILLS / EXPERIENCE / COMPETENCIES IDENTIFIED BY THE BOARD – PARA C (2)(h) OF SCHEDULE V TO THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 as on 31.03.2021.

SCI being a 'Navratna' PSU, comes under the Administrative Ministry of Ports, Shipping and Waterways. The power to appoint Directors on the Board of SCI (including Independent Directors) vests with the Government of India. The Functional & Nominee Directors having specified skills/ expertise and competencies in the context of Company's business to function efficiently and effectively are selected by Public Enterprises Selection Board (PESB) whereas Independent Directors are selected from a mix of eminent personalities having requisite experience in the diversified fields. Therefore, all the Directors have requisite skills, expertise and competence in the areas of general administration, finance, corporate governance, strategic planning, analytical thinking etc. The Board comprises of Directors from diverse fields, experience, skills, qualifications and competence which are aligned with Company's business, overall strategy, values, corporate ethics and culture.

SR.	NAME	SKILLS/ EXPERTISE/ COMPETENCE
1	Smt H K Joshi	Over 37 years of rich and diverse experience in handling all facets of Corporate Finance, Financial Accounting, Financial Management, project appraisal in the Oil and Gas Sector and in Shipping. International experience in commercial negotiations, contract management and Joint Ventures. Strength of Audit Compliances and Corporate Governance. She is Fellow member of the Institute of Cost Accountants of India and also member of of the Institute of Directors (IOD).
2	Shri Sanjay Kumar	Member of Indian Administrative Services. Held various senior positions as Joint Secretary (Institutions), Department of School Education & Literacy, Ministry of Human Resource Development, Government of India, New Delhi. Wide experience in the field of administration. Handled senior positions in both Central and State Government in diverse fields like Finance, Industries and Commerce, conduct of elections, district administration, economic policies and school education.
3	Shri Rajesh Sood	Over 36 years of experience in various segments of Maritime field including ship building, ship acquisition, technical operations and allied services.
4	Shri Atul Ubale	Over 31 years of vast experience in Off Shore Services, Ship acquisition, Chartering & Commercial operations of Bulk Carriers & Tankers, besides serving in SCI's overseas office. Expertise in chartering & commercial operations.



## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

SR.	NAME	SKILLS/ EXPERTISE/ COMPETENCE
5	<b>Shri Vijay Jadhao</b>	More than 32 years of experience as business consultant in corporate sector. Has a core competency in agricultural sector.
6	<b>CA Mavjibhai B Sorathia</b>	Over 36 years of experience as a Practicing Chartered Accountant. He was a member of first senate of Kranti Vir Shyamji Krishna Verma University of Kachchh, Bhuj.
7	<b>Shri Pramod Kumar Panda</b>	Vast and Extensive experience in Reserve Bank of India (RBI)'s onsite supervision and off-site monitoring of commercial banks. He also specializes in financial regulation, banking supervision and capacity building financial inclusion. Deep technical knowledge and understanding of internal controls, risk management including fraud risk management and corporate governance. He has rich experience, both at global and national levels in designing and delivering high quality and innovative capacity building programs. He is associated with the Centre for Advanced Financial Research and Learning (CAFRAL)'s.
8	<b>Capt B K Tyagi</b>	In his distinguished Shipping career spanning over 31 years in SCI, he has held many responsible appointments, both Afloat and Ashore. After Graduation, Capt. B.K. Tyagi joined SCI in 1990 as Trainee Nautical Officer. He served on board various Ships, in different ranks, including as Master. In 2004, he was absorbed ashore, wherein he served at various Management level positions and performed Technical, Vetting, Chartering, Centralized dry dock, Marine HR Departments and Maritime Training Institute. Presently he is heading Liner and Passenger Ships, Technical and Offshore Divisions of SCI. He was instrumental and in commencing Inland Waterways and making ICSL functional.

The Ministry vide letter dated 14.12.2020 nominated Shri Vikram Singh, IRTS, Joint Secretary (Ports and Shipping), Ministry of Ports, Shipping and Waterways as Part-time Official Director on the Board of SCI vice Shri Satinder Pal Singh, IPS from the date of issue of the letter until further orders. However, his appointment is effective from 02.06.2021 i.e. the date on which he obtained his DIN,

### DIRECTORS SHAREHOLDING

Capt. B K Tyagi, Director (Liner and Passenger Services) holds 300 Shares in SCI as on 31.03.2021. These shares were acquired by Capt B K Tyagi prior to appointment as Director (Liner and Passenger Services).

None of the other Directors are holding shares in SCI.

### 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 as required under Companies Act 2013 and the SEBI (LODR) Regulations, 2015.

#### AUDIT COMMITTEE

Name of the committee	Terms of reference	Category and composition		Other Details
		Name	Category	
Audit Committee	Committee is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations and Section 177 of the Companies Act, 2013 and the DPE guidelines on Corporate Governance for CPSEs, 2010	CA Mavjibhai B Sorathia (Chairman)	Independent Director	<ul style="list-style-type: none"><li>All members of the audit committee are financially literate.</li><li>Director (Finance) and the Directors in charge of operations attend the meeting as Invitees whenever required.</li><li>The Statutory Auditors and Internal Auditors also attend meetings at which the Audit Reports / Company's Financial Statements are reviewed by the Committee.</li><li>The Company Secretary acts as the Secretary to the Committee.</li><li>Eight meetings were held during the Financial year 2020-21 and the gap between the two meetings did not exceed One hundred and twenty days as per Secretarial Standard -1</li></ul>
		Shri. Atul Ubale D (B&T)	Whole-time Director	
		Dr. Kanagasabapathi. P	Independent Director	
		Shri. Pramod Kumar Panda	Independent Director	
		Shri Vijay Jadhao	Independent Director	
		<ul style="list-style-type: none"><li>The Committee was reconstituted on 20.11.2020, subsequent to cessation of Directorship of Dr. Kanagasabapathi P on 20.11.2020, by resolution passed through circulation with Shri. Vijay Jadhao as member of the Audit Committee.</li></ul>		
		<ul style="list-style-type: none"><li>Shri Vijay Jadhao, Independent director ceased to be on board of SCI consequent to his completion of tenure on 02.07.2021</li></ul>		

## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Audit Committee Meetings during the Financial Year 2020-2021 were held on **29.05.2020, 07.08.2020, 06.11.2020, 07.11.2020, 19.11.2020, 20.11.2020, 06.01.2021 and 05.02.2021**. The Minutes of the meetings of Audit Committee have been placed before the Board from time to time. All the recommendations made by the Audit Committee have been accepted by the Board of Directors of the Company.

Name of the Director	No. of Meetings	
	Held during the tenure of Directors	Attended
CA Mavjibhai B Sorathia	8	8
Dr. Kanagasabapathi P	5	5
Shri Atul Ubale, D(B&T)	8	8
Shri. Pramod Kumar Panda	8	8
Shri. Vijay Jadhao	2	2

### NOMINATION AND REMUNERATION COMMITTEE

Name of the committee	Terms of reference	Category and composition		Other Details
		Name	Category	
Nomination and Remuneration Committee	<ul style="list-style-type: none"><li>The terms of reference of Nomination and Remuneration Committee are to take care of Compliances under Section 178 of Companies Act, 2013 and clause 5.1 of the DPE guidelines on Corporate Governance for CPSEs, 2010 and Part D of Schedule II of SEBI (LODR) Regulations 2015.</li><li>The remuneration of Whole-time Functional Directors and other officers is fixed by the Ministry of Ports, Shipping and Waterways, Government of India in view of the fact that, SCI is a Government Company as per Section 2(45) of the Companies Act, 2013.</li></ul>	CA Mavjibhai B Sorathia (Chairman)	Independent Director	<ul style="list-style-type: none"><li>The Company Secretary acts as the Secretary of the Committee.</li><li>The Chairperson of the Nomination and Remuneration committee is an Independent Director pursuant to Regulation 19(2) of SEBI (LODR) Regulation, 2015.</li></ul>
		Dr. Gautam Sinha (Chairman)	Independent Director	
		Shri Satinder Pal Singh	Non-Executive (Government Nominee Director)	
		Shri. Vijay Jadhao	Independent Director	
		Shri Pramod Kumar Panda	Independent Director	
		Shri Vikram Singh	Non-Executive (Government Nominee Director)	
		<ul style="list-style-type: none"><li>The Committee was reconstituted on 29.09.2020, subsequent to cessation of Directorship of Dr. Gautam Sinha on 29.09.2020, by resolution passed through circulation with CA Mavjibhai B Sorathia as Chairman of the Nomination &amp; Remuneration Committee.</li><li>The Committee was reconstituted on 25.11.2020, subsequent to cessation of Directorship of Shri Satinder Pal Singh on 25.11.2020, by resolution passed through circulation with, Shri Pramod Kumar Panda as the Member of the Nomination &amp; Remuneration Committee.</li><li>Shri Vijay Jadhao, Independent director ceased to be on board of SCI consequent to his completion of tenure on 02.07.2021.</li><li>The Committee was reconstituted w.e.f. 03.07.2021 subsequent to cessation of Directorship of Shri Vijay Jadhao on 02.07.2021, by resolution passed through circulation with Shri Vikram Singh as the member of Nomination and Remuneration Committee.</li></ul>		



## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

During the Financial Year 2020-2021, the meetings of Nomination and Remuneration Committee were held on **29.05.2020** and **04.11.2020**

Name of the Director	No. of Meetings	
	Held during the tenure of Directors	Attended
Dr. Gautam Sinha	1	1
CA Mavjibhai B Sorathia	2	2
Shri. Satinder Pal Singh	2	2
Shri. Vijay Jadhao	2	2
Shri. Pramod Kumar Panda	0	0

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Name of the committee	Terms of reference	Category and composition	
		Name	Category
Corporate Social Responsibility Committee	<p>Committee is constituted in line with Section 135 and Schedule VII of the Companies Act 2013 and DPE guidelines, comprising of Independent directors and Whole-time directors to carry out the functions.</p> <ul style="list-style-type: none"> <li>Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the company as specified in the CSR Policy.</li> <li>Recommend the amount of expenditure to be incurred on the activities mentioned in the CSR Policy.</li> <li>Monitor the CSR Policy.</li> </ul>	Smt. H.K. Joshi (Chairperson)	Chairperson and Managing Director
		Shri Atul Ubale, D (P&A)	Whole-time Director
		Shri. Rajesh Sood, D (T&OS)	Whole-time Director
		Shri Surinder Pal Singh Jaggi, D (P&A)	Whole-time Director
		Shri Raj Kishore Tewari	Independent Director
		Dr. Gautam Sinha	Independent Director
		Shri. Pramod Kumar Panda	Independent Director
		Shri. Vijay Jadhao	Independent Director
		Capt. B K Tyagi, D(T&OS)	Whole-time Director
		<ul style="list-style-type: none"> <li>The Committee was reconstituted on 29.09.2020, subsequent to cessation of Directorship of Shri Raj Kishore Tewari and Dr. Gautam Sinha on 29.09.2020, by resolution passed through circulation with Shri Pramod Kumar Panda and Shri Vijay Jadhao as the Member of the Corporate Social Responsibility Committee.</li> <li>Shri Surinder Pal Singh Jaggi completed his tenure on the Board of SCI on 30.11.2020 consequent upon his Superannuation. The Ministry of Ports, Shipping and Waterways informed that, Shri Atul Ubale, Director (B&amp;T) will hold Additional Charge of Director (P&amp;A) w.e.f. 01.12.2020</li> <li>Shri Rajesh Sood completed his tenure on the Board of SCI on 30.04.2021 consequent upon his Superannuation. The Ministry of Ports, Shipping and Waterways informed that Capt. B. K. Tyagi, Director (L&amp;PS) will hold Additional Charge of Director (T&amp;OS) w.e.f. 01.05.2021 till the approval of competent authority is received in the matter.</li> <li>Shri Vijay Jadhao, Independent director ceased to be on board of SCI consequent to his completion of tenure on 02.07.2021.</li> </ul>	

## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

During the Financial Year 2020-2021, the Meetings of the CSR Committee were held on **29.05.2020, 06.08.2020, 04.11.2020 and 04.02.2021.**

Name of the Director	No. of Meetings	
	Held during the tenure of Directors	Attended
Smt. H.K Joshi	4	4
Shri Atul Ubale	1	1
Shri. Rajesh Sood	4	4
Shri Surinder Pal Singh Jaggi	3	3
Shri Raj Kishore Tewari	2	2
Dr. Gautam Sinha	2	2
Shri. Vijay Jadhao	2	2
Shri. Pramod Kumar Panda	2	2

### SHARE TRANSFER COMMITTEE

This Committee of the Board comprising of Chairperson & Managing Director and Two Executive Director (Whole Time), regularly approves the transfer and transmission of shares and other related matters. As and when the shareholders made lodgments for transfer/re-materialisation/ issue of Duplicate Share Certificate, the Share Transfer Committee held their meetings promptly to effect the transfers. The Share Transfer Committee Meetings of the Board was held on 18.09.2020 during the Financial Year 2020-21.

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

Name of the committee	Terms of reference	Category and composition		Other Details
		Name	Category	
Stakeholders' Relationship Committee	The term of references of Stakeholder Relationship Committee is to take care of the Compliances under section 178 of Companies Act, 2013 and Part D of Schedule II of SEBI (LODR) Regulation 2015.	Shri Pramod Kumar Panda (Chairman)	Independent Director	<ul style="list-style-type: none"><li>• The Chairperson of the Stakeholders' Relationship Committee is a Non-Executive Independent Director pursuant to Regulation 20(2) of SEBI (LODR) Regulation, 2015.</li><li>• The Company Secretary acts as the Secretary to the Committee.</li></ul>
		Shri Vijay Jadhao (Chairman)	Independent Director	
		Shri Raj Kishore Tewari (Chairman)	Independent Director	
		Dr. Gautam Sinha	Independent Director	
		Dr. Kanagasabapathi P	Independent Director	
		Smt. Sangeeta Sharma, D (L&PS)	Whole-time Director	
		Shri Rajesh Sood, D (L&PS)	Whole-time Director	
		Capt. B. K. Tyagi, D(L&PS)	Whole-time Director	
		CA Mavjibhai B Sorathia	Independent Director	
		<ul style="list-style-type: none"><li>• The Committee was reconstituted on 29.09.2020, subsequent to cessation of Directorship of Dr. Gautam Sinha and Shri Raj Kishore Tewari, by resolution passed through circulation with Shri Vijay Jadhao as the Chairman and Shri Pramod Kumar Panda as Member of the Stakeholder's Relationship Committee.</li><li>• Dr. Kanagasabapathi P ceased to be on the Board of SCI w.e.f 20.11.2020 consequent to completion of his tenure.</li></ul>		



## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Name of the committee	Terms of reference	Category and composition		Other Details
		Name	Category	
		<ul style="list-style-type: none"> <li>Smt. Sangeeta Sharma completed her tenure on the Board of SCI on 30.11.2020 consequent upon her Superannuation. Vide letter dated 18.11.2020 Ministry of Ports, Shipping and Waterways informed that Shri. Rajesh Sood Director (T&amp;OS) will hold Additional Charge of Director (L&amp;PS) from 01.12.2020. Further, Capt. B.K Tyagi was appointed as Director (L&amp;PS) w.e.f. 07.01.2021 by the Ministry of Ports, Shipping and Waterways.</li> <li>Shri Vijay Jadhao, Independent director ceased to be on board of SCI consequent to his completion of tenure on 02.07.2021.</li> <li>The Committee was reconstituted on 03.07.2021 subsequent to completion of tenure of Shri Vijay Jadhao on 02.07.2021, by resolution passed through circulation, CA Mavjibhai B Sorathia as the member and Shri Pramod Kumar Panda as the Chairman of the Stakeholder's Relationship Committee.</li> </ul>		

During the Financial Year 2020-2021, the Meeting of the Shareholders' Relationship Committee was held on **06.08.2020**.

Name of the Director	No. of Meetings	
	Held during the tenure of Directors	Attended
Shri. Raj Kishore Tewari	1	1
Shri Vijay Jadhao	0	0
Dr. Kanagasabapathi P	1	1
Dr. Gautam Sinha	1	1
Shri. Pramod Kumar Panda	0	0
Smt. Sangeeta Sharma	1	1
Shri Rajesh Sood	0	0
Capt. B. K. Tyagi	0	0

### GRIEVANCES & THEIR REDRESSALS

During the year under review, all the complaints were resolved. The complaints of the Stakeholders have been addressed within stipulated time as per SEBI Regulations. No share transfers were pending at the end of the financial year. The sources of complaints received and other details are given below.

## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Source(s) of Complaints	Pending as on 01.04.2020	Received during the year	Redressed during the year	Pending as on 31.03.2021
SEBI	NIL	2	2	NIL
Stock Exchanges	NIL	1	1	NIL
Other	NIL	3	3	NIL
Total	NIL	6	6	NIL

**COMPLIANCE OFFICER:** The Compliance Officer for monitoring the Share Transfer process and for carrying out other related functions as per Listing Regulations, is Shri Dipankar Haldar, Executive Director (Legal Affairs) and Company Secretary, and can be contacted at:

“Shipping House”

Tel: 2277 2213 / 2202 4572

245, Madame Cama Road

Fax: 2202 2906

Nariman Point, Mumbai – 400 021.

E-mail: [dipankar.haldar@sci.co.in](mailto:dipankar.haldar@sci.co.in)

Investors can lodge their complaints, if any, on [investor@bigshareonline.com](mailto:investor@bigshareonline.com) by providing their Folio number/ DP ID-Client ID, contact number, e-mail ID and the address for correspondence which would enable us to respond to them promptly.

### RISK MANAGEMENT COMMITTEE

As per Regulation 21 of the SEBI (LODR) Regulations, 2015 and amendments thereon, Top 500 Listed entities based on Market Capitalization as at the end of the immediate previous financial year shall constitute a Risk Management Committee. Consequently, the said provisions are also applicable to SCI. However, regular meetings were held at Management level to review the risk registers which were thereafter put up to the Board. In the Board meeting held on 03.08.2018, the Risk Management Committee has been reconstituted consisting of all Functional Directors and HOD (IT). The senior most Director would be the Chairperson of the Committee. Director (Finance) on being elevated as Chairperson and Managing Director has nominated Chief Financial Officer as a member in the Risk Management Committee with effect from 01.11.2019 to represent Finance Division. Subsequently the meeting of the Risk Management Committee was held on 17.03.2020, wherein the Business Continuity plan (BCP) was devised to mitigate risks due to outbreak of Covid-19 Pandemic. The Meetings of Risk Management Committee were also held on 16.02.2021 and 07.04. 2021 to review the risks for Financial Year 2020-2021 i.e., as on 30.09.2020 and 31.03.2021 respectively along with mitigation measures of the same SEBI vide circular number No. SEBI/LAD-NRO/GN/2021/22 dated 05.05.2021, has made amendments in the Regulation 21(2) and Schedule III of the SEBI (LODR), 2015. In view of this amendment the Risk Management Committee was reconstituted on 13.05.2021 wherein Shri Pramod Kumar Panda, Independent Director was appointed as the member on the Risk Management Committee Accordingly, the Terms of Reference of Risk Management Committee includes –

- 1) To formulate a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risks as may be determined by the committee.
  - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - (c) Business continuity plan.
- 2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
- 3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- 4) To periodically review the risk management policy, at least once in two year, including by considering the changing industry dynamics and evolving complexity;
- 5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- 6) The appointment, removal and terms of remuneration of the Chief Risk Officers (if any) shall be subject to review by the Risk Management Committee



## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

The risk management committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

### UNPAID/ UNCLAIMED DIVIDEND DETAILS

Pursuant to Sections 124 and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, dividend, if not claimed for a period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). Further, all the shares in respect of which dividend has remained unclaimed for seven consecutive years or more from the date of transfer to Unpaid Dividend Account shall also be transferred to IEPF Authority.

In view of the aforesaid provisions, the Company has transferred unclaimed/unpaid amount of Interim and Final dividend for the FY 2010-11 to the IEPF Authority on 12.04.2018 and 21.11.2018, respectively. The shares relating to the aforesaid dividend amounts have also been transferred to IEPF Authority. Details of such shares are posted on the SCI website [www.shipindia.com](http://www.shipindia.com) → **Interface** → **Investor** → **Unclaimed Shares/ Dividend**. The Company has made all the transfers required to be made as per Act in the FY 2018-19.

Pursuant to Section 124(2) of the Companies Act, 2013, the Unpaid Amount of Dividend for the FY 2019-20 has been uploaded on the website of the Company and the same can be accessed by all the Stakeholders on [www.shipindia.com](http://www.shipindia.com) → **Interface** → **Investor** → **Unclaimed Shares/ Dividend** → **Unpaid/ unclaimed amount of Dividend for the FY 2019-20 as on 23.10.2020**.

### GENERAL BODY MEETINGS

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

General Meetings	Date & Time	Venue	Special Resolutions passed thereat
68 <sup>th</sup> AGM (FY 2017-18)	25.09.2018, 15.30hrs	Registered Office of the Company, Mumbai	No
69 <sup>th</sup> AGM (FY 2018-19)	25.09.2019, 15.30 hrs	Registered Office of the Company, Mumbai	Yes*
70 <sup>th</sup> AGM (FY 2019-20)	18.09.2020, 15.30 hrs	Registered Office of the Company, Mumbai and also through Video Conferencing/ other Audio Visual Means	No

\*At the 69<sup>th</sup> Annual General Meeting which was held on September 25, 2019 one resolution was passed for Re-appointment of Shri Arun Balakrishnan (DIN: 0130241) as an Independent Director with effect from March 21, 2019 on the Board of SCI.

### MEANS OF COMMUNICATION

#### PUBLISHING OF FINANCIAL RESULTS

The Unaudited Financial Results and Audited Annual Financial Results of the Company are published in the newspapers every quarter and year and are also made available on the Company's website. Results for the FY 2020-2021 were published in the following newspapers.

Newspaper Publication	Cities
(a) Financial Express	Mumbai, Ahmedabad, Delhi, Kolkata, Hyderabad, Chennai, Bengaluru, Pune, Chandigarh, Lucknow, Kochi.
(b) Jansatta	Kolkata, Chandigarh, Delhi, Lucknow.
(c) Loksatta	Mumbai.

Financial results and official news released are displayed on [www.shipindia.com](http://www.shipindia.com).

No presentation was made to Institutional Investors or to the Analysts during the FY 2020-2021.

Management Discussion and Analysis is forming a part of this Annual Report.



## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

### GENERAL SHAREHOLDER INFORMATION

<b>Annual General Meeting Date, Time &amp; Venue:</b> Thursday August 26, 2021 at 03:30 PM IST at the Registered Office of the Company and also through Video conferencing VC/OAVM, “Shipping House”, 245, Madame Cama Road, Mumbai – 400 021.	
<b>Financial Year</b>	01.04.2020 to 31.03.2021
<b>Book Closure Dates</b>	Thursday August 19, 2021 to Thursday August 26, 2021
<b>Dividend</b>	The Board has recommended dividend of ₹ 0.25/- per equity share of ₹ 10/- each out of the free reserves of the Company for consideration of the Members at the ensuing Annual General Meeting. If approved by the Members, the same will be paid within 30 days from the date of its declaration.
<b>Listing on Stock Exchanges</b>	Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. <b>[Stock Code: 523598]</b> National Stock Exchange of India Limited, Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Mumbai – 400 051. <b>[Stock Code: SCI]</b>
The Company has paid the Annual Listing Fees for the year 2020-21 to the aforesaid Stock Exchanges with in the stipulated time.	
<b>WEBSITE</b> - The SCI's official website <a href="http://www.shipindia.com">www.shipindia.com</a> provides a separate section for the investors where the Shareholders can easily access all the relevant information related to the Company.	
<b>Demat-ISIN Number</b> – INE 109 A 01011	
<b>ADDRESS FOR CORRESPONDENCE/ REGISTRAR AND SHARE TRANSFER AGENTS</b> Shareholders' correspondences should be addressed to the Company's Registrar and Share Transfer Agents at their following addresses: -M/s. Bigshare Services Pvt Ltd, 1 <sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai 400059, Maharashtra. Tel: 022 62638200, Fax: 022 62638299, email: <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a> Website: <a href="http://www.bigshareonline.com">www.bigshareonline.com</a>	
<b>SHARE TRANSFER SYSTEM</b> The Processing of share transfer are done by the Registrar and Transfer Agents and approved by the Share Transfer Committee of the Company duly authorized by the Board to approve the transfers pursuant to the Regulation 40(2) of the SEBI (LODR), Regulations, 2015 which are noted at the subsequent Board Meetings. There are no pending share transfer requests as on 31 <sup>st</sup> March 2021.	
<b>DEMATERIALIZATION OF SHARES AND LIQUIDITY</b> 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 on 31 <sup>st</sup> March 2021, 99.90%of the paid-up equity share capital, representing 46,53,35,291 shares were 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.	
<b>FOREIGN EXCHANGE RISK &amp; HEDGING ACTIVITIES</b> In the course of our business activities, financial risks may arise from changes in interest rates and exchange rates. SCI has a natural hedge as majority of our receipts are either in foreign currency or are denominated in foreign currency and accordingly no specific hedging activities have been undertaken. The Company's Board of Directors has overall responsibility for the establishment and supervision of the Company's risk management framework. The Board of Directors has established the Risk Management Committee (RMC), which is responsible for developing and monitoring the Company's risk management policies. The Audit Committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company.	
Your Company has not issued any GDRs/ ADRs/ Warrants or any convertible instruments.	
Your Company has no Plant.	
<b>REVISION IN CREDIT RATING</b> ACUITE Ratings and Research Limited has assigned its long-term rating of “ACUITE AA” (read as ACUITE double A) and short-term rating of “ACUITE A1 +” (read as ACUITE A One Plus) on the ₹ 7500 Crore bank facilities of the company. The outlook is “Stable”.	

### STOCK PERFORMANCE ON BSE DURING THE FINANCIAL YEAR 2020-2021

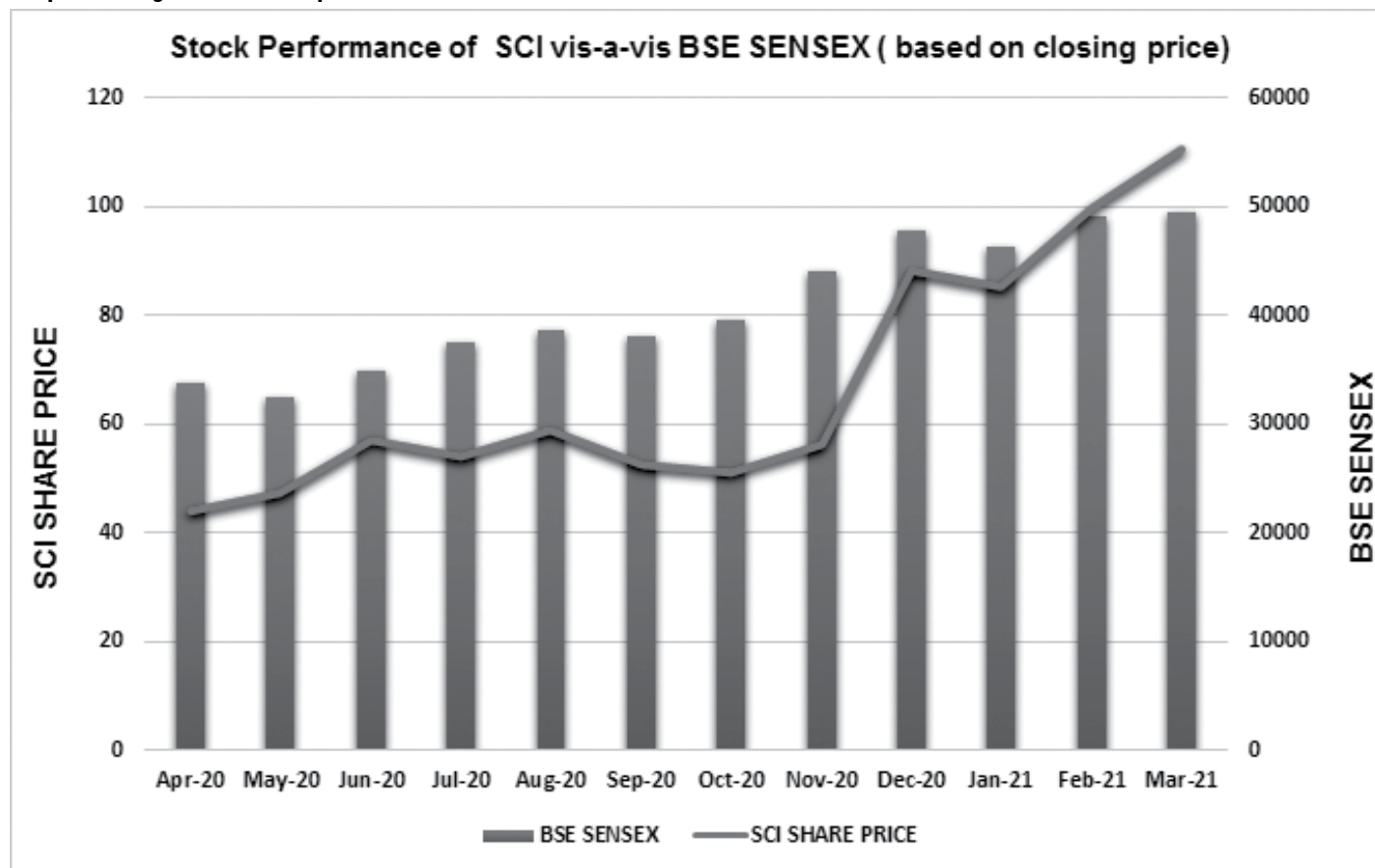
Month	Share Price on BSE		SCI's Closing Price on BSE(₹)	BSE Sensex
	High (₹)	Low (₹)		
April 2020	45.95	35.65	43.90	33717.62
May 2020	50.00	39.15	47.20	32424.10
June 2020	61.50	45.10	57.05	34915.80
July 2020	64.70	53.80	53.95	37606.89
August 2020	66.80	52.80	58.80	38628.29



## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Month	Share Price on BSE		SCI's Closing Price on BSE(₹)	BSE Sensex
	High (₹)	Low (₹)		
September 2020	60.70	51.60	52.40	38067.93
October 2020	55.15	49.95	51.10	39614.07
November 2020	57.90	49.80	56.05	44149.72
December 2020	93.00	58.00	88.25	47751.33
January 2021	93.50	82.00	85.25	46285.77
February 2021	104.75	84.25	99.95	49099.99
March 2021	134.60	99.10	110.75	49509.15

Graph showing the SCI share price movement vis-a-vis BSE SENSEX based on above data.



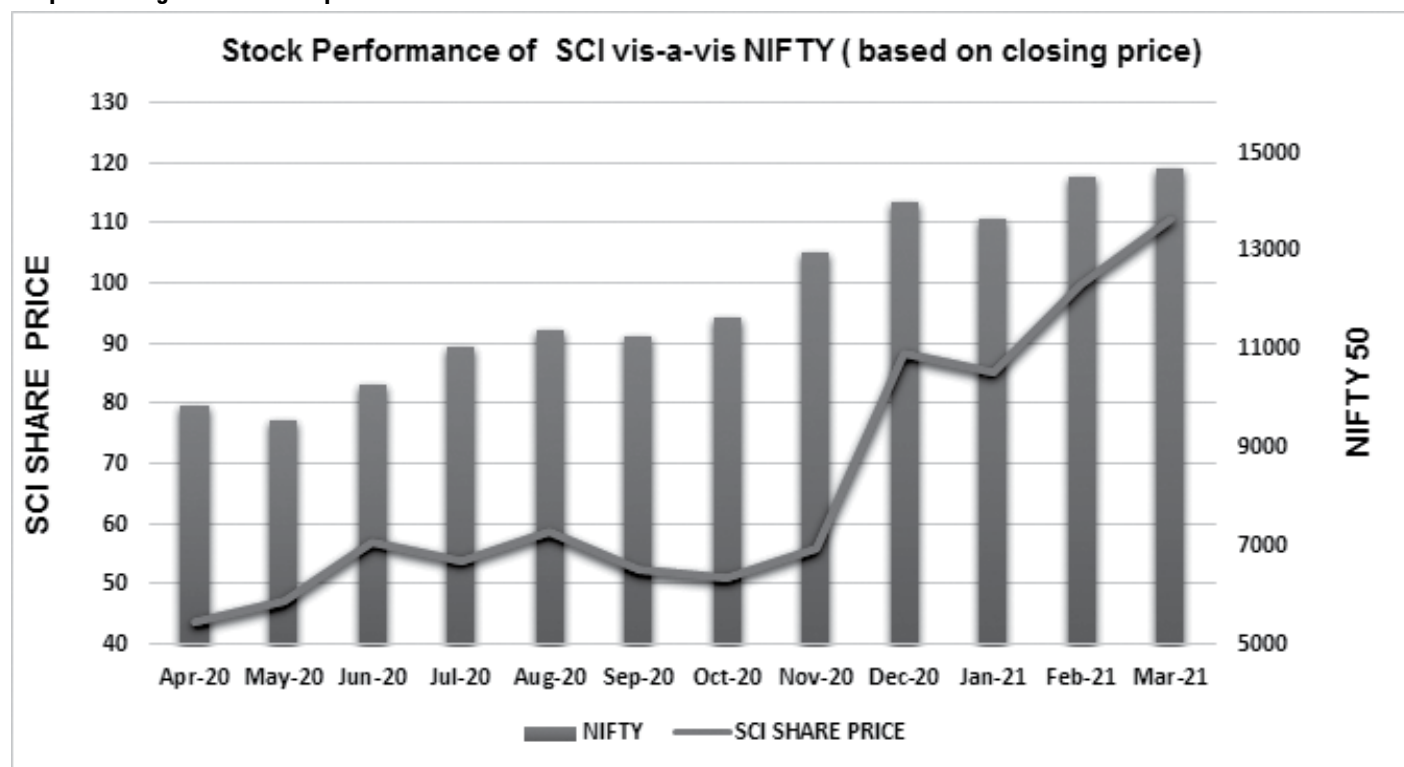
### STOCK PERFORMANCE ON NSE DURING THE FINANCIAL YEAR 2020-2021

Month	Share Price on NSE		SCI's Closing Price on NSE(₹)	NIFTY
	High (₹)	Low (₹)		
April 2020	45.95	35.50	43.80	9859.90
May 2020	50.15	39.25	47.15	9580.30
June 2020	61.50	44.95	57.10	10302.10
July 2020	64.75	53.80	54.00	11073.45
August 2020	66.80	52.70	58.75	11387.50
September 2020	60.70	51.55	52.40	11247.55
October 2020	54.70	49.95	51.15	11642.40

## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Month	Share Price on NSE		SCI's Closing Price on NSE(₹)	NIFTY
	High (₹)	Low (₹)		
November 2020	57.90	49.80	56.00	12968.95
December 2020	93.45	58.00	88.35	13981.75
January 2021	93.70	81.20	85.25	13634.60
February 2021	104.80	84.25	100.00	14529.15
March 2021	134.65	99.00	110.70	14690.70

Graph showing the SCI share price movement vis-a-vis NIFTY based on above data



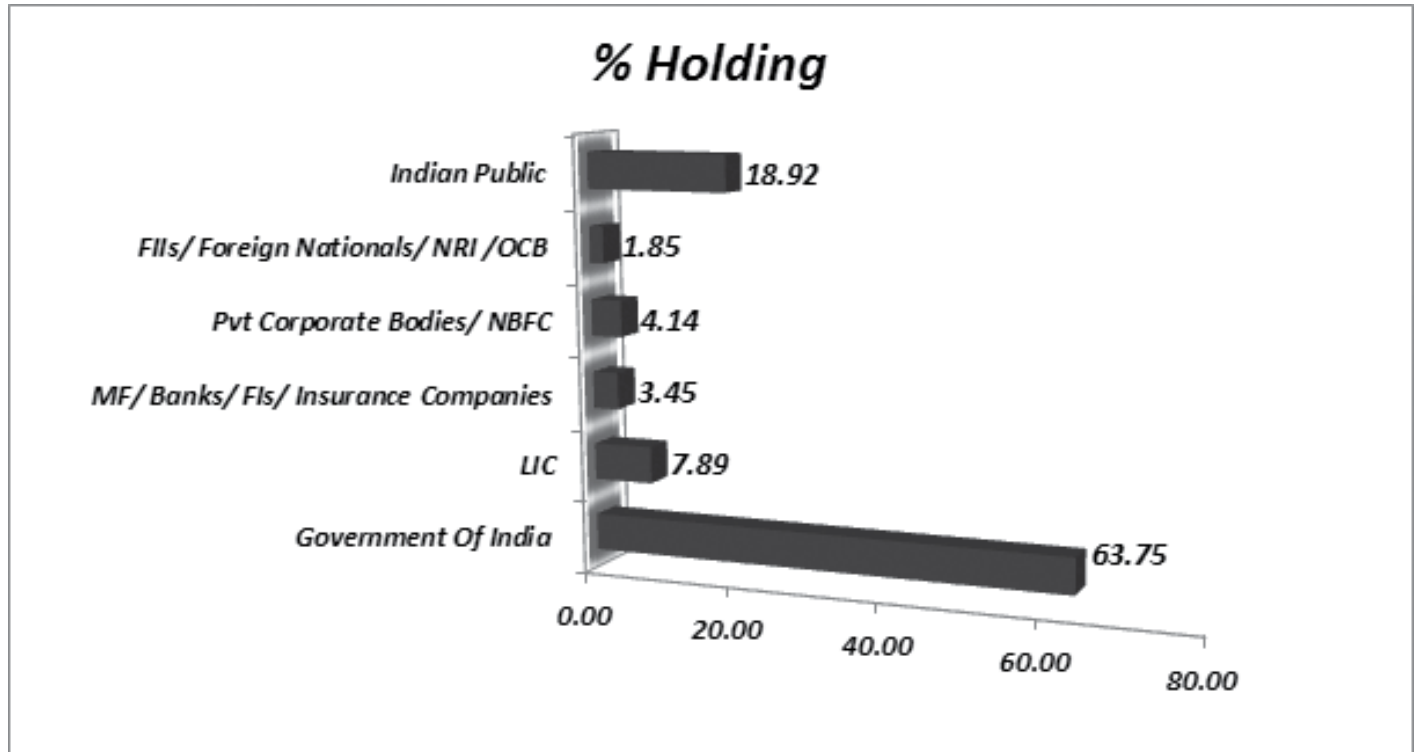
### DISTRIBUTION OF SHARE HOLDING AS ON 31<sup>ST</sup> MARCH, 2021.

CATEGORY	DEMAT		PHYSICAL		TOTAL		% TO (A)	
	FOLIOS	SHARES	FOLIOS	SHARES	FOLIO	SHARES	FOLIOS	SHARES
1-500	178405	22140474	68	9519	178473	22149993	89.18	4.76
501-1000	10854	8868014	4	3300	10858	8871314	5.43	1.90
1001-2000	5269	8087036	1	1200	5270	8088236	2.63	1.74
2001 - 3000	1793	4630571	0	0	1793	4630571	0.90	0.99
3001-4000	819	2963967	0	0	819	2963967	0.41	0.64
4001-5000	728	3463877	0	0	728	3463877	0.36	0.74
5001-10000	1144	8497960	0	0	1144	8497960	0.57	1.82
10001 & above	1036	406683392	5	449700	1041	407133092	0.52	87.41
<b>TOTAL</b>	<b>200048</b>	<b>465335291</b>	<b>78</b>	<b>463719</b>	<b>200126</b>	<b>465799010</b>	<b>100.00</b>	<b>100.00</b>



## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

### DISTRIBUTION OF SHAREHOLDING BY PERCENTAGE OF OWNERSHIP AS ON 31<sup>ST</sup> MARCH, 2021



### DIRECTORS REMUNERATION

(Amount in ₹)

Name of Directors	Consolidated Salary	Perquisites, Allowances and other benefits	Post Retirement Benefit (Post-Retirement Medical Scheme)	Performance Linked Incentives	Sitting Fees	Total
Smt H K Joshi	41,64,305	9,66,069	1,33,481	-	-	52,63,855
Shri Rajesh Sood*	38,90,796	8,02,569	1,10,129	-	-	48,03,493
Smt. Sangeeta Sharma**	39,40,321	5,43,855	72,996	-	-	45,57,172
Shri Surinder Pal Singh Jaggi***	50,07,420	5,82,717	72,221	-	-	56,62,357
Shri Atul Ubale	32,09,970	7,71,191	1,03,547	-	-	40,84,708
Capt. B.K Tyagi****	14,46,161	1,89,832	23,537	-	-	16,59,531
Dr. Gautam Sinha#	-	-	-	-	1,40,000	1,40,000
Dr. Kanagasabapathi P###	-	-	-	-	2,20,000	2,20,000
Shri Raj Kishore Tewari####	-	-	-	-	1,40,000	1,40,000
CA Mavjibhai B Sorathia	-	-	-	-	3,60,000	3,60,000
Shri Vijay Jadhao§	-	-	-	-	2,40,000	2,40,000
Shri Pramod Kumar Panda	-	-	-	-	3,80,000	3,80,000
<b>TOTAL</b>	<b>2,16,58,973</b>	<b>38,56,232</b>	<b>5,15,911</b>	<b>-</b>	<b>14,80,000</b>	<b>2,75,11,116</b>

## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Note: As the liabilities for gratuity and leave encashment are provided on actuarial basis for the company as a whole the amounts pertaining to Key management personnel compensation are not included in the above table.

\*Shri Rajesh Sood completed his tenure on the Board of SCI on 30.04.2021

\*\*Smt Sangeeta Sharma completed her tenure on the Board of SCI on 30.11.2020

\*\*\*Shri Surinder Pal Singh Jaggi completed his tenure on the Board of SCI on 30.11.2020

\*\*\*\*Capt. B.K Tyagi was appointed on the Board of SCI w.e.f. 07.01.2021

#Dr. Gautam Sinha ceased to be on the Board of SCI on 29.09.2020

##Dr. Kanagasabapathi P ceased to be on the Board of SCI on 20.11.2020

###Shri Raj Kishore Tewari ceased to be on the Board of SCI on 29.09.2020

\$Shri Vijay Jadhao completed his tenure on Board of SCI on 02.07.2021.

For independent directors, the sitting fees are fixed by the Board as ₹ 20000/- per meeting per day. The Non-Executive Part-Time Ex-Officio Directors (Government Directors) do not draw any remuneration/sitting fees from the company. The criteria for payment of sitting fees is displayed on the Company's website [www.shipindia.com](http://www.shipindia.com) → Investors → Information for Shareholders → Disclosures under Listing Regulations.

### SUBSIDIARY COMPANIES

The Inland and Coastal Shipping Limited (ICSL) which was incorporated on 29.09.2016, is the wholly owned subsidiary of your Company. As per Ministry of Ports, Shipping and Waterways, Inland Waterways Transport (IWT) Division letter dated 27.10.2020, approval was accorded to IWAI for handing over three vessels i.e. (i) M.V. Rabindra Nath Tagore, (ii) M.V. Lal Bahadur Shastri and (iii) M.V. Homi Bhabha to SCI. M/s Inland & Coastal Shipping Limited(ICSL), a wholly owned subsidiary of SCI took over MV RN Tagore on 22.01.2021 and MV Lal Bahadur Shastri on 26.02.2021 under the MOU signed with Inland Waterways Authority of India (IWAI) for operation and management of three cargo vessels. Third vessel MV Homi Bhabha is presently non-operational and will be taken over by ICSL after she is made operational by IWAI . MV R. N. Tagore and MV Lal Bahadur Shastri are presently operating on NW1

### 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. It may be noted that effective from 01.04.2020, SCI is non-compliant with provisions of regulation 17(1) of SEBI (LODR) Regulation, 2015 i.e. not having requisite number of Independent Directors on the Board and also non-compliant with the requirement of having at least One Woman Independent Director on the Board

The BSE and NSE had, during the financial year 2020-21, levied penalties on the Company for the non-compliance of provisions of regulation 17(1) of the SEBI (LODR) Regulations, 2015 for the Quarter ending June 2020, September 2020, December 2020 and March 2021. In this regard, The Company requested the Stock Exchanges for waiver of the penalties levied. In response, the BSE waived off the penalties levied for Quarter ended September 2018, December 2018, June 2019, September 2019, June 2020, September 2020 and December 2020 with respect to Non-Compliance of Regulation 17 (1) of the SEBI (LODR) Regulations, 2015. However, the NSE directed to first ensure the compliance and then file the request for waiver.

SCI is the Navratna Public Sector Undertaking (PSU), hence the Ministry of Ports, Shipping and Waterways nominates Directors on Board of SCI. The company has to follow the policies of the Ministry of Ports, Shipping and Waterways. The matter regarding appointment of requisite number of Independent Directors have been taken up regularly with the Administrative Ministry.

It may further be noted that such non-compliance is not due to any negligence/default of the Company.

The link for accessing the details as prescribed under Regulation 46 of SEBI (LODR) Regulations, 2015 is [www.shipindia.com](http://www.shipindia.com) → Investor → Disclosure under Listing Regulations.

### FEES PAID TO STATUTORY AUDITORS

The information is disclosed in note no 26(a) of Standalone and Consolidated financial statements of FY 2020-2021.

### DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:



## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Particulars	Numbers
Number of complaints pending as on 01.04.2020	Nil
Number of complaints filed during the financial year	Nil
Number of complaints disposed off during the financial year	Nil
Number of complaints pending as on 31.03.2021	Nil

### CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has its SCI Code of Conduct for Prevention of Insider Trading in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code lays down guidelines which advise the management and the staff on procedures to be followed and disclosures to be made while dealing with the shares of Company, and cautions them of the consequences of violations. The Company Secretary has been appointed as the Compliance Officer cum Chief Investor Relations Officer for the implementation of the said code. In line with the aforesaid regulations, the policy is also available at the Company's website [www.shipindia.com](http://www.shipindia.com) → **About SCI** → **Policies**.

### RELATED PARTY TRANSACTIONS

Particulars of contracts/ arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed form AOC-2 is appended to the Director's Report. The details are also available in Note 30 under 'Notes to Financial statements'. The policy is available on the Company's website [www.shipindia.com](http://www.shipindia.com) → **About SCI** → **Policies**. All the Related Party Transactions are placed before the Audit Committee for approval.

### ACCOUNTING TREATMENT

In preparation of financial statements, the Company has followed the Indian Accounting Standards (IND AS) laid down by the Ministry of Corporate Affairs and the relevant provisions of the Companies Act, 2013.

### PROCEEDS FROM PUBLIC ISSUES, RIGHT ISSUES, PREFERENTIAL ISSUES ETC.

During the year 2010-11, your Company had floated a "Further Public Offer", (FPO), comprising of a 'fresh issue' of 42,345,365 equity shares in your company and an 'offer for sale' of 42,345,365 equity shares by the President of India. The FPO proceeds of ₹ 58245 lakhs were fully utilized in the financial year 2011-12 as per object of the issue for part financing of capital expenditure on nine shipbuilding projects. However, due to delays in the projects resulting in default by the shipyards, during the period January 2014 to May 2014, your Company rescinded contracts for four shipbuilding projects and also, re-negotiated the payments for two projects. The investment in the rescinded contracts out of the FPO Proceeds was ₹ 330.65 crores.

Your Company has received back entire sum of ₹ 330.65 crores from the shipyards. The shareholders vide the resolution passed through postal ballot on 11.02.2017 approved the proposal to re-deploy the said sum of ₹ 330.65 crores received as refund from Shipyards, towards various shipbuilding projects including offshore assets and liquid petroleum gas (LPG) vessels and also for acquisition of the any other such vessels, on such terms and conditions as the Board would deem fit from time to time as mentioned in the approval of the postal ballot. Further based on the approval granted by the shareholders, the Company can also utilize the sum towards the balance payments remaining due for the tonnage acquisition made by it.

Out of the said amount of ₹ 330.65 crs, an amount of ₹ 196.80 crs has been utilised till date as under –

Month & Year	₹ Crs	Utilised for
November 2016	34.37	Equity portion of PSV – SCI Sabarmati
April 2017	63.82	Equity portion of Suezmax Tanker – Desh Abhiman
July 2017	27.63	Equity portion of PSV – SCI Saraswati
September 2017	70.98	Equity Portion of VLGC – Nanda Devi
<b>Total Utilised till date</b>	<b>196.80</b>	

The un-utilised FPO proceeds amount of ₹ 133.85 crores are kept in fixed deposit.

The company is in the process of acquiring 1 + 1 Very Large Gas Carriers and the above amount may be utilised to fund the equity portion of such vessels.

### 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 Regulation 34 of SEBI (LODR) Regulations, 2015.

## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

### 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. This was also placed before the Board.

### CEO / CFO CERTIFICATION

A certificate from Chairperson and Managing Director and Director (Finance)/ Chief Financial Officer on the financial statements of the Company and on the matters which were required to be certified according to the Regulation 17 (8) of SEBI (LODR) Regulations, 2015 was placed before the Board.

### RIGHT TO INFORMATION ACT, 2005

Right to Information Act, 2005 (RTI) which became effective on 12<sup>th</sup> October, 2005 is complied by SCI. Detailed information on RTI is hosted on SCI Website under following link <http://shipindia.com/rti/rtipage/rti-act-2005> and updated the same from time to time as per the guidelines received from concerned authority. Shri S.R. Bandekar GM (B&T) has been appointed as Public Information Officer (PIO) with effect from December 2020 to deal with queries received from the Indian Citizens under RTI.

### Compliance with Discretionary Requirements under Regulation 27(1) of SEBI (LODR) Regulations, 2015.

#### 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.

#### Key Managerial Personnel

Capt. B.K Tyagi was appointed by the Ministry of Ports, Shipping and Waterways as a whole Time Director (Liner and Passenger Services) w.e.f 07.01.2021.

Smt. Sangeeta Sharma D(L&PS) and Shri Surinder Pal Singh Jaggi D(P&A) ceased to be on the Board of SCI w.e.f 01.12.2020 consequent upon their Superannuation.

Shri Rajesh Sood D(T&OS) ceased to be on the Board of SCI w.e.f. 01.05.2021 consequent upon his Superannuation.

As on 31.03.2021, Smt. H.K Joshi (CMD), Shri Rajesh Sood (Whole time Director), Shri Atul Ubale (Whole time Director), Capt B K Tyagi (Whole time Director), Shri Dipankar Halder (Company Secretary and Compliance Officer) and Shri Lawrence Serrao (Chief Financial Officer) were the KMP's of the Company.

#### Shareholder Rights - Declaration of financial performance

The financial results are posted on the Company's website immediately. The results of the Company are also published in the newspapers within the time limits prescribed under the SEBI (LODR) Regulations, 2015.

#### Audit Reports

You may like to refer the sections 'Auditors Report' and 'Secretarial Audit' under the Directors' Report as well as 'Comments of The Comptroller and Auditor General of India' for this purpose.

#### Reporting of Internal Auditor

The Internal Auditor, M/s Amit Ray and Company is reporting directly to the Audit Committee also all Internal Audit reports are submitted to Audit Committee for review and direction.

#### Whistle Blower Policy

SCI has formulated a Whistle Blower Policy as a part of vigil mechanism under Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015. SCI has also laid down procedures as per Central Vigilance Commission (CVC) guidelines. The details are provided under Directors' Report. The policy is available at the company's website under tab "About SCI → Policies". During the year under review, no personnel were denied access to the Audit Committee, in respect of Alleged Misconduct under the said Policy. Whistle Blower Policy was reviewed by the Audit Committee at its meeting held on 05.02.2021.

#### Annual Performance Evaluation of the Board

Based on the SEBI Guidance note dated 05.01.2017, a policy on Board Performance Evaluation was formulated. Evaluation of performance of the Board as a whole, individual directors and Committees of the Board was carried out based on the said policy for FY 2020-2021.

#### Additional Disclosures as required under the Guidelines laid down by DPE

1. To the best of our knowledge and from the data gathered from all the departments transactions with all related parties have been entered at arm's length.



## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

2. Presidential Directive dated 28.02.2018, regarding implementation of Pay revision of Board level and below Board level Executives and Non-Unionized Supervisors of Central Public Sector Enterprises (CPSEs) w.e.f. 01.01.2017, was received and the same was implemented in March 2018.

As per Ministry of Shipping's letter no. SS-11013/1/2017-SU dated 22.11.2018, SCI was directed for implementation of pay revision of Staff Members w.e.f 01.01.2017. The same was implemented in December, 2018.

3. To the best of our knowledge there is no item of expenditure debited in books of accounts which are not for the purposes of the business
4. There are no expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management.
5. The office and administration expenses as a percentage of total expenses are 7.96% in FY 2020-21 as against 6.04% in FY 2019-20.
6. The finance expenses as a percentage of total expenses is 0.66% in FY 2020-21 as against 8.43% in FY 2019-20

### ANNEXURES

I	Annual Secretarial Compliance Audit under Regulation 24A to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
II	Certificate under Regulation 34(3) to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

Place: Mumbai Dated: 03/08/2021	For and on behalf of the Board of Directors Smt. H. K. Joshi Chairperson & Managing Director
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## DECLARATION OF COMPLIANCE OF CODE OF CONDUCT BY CHAIRPERSON & 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 2020-2021 and a confirmation to this effect has been obtained from the Directors & Senior Management personnel.

For and on behalf of the Board of Directors

Sd/-

Place : Mumbai

Dated : 03/08/2021

Smt. H. K. Joshi

Chairperson & Managing Director & Director (Finance) Addl.charge



## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

### **ANNEXURE I**

#### **ANNUAL SECRETARIAL COMPLIANCE AUDIT UNDER REGULATION 24A OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

28<sup>th</sup> May, 2021

To,  
The Board of Directors  
Shipping Corporation of India Limited  
Shipping House, 245  
Madame Cama Road  
Mumbai-400021

Dear Sir,

#### **Annual Secretarial Compliance Report for the Financial Year 2020-21**

I have been engaged by Shipping Corporation of India Limited (hereinafter referred to as 'the Company') bearing **CIN: L63030MH1950GOI008033**, whose Equity Shares are listed on the BSE Ltd. (**Security Code 523598**) and National Stock Exchange of India Ltd. (Symbol: SCI), to conduct an audit in terms of Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended read with SEBI's Circular No. CIR/CFD/CMD1/27/2019 dated 8<sup>th</sup> February, 2019 and to issue the Annual Secretarial Compliance Report thereon. For the purpose of issuing this Report, I have conducted online verification & examination of records, as facilitated by the Company, due to Covid 19 and subsequent lockdown.

It is the responsibility of the Management of the Company to maintain records, devise proper systems to ensure compliance with provisions of all the applicable SEBI Regulations and circulars/ guidelines issued there under from time to time and to ensure that the systems are adequate and are operating effectively.

My responsibility is to verify compliances by the Company with provisions of all applicable SEBI Regulations and circulars/ guidelines issued thereunder from time to time and issue a report thereon.

My audit was conducted in accordance with the Guidance Note on Annual Secretarial Compliance Report, issued by the Institute of Company Secretaries of India and in a manner which involves such examinations and verifications as considered necessary and adequate for the said purpose. Annual Secretarial Compliance Report is enclosed.

Thanking you,

**Yours faithfully,**  
**Sd/-**  
**(UPENDRA C. SHUKLA)**  
**COMPANY SECRETARY**  
**FCS: 2727/CP No: 1654**



## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

### **SECRETARIAL COMPLIANCE REPORT OF SHIPPING CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31.03.2021**

I have examined:

- (a) All the documents and records made available to me and explanation provided by the Shipping Corporation of India Limited ("the listed entity");
- (b) the filings/ submissions made by the listed entity to the stock exchanges;
- (c) website of the listed entity;
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification; for the year ended 31<sup>st</sup> March, 2021 ("Review Period") in respect of compliance with the provisions of :
  - (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
  - (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued there under by the Securities and Exchange Board of India ("SEBI").

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include –

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - **[Not Applicable since there was no reportable event during the year under review];**
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **[Not Applicable since there was no reportable event during the year under review];**
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **[Not Applicable since there was no reportable event during the year under review];**
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[Not Applicable since there was no reportable event during the year under review];**
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 - **[Not Applicable since there was no reportable event during the year under review];**
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and circulars/ guidelines issued thereunder; and based on the above examination, I hereby report that during the Review Period:
  - (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder except in respect of matter specified below:

Sr. No:	Compliance Requirement (Regulations/Circulars/Guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1)	Regulation 17(1) (a) and (b) of SEBI (LODR) Regulations, 2015 – composition of the Board of Directors.	a) Company does not have an Independent Woman Director on the Board; b) Company does not have requisite number of Independent Directors on the Board.	As represented by the Management, the listed entity is pursuing the matter with the Administrative Ministry for appointing requisite number of Independent directors within the period prescribed under Section 149 of the Companies Act, 2013 and Reg. 25(6) of the SEBI (LODR) Reg. 2015.

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from my examination of those records.
- (c) The following are the details of actions taken against the listed entity/ its promoters/directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Sr. No.	Action taken by	Details of violation	Details of action taken e.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
1)	a) BSE Limited b) National Stock Exchange of India Limited (NSE)	Regulation 17(1) (a) and (b)	SCI has received letters dated 20/08/2020, 17/11/2020, 15/02/2021 and 17/05/2021 from National Stock Exchange of India Ltd. and letters dated 20/08/2020, 17/11/2020, 15/02/2021 and 17/05/2021 from BSE Ltd., levying penalty for non-compliance of the provisions of Reg. 17(1)(a) and (b) of SEBI (LODR) Regulations, 2015 [for not having required number of Independent Directors on the Board and also not having Woman Independent Director on the Board]	The Company has requested the BSE and NSE for waiver of penalty since SCI is a Central Public Sector Enterprise, the appointment of the Directors is being done on the basis of nominations received from the Administrative Ministry i.e. the Ministry of Ports, Shipping and Waterways (MoPSW). In response to the request of the Company, BSE has waived off all the penalties levied till December 2020 quarter. Request of waiver was also made upon receiving penalty letter dated 17.05.2021 by BSE for the quarter ended 31.03.2021. NSE in response to the Company's request of waiver, has directed to first ensure the compliance and then submit the request of waiver.

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1)	Regulation 17(1) (a) and (b) of SEBI (LODR) Regulations, 2015 – composition of the Board of Directors.	--	As informed, the listed entity is pursuing the matter with the Administrative Ministry for appointing required number of independent directors within the period prescribed under Section 149 of the Companies Act, 2013 and Reg. 25(6) of the SEBI (LODR) Reg. 2015. The Company has requested the BSE and NSE for waiver of penalty since SCI is a Central Public Sector Enterprise, the appointment of the Directors is being done on the basis of nominations received from the Administrative Ministry i.e. the Ministry of Ports, Shipping and Waterways (MoPSW). In response to the request of the Company, BSE has waived off all the penalties levied till December 2020 quarter. Request of waiver was also made upon receiving penalty letter dated 17.05.2021 by BSE for the quarter ended 31.03.2021. NSE in response to the Company's request of waiver, has directed to first ensure the compliance and then submit the request of waiver.	Listing entity being a PSU, is dependent on the Ministry of Ports, Shipping and Waterways (MoPSW) for appointment of Directors. As informed, the Company is following up with the Administrative Ministry for the said appointments.

UDIN: F002727C000374824

Place: MUMBAI

Date: 28/05/2021

Sd/-  
(UPENDRA C. SHUKLA)  
COMPANY SECRETARY  
FCS: 2727/CP No: 1654



## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

### ANNEXURE II

### **CERTIFICATE UNDER REGULATION 34 (3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

The Board of Directors  
The Shipping Corporation of India Limited,  
Shipping House,  
Madam Cama Road, Nariman Point,  
Mumbai 400 021

I have examined the registers, records, books, form, returns and disclosures received from the Directors of The Shipping Corporation of India Limited, **(CIN-L63030MH1950GOI008033)**, having Registered Office at Shipping House, Madam Cama Road, Nariman Point, Mumbai 400 021 (the Company), produced before me by the Company for the purpose of issuing this Certificate in pursuance to Regulation 34(3) read with Schedule V Para-C Sub-clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. **I have conducted online verification and examination of records as facilitated by the Company due to Covid 19 and subsequent lockdown situation for the purpose of issuing this Report.**

In my opinion and to the best of my information and according to the verification (including Director Identification Number (DIN) status on MCA website) as considered necessary and explanation furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended on 31<sup>st</sup> March, 2021 has been debarred or disqualified from being appointed or continuing as Directors of the companies by the Securities and Exchange Board of India and/or Ministry of Corporate Affairs:

Sr. No:	Name of the Director	DIN	Designation	Date of Appointment in the Company
1)	Smt. H.K. Joshi	07085755	Chairperson and Managing Director	19/12/2019
2)	Shri Sanjay Kumar	08683335	Non Executive Director (Part Time Ex-Officio)	29/01/2020
3)	Shri Rajesh Sood	07958667	Whole-time Director	29/12/2017
4)	Shri. Atul Ubale	08630613	Whole-time Director	05/12/2019
5)	Capt Binesh Kumar Tyagi	08966904	Whole-time Director	07/01/2021
6)	Shri Vijay Tulshiramji Jadhao	02907818	Independent Director	03/07/2018
7)	CA Mavjibhai Sorathia	02015175	Independent Director	17/12/2018
8)	Shri Pramod Kumar Panda	08150489	Independent Director	18/10/2019

**Note:** Ensuring the eligibility for appointment / continuing as Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion based on verification of documents/ information available to me. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

UDIN: F002727C000373889

Place: MUMBAI

Date: 26/05/2021

Sd/-

(UPENDRA C. SHUKLA)

COMPANY SECRETARY

FCS: 2727/CP No: 1654



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

### **INDEPENDENT AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To The Members of

**The Shipping Corporation of India Limited**

1. This Certificate is issued in accordance with the terms of our engagement letter dated 25<sup>th</sup> September, 2020.
2. We have examined the compliance of conditions of Corporate Governance by THE SHIPPING CORPORATION OF INDIA LIMITED ('the Company'), for the year ended on March 31, 2021 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and as stipulated in the guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises, Government of India.

#### **Management's Responsibility**

3. The Management is responsible for ensuring that the Company complies with the conditions of Corporate Governance. This responsibility also includes the design, implementation and maintenance of internal controls and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

#### **Auditor's Responsibility**

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We conducted our examination in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India ("ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.

#### **Opinion**

8. Based on our examination, as above, and to the best of the information and explanations given to us and representations provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Listing Regulations during the year ended March 31, 2021, subject to the following:  
The Company has not complied with the requirement of Regulation 17(1)(a) and 17(1)(b) of the listing Regulations with regard to the composition of at least 50% Independent Directors and non-appointment of Women Independent Director during the period of 01<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021.
9. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

#### **Restriction on Use**

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this certificate for any event or circumstances occurring after the date of this certificate.

**For V. Sankar Aiyar & Co.**  
Chartered Accountants  
ICAI FRN: 109208W

**G Sankar**  
Partner  
Membership No. 46050  
UDIN: 21046050AAAAGW3898

**Place: Mumbai**  
**Date: 03/08/2021**

**For CHOKSHI & CHOKSHI LLP**  
Chartered Accountants  
ICAI FRN: 101872W/W100045

**Dhananajay Jaiswal**  
Partner  
Membership No. 187686  
UDIN: 21187686AAAET2088

**Place: Mumbai**  
**Date: 03/08/2021**



## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF THE SHIPPING CORPORATION OF INDIA LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2021**

The preparation of Standalone Financial Statements of The Shipping Corporation of India Limited, Mumbai for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the Financial Statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 13 May 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit of the financial statements of The Shipping Corporation of India Limited, Mumbai for the year ended 31 March 2021 under Section 143(6)(a) of the Act. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under section 143(6)(b) of the Act.

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

**(P. V. Hari Krishna)  
Principal Director of Audit (Shipping)**

**Place: Mumbai  
Date: 23 July 2021**

## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE SHIPPING CORPORATION OF INDIA LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2021**

The preparation of Consolidated Financial Statements of The Shipping Corporation of India Limited, Mumbai for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (the Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129(4) of the Act are responsible for expressing opinion on the Financial Statements under Section 143 read with Section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 13 May 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit of the Consolidated Financial Statements of The Shipping Corporation of India Limited, Mumbai for the year ended 31 March 2021 under Section 143(6)(a) read with section 129(4) of the Act. We conducted a Supplementary Audit of the Financial Statements of The Shipping Corporation of India Limited but did not conduct Supplementary Audit of the Financial Statements of Inland & Coastal Shipping Limited, India LNG Transport Company (No. 1) Limited (Malta), India LNG Transport Company (No. 2) Limited (Malta), India LNG Transport Company (No. 3) Limited (Malta) and India LNG Transport Company (No. 4) Pvt Limited (Singapore) for the year ended on that date. Further, Sections 139(5) and 143 (6)(b) of the Act are not applicable to India LNG Transport Company (No. 1) Limited (Malta), India LNG Transport Company (No. 2) Limited (Malta), India LNG Transport Company (No. 3) Limited (Malta) and India LNG Transport Company (No. 4) Pvt Limited (Singapore) being private entities/ entities incorporated in foreign countries under the respective laws, for appointment of their Statutory Auditor and for conduct of Supplementary Audit. Accordingly, the Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the Supplementary Audit of these Companies. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under section 143(6)(b) of the Act.

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

**(P. V. Hari Krishna)  
Principal Director of Audit (Shipping)**

**Place: Mumbai  
Date: 23 July 2021**



## INDEPENDENT AUDITOR'S REPORT

To the Members of

**The Shipping Corporation of India Limited**

**Report on the Audit of the Standalone Financial Statements**

### Opinion

We have audited the accompanying Standalone Financial Statements of The Shipping Corporation of India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS"), and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (revenue accounting standard)</b></p> <p>The application of the revenue accounting standard involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. (Refer Note No 33 to the Standalone Financial Statements)</p>	<p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to Implementation of the revenue accounting standard.</li> <li>• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price.</li> <li>• Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>✓ Read, analyzed and identified the distinct performance obligations in these contracts.</li> <li>✓ Compared these performance obligations with that identified and recorded by the Company.</li> <li>✓ Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue.</li> <li>✓ In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified</li> <li>✓ Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts</li> </ul> </li> </ul>

## INDEPENDENT AUDITOR'S REPORT

Sr. No.	Key Audit Matter	Auditor's Response
2.	<p><b><u>Impairment testing of Fleets in line with the Ind AS 36</u></b></p> <p>The Company at every reporting period, assesses market conditions and other specific risks to determine if there are any triggering events that may be indicators of an impairment of the fleets.</p> <p>The impairment loss, if any, is recognized in the Statement of Profit and Loss in the period in which impairment takes place.</p> <p>The provision for impairment of fleets is identified as a Key Audit Matter as it involves significant management assumptions and judgment to assess the market conditions and other associated risks in assessment of provisions.</p>	<p>We have obtained the management's view to gain an overview of the triggering events, market conditions (present &amp; future) operational factors and other key assumptions supporting the impairment assessment.</p> <p>We have performed the following procedures for verification of impairment testing of Fleets:</p> <ul style="list-style-type: none"> <li>Understanding the process for collecting the inputs into the valuation models to evaluate the design of the Company's controls over its impairment assessment and challenged the appropriateness of the inputs and significant assumptions, including the cash flow projections, discount rate, costs and expenses.</li> <li>Assessing the reasonableness of fair value of vessel considered by the management by comparing the same with the valuations provided by external professional valuers.</li> </ul>
3.	<p><b><u>The direct access of certain overseas foreign agents to fund collected on account of freight and other charges.</u></b></p> <p>Liner division of the Company has been carrying out its vessels operations and container marketing activities at various ports in India and abroad through its agency network. Agents perform various activities such as marketing, booking, clearing of cargo, port calls of vessels &amp; also collection of freight on behalf of the Company.</p> <p>The Company depends on its agents for operation of Liner segment business.</p> <p>Since all the activities are performed by the agents, there is requirement of funds. Collection of income is done directly by agents and subsequently remitted to the Company. Therefore it involves a risk on the part of the Company and hence is identified as a Key Audit Matter.</p>	<p>We assessed the Company's process to evaluate Agents on timely basis to identify the impact on the revenue and collection of funds.</p> <ul style="list-style-type: none"> <li>The Company has obtained bank guarantee from major agents &amp; also reviewed the same periodically to confirm its validity and completeness with respect to risk exposure on revenue due to direct access to agents.</li> </ul>
4.	<p><b><u>Evaluation of Dry Docking Cost &amp; Repair Expenses of Vessels:-</u></b></p> <p>As per Ind AS 16 'Property, Plant and Equipment', subsequent costs like expenditure on major maintenance refits or repairs including planned dry-dock are included in the asset's carrying amount or recognized as a separate asset, as appropriate, when they meet the recognition criteria, i.e., only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.</p> <p>A shipping company on periodic basis is required to bring all ships into dry dock for major inspection and overhaul. Overhaul expenditure might at first sight seem to be a repair to the ships but it is actually a cost incurred in getting the ship back into seaworthy condition.</p> <p>The dry docking cost and repairs expenses of vessels are considered as Key Audit Matter as it requires management judgment to assess future economic benefits from the expenditure incurred and the measurement of the cost.</p>	<p>To assess the recognition of dry docking cost &amp; repair cost, we performed the following process:</p> <ul style="list-style-type: none"> <li>Evaluated the design of internal controls relating to the major cost like repairs &amp; dry-docking which are of two types i.e. planned dry-dock &amp; emergency dry-dock.</li> <li>Selected a sample to verify the operating effectiveness of the internal control, relating to identification of the distinction between the two cost i.e. repair &amp; dry-dock cost.</li> <li>Tested the relevant information technology systems' relating to the dry-dock &amp; Fleet related expenses.</li> </ul>



## INDEPENDENT AUDITOR'S REPORT

Sr. No.	Key Audit Matter	Auditor's Response
5.	<p><b>Provisions for taxes and Contingent Liabilities</b></p> <p>The Company is involved in various taxes and other disputes for which final outcomes cannot be easily predicted and which could potentially result in significant liabilities. The assessment of the risks associated with the litigations is based on complex assumptions, which require the use of judgment and such judgment relates, primarily, to the assessment of the uncertainties connected to the prediction of the outcome of the proceedings and to the adequacy of the disclosures in the financial statements. Because of the judgment required, the materiality of such litigations and the complexity of the assessment process, the area is a key matter for our audit.</p>	<p>Our audit procedure in response to this key Audit Matter included, among others,</p> <ul style="list-style-type: none"> <li>• Assessment of the process and relevant controls implemented to identify legal and tax litigations, and pending administrative proceedings.</li> <li>• Assessment of assumptions used in the evaluation of potential legal and tax risks performed by the legal and tax department of the Company considering the legal precedence and other rulings in similar cases.</li> <li>• Inquiry with the legal and tax departments regarding the status of the most significant disputes and inspection of the key relevant documentation.</li> <li>• Analysis of opinion received from the experts where available.</li> <li>• Review of the adequacy of the disclosures in the notes to the financial statements.</li> <li>• We have observed that the provision for tax estimated as above including the deferred tax, has not resulted in material deviation from the applicable rate of tax after considering the exemptions, deductions and disallowances as per the provisions of the Income Tax Act.</li> </ul>

### Emphasis of Matter

We draw attention to the following matters in the notes to the Standalone Financial Statements:

- Note no. 42 regarding matter continued since FY 2014-15 regarding payment of Performance Related Pay (PRP) of ₹ 1,104 lakhs vis-a-vis DPE guidelines with respect to computation of profits from core activities and non-observance of "Bell Curve". The Company is pursuing the matter with the Ministry of Ports, Shipping and Waterways for resolution and final decision.
- Note no. 44 regarding Strategic Disinvestment process by the Government of India in respect of the Company. The disinvestment process and the procedural aspects in relation to the same are in progress.
- Note no. 45 regarding the confirmations of trade receivables, trade payables and deposits and the action being taken and the management's assertion that the company is following up with the parties for reconciliation and that it would not have any material difference affecting the financial statements.

Our opinion is not modified in respect of these matters.

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report including Annexures to Director's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Standalone Financial Statements, and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover

the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring

## INDEPENDENT AUDITOR'S REPORT

the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of

the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

The audit of Standalone Financial Statements for the year ended March 31, 2020 was carried out and reported by the joint auditors, V Sankar Aiyar & Co. and Haribhakti & Co. LLP one of whom is



## INDEPENDENT AUDITOR'S REPORT

predecessor audit firm, vide their unmodified audit report dated May 29, 2020 which has been furnished to us by the management and relied upon by us for the purpose of our audit of the Standalone Financial Statements.

Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(2) As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
- d. In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e. In our opinion and to the best of our information and according to the explanations given to us, the Company being a Government Company, section 164(2) related to disqualifications for appointment of directors is not applicable to it in accordance with exceptions, modifications and adaptations provided vide Notification No. G.S.R. 463 (E) dated June 5, 2015 issued by Ministry of Corporate Affairs (the "Notification").

f. With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2";

g. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act:

In our opinion and to the best of our information and according to the explanations given to us, the Company being a Government Company, section 197 of the Act related to the managerial remuneration is not applicable to it in accordance with exceptions, modifications and adaptations provided vide Notification No. G.S.R. 463 (E) dated June 5, 2015 issued by Ministry of Corporate Affairs.

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 28 to the Standalone Financial Statements;
- (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

3. As required under sub section (5) of Section 143 of the Act, in case of the Government Company, we give in the "Annexure 3" a statement on the matters specified in the directions and sub-directions issued by office of the Comptroller and Auditor General of India.

**For V. Sankar Aiyar & Co.,**  
Chartered Accountants  
FRN: 109208W

**G Sankar**  
Partner  
Membership No. 46050  
UDIN: 21046050AAAAEB8567

**Place: Mumbai**  
**Date: 13/05/2021**

**For CHOKSHI & CHOKSHI LLP,**  
Chartered Accountants  
FRN: 101872W/W100045

**Dhananajay Jaiswal**  
Partner  
Membership No. 187686  
UDIN: 21187686AAAAEB3361

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

**[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of the company on the Standalone Financial Statements for the year ended March 31, 2021]**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Standalone Financial Statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As per the information and explanations given to us, the fixed assets have been physically verified by the management at reasonable intervals, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. According to information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company except for the details given below, for which no records were made available to us for verification and in respect of some properties the written agreements are not on the traditional stamp papers, however, such agreements are written on green ledger papers and duly signed by the all concerned parties.

(Amount ₹ in lakhs)

Land/ Building	Total number of Flats / Garage	Leasehold/ Freehold/ Tittle deeds	Gross Block as on March 31, 2021	Net Block as on March 31, 2021	Remarks
GONDAVALI APTS	10	Not Available	18.79	7.52	Share certificates are available.
CHITRAKOOT APTS	02	Not Available	4.57	0.71	Share certificates are available.
KAVITA APTS	1	Not Available	2.62	1.05	Share certificates are available.
LANDS END APTS	1	Not Available	2.76	0.51	Share certificates are available.
AJANTA APTS	1	Not Available	2.35	0.94	Share certificates are available.
RAJHANS APTS	1	Not Available	1.47	0.12	Share certificates are available.
SOMMERSET HOUSE	1	Not Available	4.20	0.77	Share certificates are available.
ANITA APTS (Garage)	1	Not Available	0.12	0.02	Share certificates are available.
ASHARYA APTS (Garage)	1	Not Available	0.16	0.01	Share certificates are available.
SATNAM APTS (Garage)	1	Not Available	0.10	0.02	Share certificates are not available.
VIJAY APTS (Garage)	3	Not Available	0.70	0.21	Share certificates are not available.

- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year.
- (iii) The Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
  - (a) The terms and conditions of the aforesaid loans granted by the Company are not prejudicial to the interest of the Company.
  - (b) In case of loans granted, the terms of arrangement do not stipulate any repayment schedule and the loans are repayable on demand subject to the approval from other shareholders. Payment of interest has been stipulated, and the receipts thereof are regular.
  - (c) In respect of the aforesaid loans, there are no overdue amount for more than ninety days in respect of the loans granted
- (iv) Based on information and explanation given to us, since the Company has not advanced loans to the Directors/ to a Company in which



## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

the Directors are interested, the provisions of section 185 of the Act are not applicable to the Company. Further, the Company has complied with the provisions of section 186 of the Act.

- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of sections 73 to 76 of the Act and the rules framed there under. Therefore, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records for any of the business activities carried out by the Company under sub-section (1) of section 148 of the Act and the rules framed there under. Therefore, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanation given to us, the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax (GST), customs duty, cess and any other material statutory dues applicable to it. There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, GST, customs duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty on account of any dispute, are as follows:

(Amount in ₹ lakhs)

Name of the statute	Nature of dues	The Forum / Authority where Dispute is pending	Period to which the amount relates	Sum of Amount Involved	Sum of Amount Paid Under Protest	Sum of Unpaid Amount
Finance Act, 1994	Service Tax	CESTAT	April 09 to June 2017	1,83,399.26	3,136.00	1,80,263.26
Finance Act, 1994	Service Tax	Commissioner (Appeals)	Oct 12 to Mar 13	195.44	5.00	190.44
Finance Act, 1994	Service Tax	Joint Commissioner, LTU	Oct 15 to Jun 17	437.14	18.00	419.14
AP VAT Act, 2005	VAT	CTO	2011-12	10.00	0	10.00
Sales Tax	VAT	Bombay High Court	1993-94, 1994-95 & 2017-18	215.64	95.00*	120.64
Income Tax Act, 1961	U/s 195	Bombay High Court	2003-04 to 2005-06	9,820.00	0	9,820.00
Income Tax Act, 1961	Tax U/s 143(3)	Bombay High Court	2004-05	1,804.00	0	1,804.00
Income Tax Act, 1961	Tax U/s 147	ITAT Mumbai	2005-06	1,619.00	0	1,619.00
Income Tax Act, 1961	Tax U/s 143(3)	Bombay High Court	2006-07	2,883.97	0	2,883.97
Income Tax Act, 1961	Tax U/s 143(3)	ITAT Mumbai	2007-08	1,010.34	0	1,010.34
Income Tax Act, 1961	Tax U/s 143(3)	ITAT Mumbai	2008-09	104.00	0	104.00
Income Tax Act, 1961	Tax U/s 143(3)	ITAT Mumbai	2009-10	1,165.15	0	1,165.15
Income Tax Act, 1961	Tax U/s 201(1) 201(1A)	CIT(A) Mumbai	2010-11	2,170.00	109.00	2,061.00
Income Tax Act, 1961	Tax U/s 143(3)	CIT(A) Mumbai	2011-12	186.00	0	186.00
Income Tax Act, 1961	Tax U/s 143(3)	CIT(A) Mumbai	2012-13	300.00	0	300.00
Income Tax Act, 1961	Tax U/s 143(3)	CIT(A) Mumbai	2014-15	4,991.00	851.00	4,140.00
Income Tax Act, 1961	Tax U/s 143(3)	CIT(A) Mumbai	2015-16	621.00	0	621.00
Income Tax Act, 1961	Tax U/s 143(3)	CIT(A) Mumbai	2016-17	1,115.50	0	1,115.50

\*(According to the directions received from Bombay High Court in respect of financial year 2017-18, the Company has deposited the amount of ₹ 95 lakhs with the Prothonotary and Senior master of High Court, until the issue is decided by the Hon'ble court.)

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions & banks. The Company has not issued any debentures.
- (ix) The company has unutilized proceeds amounting to ₹ 13,385 lakhs raised through further public offer (FPO) in the earlier years. During the year also company has not utilized the same and the unutilized proceeds are kept in fixed deposits. Also, in our opinion, the term loans have been applied for the purpose for which those have been raised.

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) The Company is a Government company, and the provisions of section 197 read with Schedule V to the Act are not applicable to the Company. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the details have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year and therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For V. Sankar Aiyar & Co.,**  
**Chartered Accountants**  
**FRN: 109208W**

**G Sankar**  
**Partner**  
**Membership No. 46050**  
**UDIN: 21046050AAAAEB8567**

**Place: Mumbai**  
**Date: 13/05/2021**

**For CHOKSHI & CHOKSHI LLP,**  
**Chartered Accountants**  
**FRN: 101872W/W100045**

**Dhananajay Jaiswal**  
**Partner**  
**Membership No. 187686**  
**UDIN: 21187686AAAAEB3361**



## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

**[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of The Shipping Corporation of India Limited on the Standalone Financial Statements for the year ended March 31, 2021]**

### **Report on the Internal Financial Controls with reference to Standalone Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to Standalone Financial Statements of The Shipping Corporation of India Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, and to the best of our information and according to explanations given to us, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For V. Sankar Aiyar & Co.,**  
**Chartered Accountants**  
**FRN: 109208W**

**G Sankar**  
**Partner**  
**Membership No. 46050**  
**UDIN: 21046050AAAAEB8567**

**Place: Mumbai**  
**Date: 13/05/2021**

**For CHOKSHI & CHOKSHI LLP,**  
**Chartered Accountants**  
**FRN: 101872W/W100045**

**Dhananajay Jaiswal**  
**Partner**  
**Membership No. 187686**  
**UDIN: 21187686AAAAEB3361**



## ANNEXURE 3 TO THE INDEPENDENT AUDITOR'S REPORT

### Annexure 3(a) - Directions under Section 143(5) of the Companies Act, 2013

#### On the Accounts of The Shipping Corporation of India Limited for the financial year 2020-21

Sr. No.	Directions	Auditors' comments including Action taken wherever required to be taken	Impact on the Accounts and financial statements
1	Whether the company has system in place to process all the accounting transactions through IT system? If NO, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The company has one Accounting System i.e. SAP and other major operating softwares such as Danaos, Afsys etc. All these softwares are integrated with each other and there are no transactions, which are accounted outside the IT System.	No Impact
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	As observed during the course of audit and explained to us, there is no restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan.	No Impact
3	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	<p>As observed during the course of audit and explained to us, the Company has received a subsidy during the current financial year and two subsidies in earlier years, status of the same is as follows:-</p> <p>a) During the year, the Company has received subsidy amounting to ₹ 21.10 crores for carrying out Cargo Shipping Service between India and Maldives and out of the above, an amount of ₹ 8.62 crore has been utilised as per the terms and conditions specified in the sanction letter dated 10.08.2020. Further, the unutilized amount of ₹ 12.48 crores has been disclosed as liability after adjusting the expenses net of income against the subsidy amount as on 31.03.2021. The balance amount is placed in Fixed Deposit and Interest earned against such deposit will be remitted to the Consolidated Fund of India after finalisation of accounts. Also, the same is in compliance with the provisions of Ind AS 20 Government Grants.</p> <p>b) Related to Myanmar Service, the Company has accounted and utilised the grant as per its terms and conditions and the amount spent in excess of the grant amounting to ₹ 4.67 crores is shown as receivable and provision for doubtful advances is created on the same.</p>	<p>Impact</p> <p>No Impact</p>

## ANNEXURE 3 TO THE INDEPENDENT AUDITOR'S REPORT

Sr. No.	Directions	Auditors' comments including Action taken wherever required to be taken	Impact on the Accounts and financial statements
		c) The Company had received from the Ministry of Ports, Shipping and Waterways subsidy of ₹ 19 crores in the financial year 2017-18 provided for running direct shipping services between India to Bangladesh - Myanmar and Srilanka - Maldives. However, the Company awaited direction from the Ministry to start the service and hence action for in-chartering of the vessel was deferred by the Company. In the financial year 2019-20, Ministry of Ports, Shipping and Waterways directed to refund the subsidy amount. Accordingly, subsidy and interest earned thereon from date of receipt of funds till the date of refund amounting to ₹ 20.53 crores has been transferred to Ministry of Ports, Shipping and Waterways during the financial year 2019-20.	No Impact

### Annexure 3(b) - Sub-directions under Section 143(5) of the Companies Act, 2013 in respect of the Shipping Corporation of India Limited for the financial year 2020-21

Sr. No.	Sub-directions	Auditors' comments including Action taken wherever required to be taken	Impact on the Accounts and financial statements
1	Whether Substantial portion of Revenue Booked/ invoices raised are reversed or cancelled?	As observed during the course of audit and explained to us, no substantial portion of revenue booked / invoices raised by the company are reversed or cancelled except that in the normal course of business and due to provision created at the cut-off date as per relevant Ind AS.	No Impact
2	State the system for providing Impairment to vessels	To determine Impairment of each vessel, carrying amount of the vessel is compared with its recoverable amount. Where the carrying amount of the vessel exceeds the recoverable amount, an impairment loss for the vessel is recognized. Recoverable amount of the vessel is higher of its Market Value or Value in use as on the balance sheet date. Market value of vessels at Balance Sheet date are based on valuation reports provided by reputed valuation firms. Value in use of vessels is based on projections of Future Cash inflows & Outflows generated from the use of the vessel and its subsequent sale. Cash inflows and outflows used in the calculation are based on market report of research and advisory firms as well as best available management estimates. Cash Inflow on sale of vessels is considered as their Scrap Value at the end of their useful life. The Value in use of Vessels as on the reporting date is arrived at by discounting the Net Cash Inflows by using Weighted Average Cost of Capital (WACC).	No Impact



## ANNEXURE 3 TO THE INDEPENDENT AUDITOR'S REPORT

Sr. No.	Sub-directions	Auditors' comments including Action taken wherever required to be taken	Impact on the Accounts and financial statements
3	State the system for bifurcating repairs and expense for capitalization and charging to revenue. Whether repairs and expenses which do not add to useful life of vessels are capitalized?	As per the company's accounting policy, expenses incurred during the planned dry docking of vessels and other major repair expenses of vessels like replacement of auxiliary engine etc. are capitalised in the asset's carrying amount if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably as per the recognition criteria of Ind AS 16. All other repairs and expenses that do not meet the recognition criteria of Ind AS 16 are charged to revenue. As observed during the course of audit, repairs and other expenses which do not add to useful life of vessels are not capitalised by the Company and the same are charged to revenue.	No Impact
4	Whether Title to all investments /FD actually available with the Company?	Title to all Investments including investments in shares & fixed deposits are available with the company.	No Impact
5	Whether balance payable to Agents as at the year-end is correctly reflected under the "Liability" head in Balance Sheet?	Yes, as observed during the course of audit at the end of the year and explained to us, where money is payable to the agent, such balances are disclosed under the "Liability" head in the balance sheet, subject to reconciliation with Agents.	No Impact

### Annexure 3(c) – Additional Directions Received from C&AG for the financial year 2020-21

Sr. No.	Directions	Auditors' comments including Action taken wherever required to be taken	Impact on the Accounts and financial statements
1	Compliance to directions and additional directions issued under section 143 (5) of the Companies Act, 2013.	<b>Refer Annexure 3(a) &amp; 3(b) above for the Auditor's comments</b>	<b>Refer Annexure 3(a) &amp; 3(b) above for the impact</b>
2	Compliance to Last Year Assurances by the Company and issues raised in Management letter issued to the Management on 14.08.2020 for the financial year 2019-20	The brief details of action taken by the Company are as under: In respect of borrowings and dividend, necessary disclosures have been given in the notes to the financial statements. In respect of Performance Related Pay and Confirmation with regard to Trade Receivables / Payables and Deposits, the disclosures have been suitably modified / elaborated. As regards valuation of inventories of stores and spares, the matter has been examined by an internal committee of the Company and considering its recommendation, which is based on shipping industry practice and materiality concept, the Company has felt it appropriate to continue with the same practice followed consistently since earlier years.	
3	Changes in Accounting policies, if any, during the year and its corresponding Impact	There is no change in the significant accounting policy having impact in the current financial year.	No Impact

## ANNEXURE 3 TO THE INDEPENDENT AUDITOR'S REPORT

Sr. No.	Directions	Auditors' comments including Action taken wherever required to be taken	Impact on the Accounts and financial statements
4	System of Internal controls in place	The Company has an internal control system that is commensurate with the current size, scale and complexity of its operations. Internal financial controls framework and Risk Control Matrix (RCM) for various business processes are in place. The internal control systems (including Internal Financial Controls over Financial Reporting) are reviewed on an ongoing basis and necessary changes are carried out to align with the changing business / statutory requirements. Internal audit is carried out by a firm of Chartered Accountants, on quarterly basis. The scope and authority of the Internal Audit function is defined in the Internal Audit Plan, which is approved by the Audit Committee. To maintain its objectivity and independence, the Internal Audit function submits quarterly reports to the Audit Committee of the Board. The Internal Audit examine, evaluate and report on the adequacy and operative effectiveness of the internal control systems in the company, its compliance with the laid down policies and procedures and ensure compliance with applicable laws and regulations. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are reviewed, deliberated and presented to the Audit Committee of the Board.	No Impact
5	Financial impact of COVID 2019	Based on the assessment carried out by the external firm of Chartered Accountants for the Company, there is no significant financial impact of COVID-19.	No Impact
6	Reconciliation of unidentified credits/debits in Bank Reconciliation Statements	The Company has a process in place whereby all entries in the bank statements are duly identified with the entries in the books of account and entries appearing in the bank statements, but not reflected in the books of account and vice versa are duly included in the monthly bank reconciliation statement for giving necessary effect in the subsequent month.	No Impact
7	Reviewing of old credit/debit balances.	The Company has a process in place whereby all old open debit and credit items are periodically reviewed for taking necessary action to clear these items. Major percentage of old debit balances are under litigation and the old credit balance is mainly due to international sanctions.	No Impact

**For V. Sankar Aiyar & Co.,**  
Chartered Accountants  
FRN: 109208W

**G Sankar**  
Partner  
Membership No. 46050  
UDIN: 21046050AAAAEB8567

**Place: Mumbai**  
**Date: 13/05/2021**

**For CHOKSHI & CHOKSHI LLP,**  
Chartered Accountants  
FRN: 101872W/W100045

**Dhananajay Jaiswal**  
Partner  
Membership No. 187686  
UDIN: 21187686AAAAEB3361



## The Shipping Corporation of India Limited

### STANDALONE BALANCE SHEET

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	1,015,287	1,062,764
Capital work-in-progress	4	3,266	284
Right-of-use asset	5	2,101	2,403
Other intangible assets	6	50	146
Financial assets			
i. Investments	7(a)	7,713	7,726
ii. Loans	7(b)	24,304	26,030
iii. Other financial assets	7(c)	107	7
Deferred Tax assets (net)		-	-
Income Tax assets (net)	8	19,477	20,112
Other non-current assets	9	11,241	9,730
<b>Total non-current assets</b>		<b>1,083,546</b>	<b>1,129,202</b>
<b>Current assets</b>			
Inventories	10	8,760	13,138
Financial assets			
i. Investments	7(d)	-	-
ii. Trade receivables	7(e)	63,046	60,623
iii. Cash and cash equivalents	7(f)	22,402	24,478
iv. Bank balances other than (iii) above	7(g)	81,113	69,299
v. Loans	7(b)	792	791
vi. Other financial assets	7(c)	33,274	56,322
Other current assets	9	20,753	19,452
Assets classified as held for sale	11	7	7
<b>Total current assets</b>		<b>230,147</b>	<b>244,110</b>
<b>Total assets</b>		<b>1,313,693</b>	<b>1,373,312</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	46,580	46,580
Other Equity	13	743,622	683,238
<b>Total equity</b>		<b>790,202</b>	<b>729,818</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
i. Borrowings	14(a)	266,378	167,738
ii. Lease Liabilities	14(b)	2,243	2,395
iii. Other financial liabilities	14(c)	33	25
Provisions	15	6,332	6,474
Deferred tax liabilities (net)	16	5,580	7,531
<b>Total non-current liabilities</b>		<b>280,566</b>	<b>184,163</b>

## The Shipping Corporation of India Limited

### STANDALONE BALANCE SHEET

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
Current liabilities			
Financial liabilities			
i. Borrowings	14(d)	42,265	198,642
ii. Lease Liabilities	14(b)	219	209
iii. Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises; and	14(e)	692	629
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	14(e)	82,558	94,931
iv. Other financial liabilities	14(c)	77,829	129,396
Other current liabilities	17	16,683	12,148
Provisions	15	891	1,030
Liabilities directly associated with assets classified as held for sale	18	21,788	22,346
<b>Total current liabilities</b>		<b>242,925</b>	<b>459,331</b>
<b>Total liabilities</b>		<b>523,491</b>	<b>643,494</b>
<b>Total equity and liabilities</b>		<b>1,313,693</b>	<b>1,373,312</b>

The accompanying notes no. 1 to 50 are an integral part of these Standalone Financial Statements.

As per our report of even date attached hereto.

For V. Sankar Aiyar & Co.,  
Chartered Accountants  
FR. No. 109208W

For Chokshi & Chokshi LLP,  
Chartered Accountants  
FR. No. 101872W/W100045

CA G Sankar  
Partner  
Membership No. 046050

CA Dhananajay Jaiswal  
Partner  
Membership No. 187686

Mumbai, Dated the 13<sup>th</sup> May, 2021

For and on behalf of the Board of Directors,

Mr. Dipankar Halder  
ED (LA & Company Secretary)

Mr. L. C. Serrao  
Chief Financial Officer

Mrs. H. K. Joshi  
Chairperson & Managing Director &  
Director (Finance) Addl. charge  
DIN - 07085755

Mumbai, Dated the 13<sup>th</sup> May, 2021



# The Shipping Corporation of India Limited

## STANDALONE STATEMENT OF PROFIT AND LOSS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Note	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from operations	19,20	370,325	442,544
Other income	21	12,556	24,295
<b>Total Income</b>		<b>382,881</b>	<b>466,839</b>
<b>Expenses</b>			
Cost of services rendered	22	199,903	255,825
Employee benefits expense	23	47,378	47,654
Finance costs	24	2,111	36,413
Depreciation and amortisation expense	25	62,794	67,127
Other expenses	26	7,218	25,069
<b>Total expenses</b>		<b>319,404</b>	<b>432,088</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>63,477</b>	<b>34,751</b>
Exceptional items		-	-
<b>Profit/(Loss) before tax</b>		<b>63,477</b>	<b>34,751</b>
<b>Tax expense</b>	29		
Current tax		3,611	4,850
Tax pertaining to earlier years		7	154
Deferred tax		(1,951)	(1,622)
MAT Credit Entitlement		-	1,134
<b>Total tax expense</b>		<b>1,667</b>	<b>4,516</b>
<b>Profit/(Loss) for the period</b>		<b>61,810</b>	<b>30,235</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements gain/(loss) of defined benefit plans		2,068	1,462
<b>Other comprehensive income for the period, net of tax</b>		<b>2,068</b>	<b>1,462</b>
<b>Total comprehensive income for the period</b>		<b>63,878</b>	<b>31,697</b>
<b>Earnings per equity share</b>	27		
(1) Basic earnings per share (in ₹)		13.27	6.49
(2) Diluted earnings per share (in ₹)		13.27	6.49

The accompanying notes no. 1 to 50 are an integral part of these Standalone Financial Statements.

As per our report of even date attached hereto.

For V. Sankar Aiyar & Co.,  
Chartered Accountants  
FR. No. 109208W

For Chokshi & Chokshi LLP,  
Chartered Accountants  
FR. No. 101872W/W100045

CA G Sankar  
Partner  
Membership No. 046050

CA Dhananajay Jaiswal  
Partner  
Membership No. 187686

Mumbai, Dated the 13<sup>th</sup> May, 2021

For and on behalf of the Board of Directors,

Mr. Dipankar Halder  
ED (LA & Company Secretary)

Mr. L. C. Serrao  
Chief Financial Officer

Mrs. H. K. Joshi  
Chairperson & Managing Director &  
Director (Finance) Addl. charge  
DIN - 07085755

Mumbai, Dated the 13<sup>th</sup> May, 2021

# The Shipping Corporation of India Limited

## STANDALONE CASH FLOW STATEMENT

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
<b>A Cash Flow from operating activities</b>		
Profit/(Loss) before income tax	63,477	34,751
Adjustments for		
<b>Add:</b>		
Depreciation and amortisation expenses	62,794	67,127
Finance costs	10,674	20,937
Bad debts and irrecoverable balances written off	184	2,782
Provision for doubtful debts	1,281	(839)
Provision for diminution of value of investment	-	-
Write off of Fixed Assets	484	242
Provision of Asset held for sale	-	(5)
Foreign Currency Fluctuations	(8,388)	27,590
<b>Less:</b>		
Dividend received	-	(185)
Dividend received from Joint Ventures	(2,911)	-
Interest received	(6,561)	(8,117)
Excess Provisions written back	(157)	(6,212)
Profit on sale of investment	(449)	(226)
Surplus on sale of fixed assets	(38)	(9,337)
Provision for doubtful debts	-	-
Change in non-current investment due to fair valuation	13	(12)
<b>Change in operating assets and liabilities</b>		
(Increase)/Decrease in Trade Receivables	(3,124)	(1,053)
(Increase)/Decrease in Other Current / Non Current Assets	22,306	(6,511)
(Increase)/Decrease in inventories	4,378	2,841
(Increase)/Decrease in Trade Payables	(10,543)	(28,279)
(Increase)/Decrease in Other Current / Non Current Liabilities	3,615	9,666
Cash generated from operations	137,035	105,160
Income taxes paid	(2,983)	(10,688)
<b>Net cash inflow from operating activities (A)</b>	<b>134,052</b>	<b>94,472</b>
<b>B Cash flow from investing activities:</b>		
Purchase of property, plant and equipment/ intangible assets	(19,673)	(10,450)
Sale proceeds of property, plant and equipment	57	11,844
Dividend received from Mutual Fund	-	185
Dividend Received from Joint Ventures	2,911	-
Profit on sale of investment	-	-
Purchase of investments	-	-
Share application money	(100)	-
Proceeds from sale of investments	449	226
Purchase of non-current investments	-	-
Loans given to Joint venture	-	-



## The Shipping Corporation of India Limited

### STANDALONE CASH FLOW STATEMENT

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Loan remitted / Recovery to/from employees and Joint venture	1,799	(488)
Other Deposits with banks	(11,814)	20,722
Advances and other Deposits	171	88
Interest received	5,448	9,792
<b>Net cash inflow / (outflow) from investing activities (B)</b>	<b>(20,752)</b>	<b>31,919</b>
<b>C Cash flow from financing activities</b>		
Long term loans repaid	(67,646)	(116,325)
Long term loans borrowed	-	-
Short term loans borrowed/(repaid)	(31,662)	26,813
Interest paid	(11,189)	(21,023)
Dividend Paid	(3,486)	
Payment of Lease liability	(142)	(116)
Other financing costs	(1,318)	(1,318)
<b>Net cash outflow from financing activities (C)</b>	<b>(115,443)</b>	<b>(111,969)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(2,143)</b>	<b>14,422</b>
Add: Changes in Bank balances (unavailable for use) *	-	257
Add: Cash and cash equivalents at the beginning of the financial year	24,478	9,538
Exchange difference on translation of foreign currency cash and cash equivalents	67	261
<b>Cash and cash equivalents at the end of the year**</b>	<b>22,402</b>	<b>24,478</b>
** Comprises of		
Balances with banks in current accounts	19,489	21,830
Balances with banks in deposits account with original maturity of less than three months	2,913	2,648
<b>Total</b>	<b>22,402</b>	<b>24,478</b>

\*The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

The accompanying notes no. 1 to 50 are an integral part of these Standalone Financial Statements.

As per our report of even date attached hereto.

**For V. Sankar Aiyar & Co.,**  
Chartered Accountants  
FR. No. 109208W

**CA G Sankar**  
Partner  
Membership No. 046050

**For Chokshi & Chokshi LLP,**  
Chartered Accountants  
FR. No. 101872W/W100045

**CA Dhananajay Jaiswal**  
Partner  
Membership No. 187686

For and on behalf of the Board of Directors,

**Mr. Dipankar Halder**  
ED (LA & Company Secretary)

**Mr. L. C. Serrao**  
Chief Financial Officer

**Mrs. H. K. Joshi**  
Chairperson & Managing Director &  
Director (Finance) Addl. charge  
DIN - 07085755

Mumbai, Dated the 13<sup>th</sup> May, 2021

Mumbai, Dated the 13<sup>th</sup> May, 2021

# The Shipping Corporation of India Limited

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021

(All amounts in INR lakhs, unless otherwise stated)

A. Equity Share Capital (Refer note 12)	As at March 31, 2021		As at March 31, 2020	
	No of Shares	Amount (in ₹)	No of Shares	Amount (in ₹)
Balance at the beginning of the reporting period	465,799,010	4,657,990,100	465,799,010	4,657,990,100
<b>Add: Issue of Bonus Shares</b>	-	-	-	-
Balance at the end of the reporting period	465,799,010	4,657,990,100	465,799,010	4,657,990,100

### B. Other Equity

Particulars	Note	Reserves and Surplus					Total Equity
		Capital Reserve	Securities Premium Reserve	Retained Earnings	General Reserve	Other Reserves Tonnage Tax Reserve Tonnage Tax Reserve (Utilised)	
<b>Balance as at 31 March 2019</b>		15,205	52,177	30,632	553,527	-	651,541
Profit for the year	31	-	-	30,235	-	-	30,235
Other Comprehensive Income for the year (Remeasurements gain/(loss) of defined benefit plans)		-	-	1,462	-	-	1,462
Total Comprehensive Income for the year		-	-	-	-	-	-
Transfer to Tonnage tax reserve		-	-	31,697	-	-	31,697
Transfer from surplus in Statement of Profit & Loss account		-	-	(2,100)	-	-	(2,100)
Transfer to Tonnage tax reserve (utilised)		-	-	-	2,100	-	2,100
Transfer from Tonnage tax reserve		-	-	-	-	-	-
Transfer to Capital Reserve		-	-	-	-	-	-
Transfer to General Reserve		-	-	-	-	-	-
Dividend distribution tax paid		-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>		15,205	52,177	60,229	553,527	2,100	683,238
Profit for the year	31	-	-	61,809	-	-	61,809
Other Comprehensive Income for the year (Remeasurements gain/(loss) of defined benefit plans)		-	-	2,068	-	-	2,068
Total Comprehensive Income for the year		-	-	-	-	-	-
Transfer to Tonnage tax reserve		-	-	63,877	-	-	63,877
Transfer from surplus in Statement of Profit & Loss account		-	-	(10,350)	-	-	(10,350)
Transfer to Tonnage tax reserve (utilised)		-	-	-	10,350	-	10,350
Transfer from Tonnage tax reserve		-	-	-	-	-	-
Transfer to Capital Reserve		-	-	-	-	-	-
Transfer to General Reserve		-	-	-	-	-	-
Dividend Paid on equity shares		-	-	(3,493)	-	-	(3,493)
Dividend distribution tax paid		-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>		15,205	52,177	110,263	553,527	12,450	743,622

The accompanying notes no. 1 to 50 are an integral part of these Standalone Financial Statements.

As per our report of even date attached hereto.

For V. Sankar Aliyar & Co.,  
Chartered Accountants  
FR. No. 109208W  
CA G Sankar  
Partner  
Membership No. 046050

For Chokshi & Chokshi LLP,  
Chartered Accountants  
FR. No. 101872W/W100045  
CA Dhananjay Jaiswal  
Partner  
Membership No. 187686

For and on behalf of the Board of Directors

Dipankar Halder  
ED (LA & Company Secretary)

Mr. L. C. Serrao  
Chief Financial Officer

Mrs. H. K. Joshi  
Chairperson & Managing Director and Director (Finance), Addl. Charge DIN - 07085755  
Mumbai, Dated the 13<sup>th</sup> May, 2021



## The Shipping Corporation of India Limited

### Standalone Financial Statement for the year ended 31 March 2021

#### Corporate Information

The Shipping Corporation of India Limited ("SCI" / "the Company") is the largest Indian Shipping company limited by shares, incorporated in 1961. The equity shares of the Company are listed on the Bombay Stock Exchange and National Stock Exchange in India. SCI is involved in the business of transporting goods. SCI's owned fleet includes Bulk Carriers, Crude Oil Tankers, Product Tankers, Container Vessels, Passenger-cum-Cargo Vessels, LPG Carrier and Offshore Supply Vessels. In addition, SCI manages a large number of vessels on behalf of various government departments and other organizations.

The registered office of the Company is located at Shipping House, 245, Madame Cama Road, Nariman Point, Mumbai - 400 021.

These Standalone Financial Statements are approved for issue by the board of directors on 13<sup>th</sup> May 2021.

#### Note 1: Significant Accounting Policies

The principal accounting policies applied in the preparation of these Standalone Financial Statements are set out below. The accounting policies applied are consistent with those of the previous financial years.

##### 1.1 Basis of Preparation

###### (a) Compliance with the Indian Accounting Standards

The Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) to the extent applicable and current accounting practices prevailing within the Shipping Industry in India. The policies set out below have been consistently applied during the years presented.

###### (b) Historical Cost Convention

The Standalone Financial Statements have been prepared under the historical cost convention, except for the following assets and liabilities which have been measured at fair value:

- Certain financial asset and financial liabilities;
- Defined benefit plans – plan assets

Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

- (c) The assets and liabilities reported in the balance sheet are classified as "current/non-current" as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Current assets are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or within the 12 months following the balance sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the 12 months following the balance sheet date.
- (d) All material prior period errors are adjusted retrospectively in the first set of financial statements approved for issue after their discovery by:
  - (a) Restating the comparative amounts for the prior period(s) presented in which the error occurred; or
  - (b) If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.
- (e) The Standalone Financial Statements are presented in 'Indian Rupees' (INR), which is also the Company's functional currency and all amounts are rounded to the nearest lakhs, unless otherwise stated.
- (f) **Amended standard adopted by the Company**
  - i. **Amendment to Ind AS 1 - Presentation of Financial Statements & Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors:** The definition of "Material" given in Ind AS-1 has been refined and consequently other Ind AS i.e. Ind AS 8- has also been amended with respect to definition of "Material". Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality

## The Shipping Corporation of India Limited

### Standalone Financial Statement for the year ended 31 March 2021

depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole. Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The Company has applied above amendments w.e.f. 01.04.2020. However, the adoption of above amendments does not have any effect on the financial statements.

- ii. **Amendment to Ind AS 10 Events after the Reporting Period:** Paragraph 21 of Ind AS 10 has been substituted as follows:

"If non-adjusting events after the reporting period are material, non-disclosure could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting period- (a) the nature of the event; and (b) an estimate of its financial effect, or a statement that such an estimate cannot be made." The Company has applied above amendments w.e.f. 01.04.2020. However, the adoption of above amendments does not have any effect on the financial statements.

- iii. **Amendment to Ind AS 34 Interim Financial Reporting:** Consequent to amendments in Ind AS 1 & Ind AS 8, following paras of Ind AS 34 has been amended/inserted:

- (i) For paragraph 24, the following shall be substituted, namely:

"24. Ind AS 1 defines material information and requires separate disclosure of material items, including (for example) discontinued operations, and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors requires disclosure of changes in accounting estimates, errors, and changes in accounting policies. The two Standards do not contain quantified guidance as to materiality."

- (ii) after paragraph 55, the following shall be inserted, namely:

"59. Definition of Material (Amendments to Ind AS 1 and Ind AS 8) amended paragraph 24. An entity shall apply those amendments when it applies the amendments to the definition of material in paragraph 7 of Ind AS 1 and paragraphs 5 and 6 of Ind AS 8."

- (iii) in Appendix 1, for paragraph 7, the following shall be

substituted, namely:

"7. Paragraphs 46-54 and 56-57 related to effective date have not been included in Ind AS 34 as these are not relevant in Indian context. Paragraph 58 is not included since it relates to amendments due to Conceptual Framework for Financial Reporting under IFRS Standards for which corresponding Conceptual Framework for Financial Reporting under Indian Accounting Standards is under formulation. However, in order to maintain consistency with paragraph numbers of IAS 34, these paragraph numbers are retained in Ind AS 34."

The Company has applied above amendments w.e.f. 01.04.2020. However, the adoption of above amendments does not have any effect on the financial statements.

- iv. **Amendment to Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets:** Consequential of the above amendments have been notified, and paragraph 75 below on accounting of restructuring plans have been substituted.

"75. A management or board decision to restructure taken before the end of the reporting period does not give rise to a constructive obligation at the end of the reporting period unless the entity has, before the end of the reporting period- (a) started to implement the restructuring plan; or (b) announced the main features of the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation in them that the entity will carry out the restructuring. If an entity starts to implement a restructuring plan, or announces its main features to those affected, only after the reporting period, disclosure is required under Ind AS 10 Events after the Reporting Period, if the restructuring is material and non-disclosure could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity" The Company has applied above amendments w.e.f. 01.04.2020. However, the adoption of above amendments does not have any effect on the financial statements.

- v. **Amendment to Ind AS 103 Business Combination:** Several changes has been done in Ind AS 103 such as (i) Definition of a business," shall be substituted as follows: "An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. Accordingly, providing goods or services to customers



## The Shipping Corporation of India Limited

### Standalone Financial Statement for the year ended 31 March 2021

has been added to the definition of business. (ii) The three elements of a business are defined for guidance on the elements of a business. This is to permit a simplified assessment of whether an acquired set of activities and assets is business or not. (iii) Optional test to identify concentration of fair value: The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The Company has applied above amendments w.e.f. 01.04.2020. However, the adoption of above amendments does not have any effect on the financial statements.

- vi. **Amendment to Ind AS 107 Financial Instruments & Ind AS 109:** Additional disclosures pertaining to interest rate benchmark reforms has been mandated. Modifications to some specific hedge accounting requirements to provide relief to the potential effects of uncertainty caused by the interest rate benchmark reform. The Company has applied above amendments w.e.f. 01.04.2020. However, the adoption of above amendments does not have any effect on the financial statements.
- vii. **Amendment to Ind AS 116 Leases:** An amendment has been made as per which businesses is not required to treat the rent concession as a lease modification subject to following conditions. If the below mentioned conditions are fulfilled, the rent concession may be treated without lease modification. a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b) any reduction in lease payments affects only payments originally due on or before the 30 June, 2021, and c) there is no substantive change to other terms and conditions of the lease.

The following Disclosures to be made in the financial statement by the reporting entity a) it has applied the practical expedient to all rent concessions that meet the conditions or, if not applied to all such rent concessions, information about the nature of the contracts to which it has applied the practical expedient and b) the amount recognized in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient. The Company has applied above amendments w.e.f. 01.04.2020. However, the adoption of above amendments does not have any effect on the financial statements.

#### 1.2 Foreign currency translation

##### (a) Functional and presentation currency

Items included in the Standalone Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Standalone Financial Statements are

presented in 'Indian Rupees' (INR), which is the Company's functional and the Company's presentation currency.

##### (b) Transactions and balances

All foreign currency transactions are recorded at the previous day's available RBI reference rate/exchange rate published through FBIL (Financial Benchmarks India Private Limited). Since the RBI reference rate published through FBIL is available for four major currencies only i.e. USD, GBP, EUR, YEN, exchange rates of other currencies are taken from xe.com website.

The foreign currency balances in US Dollars, UK Pounds, Euro and Japanese YEN appearing in the books of account at the period end are translated into Indian Rupees at the available RBI reference rate/exchange rate published through FBIL at the period end. The foreign currency balances other than US Dollars, UK Pounds, Euro and Japanese YEN appearing in the books of account at the period end are translated into Indian Rupees at the rate available on xe.com website at the period end. Thereafter, the monetary assets and monetary liabilities as well as the Long Term Loans are translated into rupees at rate prevailing at the period end.

Exchange difference arising on repayment of liabilities and conversion of foreign currency closing balances pertaining to long term loans for acquiring ships / containers / other depreciable assets and asset under construction is charged / credited to Statement of Profit & Loss.

The exchange differences arising on translation of other monetary assets and liabilities are recognised in the Statement of profit and loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### 1.3 Property, plant and equipment

Items of property, plant and equipment acquired or constructed are stated at historical cost net of recoverable taxes, less accumulated depreciation and accumulated impairment of loss, if any. The cost of tangible assets comprises of its purchase price, borrowing costs and adjustment arising for exchange rate variations attributable to the assets, wherever applicable including any cost directly attributable for bringing the asset to the condition of its intended use.

Expenditure incurred on assets which are not ready for their intended use as on Balance Sheet date comprising direct cost, related incidental expenses and attributable borrowing cost (net of revenues during constructions) are disclosed under Capital Work-in-Progress.

Subsequent costs like expenditure on major maintenance refits or repairs including planned drydock are included in the

## The Shipping Corporation of India Limited

### Standalone Financial Statement for the year ended 31 March 2021

asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised in Statement of Profit and Loss as incurred.

#### Transition to Ind AS:

##### On transition to Ind AS -

- Freehold land has been measured at fair value on transition date and that fair value is used as the deemed cost;
- Certain items of fleet have been measured at fair value and that fair value is used as deemed cost as on transition date.
- All other assets which are not fair valued have been measured in accordance with Ind AS 16 retrospectively.

#### Depreciation:

Depreciation on all vessels is charged on "Straight Line Method" less residual value. In the case of Liner and Bulk Carrier vessels, the company has adopted useful life of 25 years as mentioned in Schedule II to the Companies Act, 2013. In case of Tankers & Offshore Vessels, the company has adopted a useful life of 25 years based on the technical parameters including design life and the past record. In case of VLGC vessel, the company has adopted a useful life of 30 years as mentioned in Schedule II to the Companies Act, 2013. Second hand vessels are depreciated over their remaining useful lives as determined by technical evaluation not exceeding 25 or 30 years from the date of original built.

Capitalised expenditures on dry-dock are depreciated until the next planned dry-docking.

Depreciation on other tangible assets is provided on the straight line basis, over the estimated useful lives of assets as prescribed in the Schedule II of the Act, except in following cases:

- Solar Plants are depreciated over a period of 25 years based on the technical assessment of useful life.
- Assets costing individually ₹ 5,000/- and below are fully depreciated in the year of acquisition.
- Furnishing allowances given to Senior Executives are depreciated over a period of 3 years.
- The useful life of Air Conditioners are maintained as per Schedule II of the Companies Act.
- The useful life of the Laptops are also maintained as per Schedule II of the Companies Act except those laptops which are given to Directors and General Managers for which useful life of four years is maintained as per Internal Policy of SCI.

Depreciation on additions / deductions to PPE made during the year is provided on pro-rata basis from / up to the date of such additions / deductions, as the case may be.

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

#### Retirement and Disposal of Assets

- Assets which have been retired from operations for eventual disposal are exhibited separately in the Note No. 11 - Assets classified as held for sale.
- Anticipated loss, if any, in the disposal of such assets is provided in the accounts for the year in which these have been retired from active use. 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 assets are provided for after taking into account the expenses such as customs duty, sales tax / value added tax, GST etc. in connection with the disposal, as well as estimated expenses in maintaining the asset, till its sale. Wherever the exact amount under each item of expenses is not known, an assessment is done on the best estimate basis.
- Profits on sale of assets are accounted for only upon completion of sale thereof.

#### 1.4 Intangible assets

Intangible assets acquired are stated at cost less accumulated amortization and accumulated impairment losses, if any. The cost comprises of purchase price, borrowing costs and directly attributable costs for bringing the asset to the condition of its intended use.

#### Transition to Ind AS:

On transition to Ind AS, the company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

#### Amortisation

Amortization is charged on a straight-line basis over the estimated useful lives. The useful lives of intangible assets are either finite or indefinite. Finite-life intangible assets are amortised on a straight line basis over the period of their estimated useful lives. An intangible asset having indefinite useful life is not amortised but is tested for impairment annually. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.



## The Shipping Corporation of India Limited

### Standalone Financial Statement for the year ended 31 March 2021

Intangible assets including software is amortised over the useful life not exceeding five years.

#### 1.5 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### 1.6 Impairment of non-financial assets

Non-financial assets that are subject to depreciation or amortisation are reviewed for impairment as on 31<sup>st</sup> March of every year or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss, if any, is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The Company estimates asset's recoverable amount, which is higher of an asset's fair value less cost of disposal and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and risk specific to the assets.

#### 1.7 Inventories

Inventories are valued at cost (as determined on Moving Average / Weighted Average method) or net realisable value, whichever is lower, unless otherwise stated. Net realisable value is the estimated selling price in the ordinary course of business.

Fuel oil purchases are initially booked as stock. The value of year-end stock is arrived at after charging consumption on "moving average/weighted average" method.

Store / Spares including paints, etc. are charged to revenue as consumed when delivered to ships.

#### 1.8 Non-current assets held-for-sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment classified as held for sale are not depreciated.

#### 1.9 Trade Receivable

Trade receivables are amounts due from customers for sale of goods or services performed in the ordinary course of business. Trade receivables are recognized initially at fair value. They are subsequently measured at amortised cost using the effective interest method, net of provision for impairment. The carrying value less impairment provision of trade receivables,

are assumed to be approximate to their fair values.

#### 1.10 Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand, deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

#### 1.11 Investments and other financial assets

##### i. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### ii. Subsequent measurement

For the purposes of subsequent measurement, the company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The company reclassifies debt instruments when and only when its business model for managing those assets changes.

##### ii(a) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

##### Financial Assets measured at Amortised Cost:

Financial assets such as trade receivables, security deposits and loans given are measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

## The Shipping Corporation of India Limited

### Standalone Financial Statement for the year ended 31 March 2021

After initial measurement, such financial assets are subsequently measured at amortised cost using effective interest (EIR) method.

Gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

#### **Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI):**

A financial asset is classified as at the FVTOCI if both the following criteria met:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

**Financial Assets measured at Fair Value through Profit or Loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises. Interest income from these financial assets is included in other income.

#### **ii(b) Equity Instruments**

##### **a) Subsidiary and Joint Ventures**

Investments in equity instruments of subsidiary and joint ventures are carried at cost less impairment, if any.

##### **b) Others**

The company subsequently measures all equity instruments at fair value. Equity instruments which are held for trading are classified as FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. Changes in the fair value of financial assets at fair value through profit or loss are recognised in the statement of profit and loss.

#### **iii. Derecognition**

A financial asset is derecognised only when:

- i. the rights to receive cash flows from the asset have expired, or

- ii. the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows to one or more recipient

Where the Company has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

#### **iv. Impairment of Financial Assets**

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The impairment methodology for each class of financial assets stated above is as follows:

#### **Debt instruments measured at amortised cost and FVTOCI:**

Debt instruments at amortised cost and those at FVTOCI where there has been a significant increase in credit risk, lifetime expected credit loss provision method is used and in all other cases, the impairment provision is determined as 12 months expected credit losses.

**Trade receivables from customers:** The Company applies the simplified approach for providing expected credit losses prescribed by Ind AS 109, which requires the use of the lifetime expected loss provision for all trade receivables.

#### **1.12 Offsetting Financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### **1.13 Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **1.14 Financial liabilities**

##### **i. Classification as debt or equity**

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual



## The Shipping Corporation of India Limited

### Standalone Financial Statement for the year ended 31 March 2021

arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

#### ii. Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

#### iii. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

**Borrowings:** Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit and loss over the period of the borrowings using the effective interest method.

**Trade and other payable:** These amounts represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### iv. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### 1.15 Income tax

Provision for income tax liability is made as per special provisions relating to income of shipping companies under the Income Tax Act, 1961 on the basis of deemed tonnage income of the Company. Provision for income- tax on non- shipping income is made as per the normal provisions of the Income-Tax Act 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income tax is provided in full, using the liability method, on temporary differences (other than those which are covered in tonnage tax scheme) arising between the tax bases of assets and liabilities and their carrying amounts in the Standalone Financial Statements. Deferred tax assets are

recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

#### 1.16 Employee Benefits

##### a) Short-term / long term obligations

All employee benefits payable wholly within twelve months of rendering the service including performance incentives and compensated absences are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are charged off to the Statement of Profit and Loss. The employee benefits which are not expected to occur within twelve months are classified as long term benefits and are recognised as liability at the net present value.

##### b) Defined contribution plan

Employee benefits under defined contribution plans comprising of post-retirement medical benefits (w.e.f 01.01.2007), provident fund and pension contribution are recognized based on the undiscounted amount of obligations of the company to contribute to the plan. This contribution is recognised based on its undiscounted amount and paid to a fund administered through a separate trust except post-retirement medical benefit for employee's retired w.e.f 01.01.2007. SCI has taken Group Medishield Insurance policy for Employees who have retired after 01.01.2007 under PRMS Scheme.

##### c) Defined benefit plan

Employee benefits under defined benefit plans comprising of gratuity, leave encashment and post-retirement medical benefits for employees retired before 01.01.2007 are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.



## The Shipping Corporation of India Limited

### Standalone Financial Statement for the year ended 31 March 2021

#### 1.17 Provisions, contingent liabilities and contingent assets

##### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

##### Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made is treated as contingent liability.

##### Contingent Assets

A contingent assets are not recognised but disclosed, where an inflow of economic benefits is probable.

#### 1.18 Revenue Recognition

Revenue Income is recognised in the Statement of Profit and Loss when:

- The income generating activities have been carried out on the basis of a binding agreement
- The income can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Company
- Costs relating to the transaction can be measured reliably

Revenue for all businesses is recognised when the performance obligation has been satisfied, which happens upon the transfer of control to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for the goods and services.

Revenue is recognised when or as performance obligations are satisfied by transferring the promised goods or services to the customer, i.e. at a point in time or over time provided that the stage of completion can be measured reliably.

Revenue mainly comprises freight, charter hire and demurrage revenues from the vessels.

**Freight** - The Company generates revenue from shipping activities. Revenues from vessels are mainly derived from a combination of time charters and voyage charters. Revenue from a voyage charter is recognised over time, which is determined on a percentage of voyage completion method.

**Charter-hire** - Revenue from a time charter is recognised on a straight-line basis over the period of the charter.

**Demurrage revenue** - Freight contracts contain conditions regarding the amount of time available for loading and discharging of the vessel. If these conditions are breached, the Company is compensated for the additional time incurred in the form of demurrage revenue. Demurrage revenue is recognised upon delivery of services in accordance with the

terms and conditions of the contract. Upon completion of the voyage, the Company assesses the time spent in port, and a demurrage claim based on the relevant contractual conditions is submitted to the charterers. (Further, refer Note No 2 (g) – Demurrage).

**Profit from sale of vessels** - Revenue from the sale of vessel is recognised upon the transfer of control to the buyer.

**O&M contracts** – The Company has entered into contracts with its customers for Operation & Management of vessels owned by them. These are cost plus contracts and the Company is entitled for reimbursement of all costs incurred on these vessels plus a fixed percentage of remuneration on these costs. The Company accounts for the remuneration earned as and when the costs are incurred and booked in the accounts. The reimbursement of costs is netted off against the relevant expense head to which the cost was originally debited.

**Interest income** - Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

**Dividends** - Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount of the dividend can be measured reliably.

**Cost of services rendered** includes port expenses, bunkers (Fuel Oil), commissions, hire of chartered steamers, stores, spares, repair and maintenance expenses, Insurance expenses etc.

**Employee Benefit Expenses** - Operating expenses, which comprise of shore staff & floating staff expenses.

**Financial expenses** - Financial expenses comprise interest expenses.

**Other expenses** – Other expenses which comprise office expenses, provisions, managements cost and other expenses relating to administration.

#### 1.19 Insurance, P&I And Other Claims

(a) Provision in respect of claims against the Company is made as under:-

- In respect of collision claims and P & I claims (other than crew & cargo claims), to the extent of deductible limit based on the assessment provided by the surveyors.
- In case of Cargo claims, actual claims registered and/ or paid pertaining to the relevant year's voyages as



## The Shipping Corporation of India Limited

### Standalone Financial Statement for the year ended 31 March 2021

ascertained at the period end or the P&I deductible limit whichever is lower.

- (b) No provision is made in respect of claims by the Company covered under Hull & Machinery insurance and treatment of such claims is as under:-
  - i. Expenses on account of particular and general average claims/ damages to ships are charged off in the period in which they are incurred.
  - ii. Claims against the underwriters are initially accounted for based on the admission of the claims liability by the underwriters. The final adjustment in the recoverable amount is done on submission of the Adjuster's report to the underwriters which reflect the exact recoverable amount from the underwriters
- (c) Claims made by the Company against other parties not covered under insurance including ship repair yards, ship-owners, ship charterers, customs and others, etc. are recognised on realisation, due to uncertainty in the amounts of their ultimate recovery

#### 1.20 Leases

A contract or parts of contracts that conveys the right to control the use of an identified asset for a period of time in exchange for payments to be made to the owners (lessors) are accounted for as leases. Contracts are assessed to determine whether a contract is, or contains, a lease at the inception of a contract or when the terms and conditions of a contract are significantly changed.

Where the Company is the lessee in a lease arrangement at inception, the lease contracts are recognized as rights-of use assets and lease liabilities are measured at present value of lease payments at initial recognition except for short-term leases and leases of low value. The rights of use assets are depreciated on a straight line basis over a lease term. Lease payments are discounted using the interest rate implicit in the lease. If that rate is not readily available, the incremental borrowing rate is applied. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment. Payments associated with short-term leases and leases of low-value assets are recognised as an expense in profit & loss Account.

Where the Company is the lessor in a lease arrangement at inception, the lease arrangement will be classified as a finance lease or an operating lease. Classification is based on the extent to which the risks and rewards incidental to ownership of the underlying asset lie with the lessor or the lessee. Under operating lease, where the Company is the lessor, the assets are included in the balance sheet and, where applicable, are depreciated in accordance with the Company's depreciation policies as set out in Note 1.3. Property, plant and equipment. Revenue arising from assets leased out under operating leases

is recognised on overtime basis.

#### 1.21 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

#### 1.22 Earnings per share

Basic EPS is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

#### 1.23 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### 1.24 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to duty scrips on export of services (Served from India Scheme) are related to income and are recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

#### Note 2: Critical Accounting Estimates and Judgements

Preparing the Standalone Financial Statements under Ind AS requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities

## The Shipping Corporation of India Limited

### Standalone Financial Statement for the year ended 31 March 2021

within the next financial year are discussed below:

**a) Useful lives of vessels**

Management of the Company decided the estimated useful lives of vessels and respective depreciation. The accounting estimate is based on the expected wears and tears. Wears and tears can be significantly different following renovation each time. When the useful lives differ from the original estimated useful lives, management will adjust the estimated useful lives accordingly. It is possible that the estimates made based on existing experience are different to the actual outcomes within the next financial period and could cause a material adjustment to the carrying amount of fixed assets.

**b) Residual Value**

Residual value is considered as 5% of original cost of Vessel. In case of other assets, the residual value, being negligible, has been considered as nil. The residual value of vessels is reviewed every year on 31<sup>st</sup> March.

**c) Impairment of assets**

The recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates. An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount and is recognised in the Statement of Profit and Loss. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

**d) Defined benefit obligations**

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post employment plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

Discount Rate for the valuation is determined by reference to market yields at the balance sheet date on Government Bonds. This is the rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations.

**e) Provision**

Estimates of the amounts of provisions recognised are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

**f) Impairment of Trade Receivable**

The methodology followed by SCI is the use of a provision matrix as a practical expedient to measure expected credit

losses on its portfolio of trade receivables. The model uses historical credit loss experience for trade receivables i.e. this model uses aging analysis of trade receivables as at the reporting date.

Considering the different services provided by our company and provisioning made segment wise in SCI, analysis and computation of expected credit loss for trade receivables is done for different segments.

**g) Demurrage**

Vessel Demurrage income due as per contractual terms is recognized. A provision on estimated basis is made towards deduction from demurrage based on past experience of settlements.

**h) Income Tax**

Due to Tonnage tax regime applicable on the main part of the company's activities, resulting in a lower income tax payable in the future, the amount of deferred tax to be recognised is limited. Considering the tonnage tax regime applicable to shipping activities, difference between taxable and book values of assets and liabilities are generally of permanent nature. This is due to the fact that the taxable result for tonnage tax eligible activities has no correlation with either carrying value or the generally applicable tax value of assets and liabilities. As a consequence, temporary differences are limited to those arising from other activities which are subject to normal Income tax provisions.

**i) Leases**

Lease contracts contain extension or termination options. Assessment of the exercise or non-exercise of such options impacts the value of right-of-use asset recognised. Such assessments are reviewed whenever a significant event or change in circumstances occurs.

For the purpose of calculating the present value, the interest rate implicit in the lease or an incremental borrowing rate is used as discount factor. Where the rate implicit in the lease is not readily available, an incremental borrowing rate is applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset. Determination of the incremental borrowing rate requires estimation.

Management has applied judgement and formed assumptions in relation to assessment of incremental borrowing rate, service components and extension options of leasing arrangements. Management has formed its judgements and assumptions based on historical experience, internal and external information and data available.



## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### NOTE 3: PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold Land	Buildings	Ownership Flats & Residential Buildings	Fleet*	Fleet Drydock	Own-ership Contain-er	Furni-ture, Fittings & Equip-ments	Moter Vehi-cles	Total
<b>Net carrying amount (31 March 2019)</b>	237,630	999	120	834,542	37,506	-	850	9	1,111,656
<b>Year ended 31 March 2020</b>									
<b>Gross carrying amount</b>									
Opening gross carrying amount (31 March 2019)	237,630	1,107	140	1,231,619	85,407	-	1,948	18	1,557,869
Additions	-	34	-	14,869	4,818	-	97	-	19,818
Disposals	-	-	-	(56,440)	(4,502)	-	(3)	-	(60,945)
Transfer	-	-	-	-	763	-	-	-	763
<b>Closing gross carrying amount (31 March 2020)</b>	<b>237,630</b>	<b>1,141</b>	<b>140</b>	<b>1,190,048</b>	<b>86,486</b>	<b>-</b>	<b>2,042</b>	<b>18</b>	<b>1,517,505</b>
<b>Accumulated depreciation</b>									
Opening accumulated depreciation (31 March 2019)	-	108	20	397,077	47,901	-	1,098	9	446,213
Depreciation charge for the year	-	29	5	48,032	18,477	-	180	1	66,724
Disposals	-	-	-	(53,965)	(4,228)	-	(3)	-	(58,196)
<b>Closing accumulated depreciation (31 March 2020)</b>	<b>-</b>	<b>137</b>	<b>25</b>	<b>391,144</b>	<b>62,150</b>	<b>-</b>	<b>1,275</b>	<b>10</b>	<b>454,741</b>
<b>Net carrying amount (31 March 2020)</b>	<b>237,630</b>	<b>1,004</b>	<b>115</b>	<b>798,904</b>	<b>24,336</b>	<b>-</b>	<b>767</b>	<b>8</b>	<b>1,062,764</b>
<b>Year ended 31 March 2021</b>									
<b>Gross carrying amount</b>									
Opening gross carrying amount (31 March 2020)	237,630	1,141	140	1,190,048	86,486	-	2,042	18	1,517,505
Additions	-	138	-	661	14,204	-	121	-	15,124
Disposals	-	-	-	(732)	-	-	(6)	-	(738)
Transfer	-	-	-	-	284	-	-	-	284
<b>Closing gross carrying amount (31 March 2021)</b>	<b>237,630</b>	<b>1,279</b>	<b>140</b>	<b>1,189,977</b>	<b>100,974</b>	<b>-</b>	<b>2,157</b>	<b>18</b>	<b>1,532,175</b>
<b>Accumulated depreciation</b>									
Opening accumulated depreciation (31 March 2020)	-	137	25	391,144	62,150	-	1,275	10	454,741
Depreciation charge for the year	-	31	5	48,655	13,565	-	125	1	62,382
Disposals	-	-	-	(231)	-	-	(4)	-	(235)
<b>Closing accumulated depreciation (31 March 2021)</b>	<b>-</b>	<b>168</b>	<b>30</b>	<b>439,568</b>	<b>75,715</b>	<b>-</b>	<b>1,396</b>	<b>11</b>	<b>516,888</b>
<b>Net carrying amount (31 March 2021)</b>	<b>237,630</b>	<b>1,111</b>	<b>110</b>	<b>750,409</b>	<b>25,259</b>	<b>-</b>	<b>761</b>	<b>7</b>	<b>1,015,287</b>

#### Notes:-

- (1) Additions to Fleet include ₹ (2036) Lakhs (Previous year ₹ 11875 lakhs) on account of currency exchange difference adjusted as per Significant Accounting Policy of foreign currency translation.
- (2) Buildings include cost of Shipping House at Mumbai ₹ 134 lakhs which is on leasehold land (Previous year ₹ 134 lakhs)
- (3) Ownership Flats and Residential Buildings include: Cost of shares and bonds in Cooperative Societies/Company of face value ₹ 0.73 lakhs (Previous year ₹ 0.73 lakhs ).
- (4) \*Refer Note 35 for Fleet pledged with banks for Borrowings
- (5) There is no significant property, plant and equipment as on 31<sup>st</sup> March 2021 which are fully depreciated and are still in use.

## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### NOTE 4: CAPITAL WORK-IN-PROGRESS

Particulars	As at March 31, 2019	Incurred during the year	Capitalised/ Adjusted	As at March 31, 2020	Incurred during the year	Capitalised/ Adjusted	As at March 31, 2021
<b>(A) Construction Work in Progress</b>							
Asset under Construction excluding advance	763	284	763	284	3,266	284	3,266
<b>(B) Construction Period Expenses</b>							
a. Interest	-	-	-	-	-	-	-
b. Other directly attributable expenses	-	-	-	-	-	-	-
c. Exchange fluctuation	-	-	-	-	-	-	-
<b>Total (A+B)</b>	<b>763</b>	<b>284</b>	<b>763</b>	<b>284</b>	<b>3,266</b>	<b>284</b>	<b>3,266</b>

#### NOTE 5: RIGHT OF USE ASSET

Particulars	Land	Buildings	Fleet	Furniture, Fittings & Equipments	Moter Vehicles	Total
<b>Year ended 31 March 2020</b>						
<b>Gross carrying amount</b>						
Opening gross carrying amount (1 <sup>st</sup> April 2019)	428	2,012	-	-	200	2,640
Additions	-	7	-	49	-	56
<b>Closing gross carrying amount (31 March 2020)</b>	<b>428</b>	<b>2,019</b>	<b>-</b>	<b>49</b>	<b>200</b>	<b>2,696</b>
<b>Accumulated depreciation</b>						
Opening accumulated depreciation (1 <sup>st</sup> April 2019)	-	-	-	-	-	-
Depreciation charge for the year	42	177	-	5	69	293
<b>Closing accumulated depreciation (31 March 2020)</b>	<b>42</b>	<b>177</b>	<b>-</b>	<b>5</b>	<b>69</b>	<b>293</b>
<b>Net carrying amount (31 March 2020)</b>	<b>386</b>	<b>1,842</b>	<b>-</b>	<b>44</b>	<b>131</b>	<b>2,403</b>
<b>Year ended 31 March 2021</b>						
<b>Gross carrying amount</b>						
Opening gross carrying amount (1 <sup>st</sup> April 2020)	428	2,019	-	49	200	2,696
Additions	-	-	-	-	-	-
Disposal	-	6	-	-	31	37
<b>Closing gross carrying amount (31 March 2021)</b>	<b>428</b>	<b>2,013</b>	<b>-</b>	<b>49</b>	<b>169</b>	<b>2,659</b>
<b>Accumulated depreciation</b>						
Opening accumulated depreciation (1 <sup>st</sup> April 2020)	42	177	-	5	69	293
Depreciation charge for the year	42	177	-	14	69	302
Disposal	-	6	-	-	31	37
<b>Closing accumulated depreciation (31 March 2021)</b>	<b>84</b>	<b>348</b>	<b>-</b>	<b>19</b>	<b>107</b>	<b>558</b>
<b>Net carrying amount (31 March 2021)</b>	<b>344</b>	<b>1,665</b>	<b>-</b>	<b>30</b>	<b>62</b>	<b>2,101</b>

#### NOTE 6: INTANGIBLE ASSETS

Particulars	Computer Software	Total
<b>Net carrying amount (31 March 2019)</b>	<b>253</b>	<b>253</b>
<b>Year ended 31 March 2020</b>		
<b>Gross carrying amount</b>		
Opening gross carrying amount (31 March 2019)	1,623	1,623
Additions	2	2
<b>Closing gross carrying amount (31 March 2020)</b>	<b>1,625</b>	<b>1,625</b>



## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Computer Software	Total
<b>Accumulated amortisation</b>		
Opening accumulated amortisation (31 March 2019)	1,370	1,370
Amortisation charge for the year	109	109
<b>Closing accumulated amortisation (31 March 2020)</b>	<b>1,479</b>	<b>1,479</b>
<b>Net carrying amount (31 March 2020)</b>	<b>146</b>	<b>146</b>
<b>Year ended 31 March 2021</b>		
Gross carrying amount		
Opening gross carrying amount (31 March 2020)	1,625	1,625
Additions	13	13
<b>Closing gross carrying amount (31 March 2021)</b>	<b>1,638</b>	<b>1,638</b>
Accumulated amortisation		
Opening accumulated amortisation (31 March 2020)	1,479	1,479
Amortisation charge for the year	109	109
<b>Closing accumulated amortisation (31 March 2021)</b>	<b>1,588</b>	<b>1,588</b>
<b>Net carrying amount (31 March 2021)</b>	<b>50</b>	<b>50</b>

#### NOTE 7: FINANCIAL ASSETS

##### NOTE 7(a): NON-CURRENT INVESTMENTS

Particulars	Face value	31 March 2021		31 March 2020	
		No. of shares/Units	Rupees in lakhs	No. of shares/Units	Rupees in lakhs
Investment in equity instruments (fully paid-up)					
Unquoted					
<b>(i) Investment carried at cost</b>					
<b>In Subsidiary</b>					
Inland & Coastal Shipping Limited (wholly Owned)	₹ 10	50000	5	50000	5
<b>In Joint Venture</b>					
India LNG Transport Company (No. 1) Ltd.	2.33 Euro	2908	3	2908	3
India LNG Transport Company (No.2 ) Ltd.	2.33 Euro	2908	3	2908	3
India LNG Transport Company (No. 3) Ltd.	1 USD	2600	1	2600	1
India LNG Transport Company (No. 4) Pvt Ltd.	1 USD	11036558	7,352	11036558	7,352
<b>(ii) Investment carried at fair value through Profit or loss</b>					
Sethusamudram Corp. Ltd.	₹ 10	50000000	5,000	50000000	5,000
Less: Loss allowance			5,000		5,000
			-		-
Scindia Steam Navigation Company Ltd., fully paid (₹ 0.30 lakhs; Prev. yr. ₹ 0.30 lakhs)	₹ 20	3438	-	3438	-
Less: Loss allowance			-		-
			-		-
Woodland Speciality Hospital Ltd.	₹ 10	60000	349	60000	362
<b>Total (Equity Instruments)</b>			<b>7,713</b>		<b>7,726</b>
<b>Total Non-Current Investments</b>			<b>7,713</b>		<b>7,726</b>
Aggregate amount of quoted investments and market value thereof			-		-
Aggregate amount of unquoted investments			<b>12,713</b>		<b>12,726</b>
Aggregate amount of impairment in the value of investments			<b>5,000</b>		<b>5,000</b>

## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Face value	31 March 2021		31 March 2020	
		No. of shares/Units	Rupees in lakhs	No. of shares/Units	Rupees in lakhs
Investments carried at cost			7,364		7,364
Investments carried at fair value through Profit and Loss			349		362

- (A) Sethusamudram Corporation Ltd. (SCL), a Special Purpose Vehicle was incorporated on 06.12.2004 for developing the Sethusamudram Channel Project with Tuticorin Port Trust, Ennore Port Ltd, Visakhapatnam Port trust, Chennai Port Trust, Dredging Corporation of India Ltd., Shipping Corporation of India Ltd. and Paradip Port Trust as the shareholders. SCI participated with an investment of ₹ 5000 lakhs (previous year ₹ 5000 lakhs). The dredging work is suspended from 17.09.2009 consequent upon the direction of the Hon'ble Supreme Court of India. As there is no progress in the project since then, the Management had provided for diminution towards the investment in FY 2012-13.
- (B) India LNG Transport Companies No. 1 & 2 Ltd. are two joint venture companies promoted by the Corporation and three Japanese companies Viz. M/S Mitsui O.S.K. lines Ltd. (MOL), M/S Nippon Yusen Kabushiki Kaisha Ltd (NYK Lines) and M/S Kawasaki Kisen Kaisha Ltd (K Line) along with M/S Qatar Shipping Company (Q Ship), Qatar. SCI and MOL are the largest shareholders, each holding 29.08% shares while NYK Line 17.89%, K Line 8.95% & Q Ship holds 15% respectively. The Shares held by the Corporation and other partners in the two joint venture Companies have been pledged against loans provided by lender banks to these companies. India LNG Transport Company No.1 Ltd owns and operates one LNG Carrier Disha and India LNG Transport Company No. 2 Ltd owns and operates one LNG Carrier Raahi **(Refer Note no -35)**.
- (C) India LNG Transport Company No. 3 Ltd. is the 3<sup>rd</sup> joint venture company which owns and operates one LNG Carrier Aseem. The company is promoted by the Corporation and three Japanese partners viz. MOL, NYK Lines, K Line along with M/S Qatar Gas Transport Company (QGTC), Qatar and M/s Petronet LNG Limited (PLL), India who are the other partners. SCI and MOL are the largest shareholders with 26% share each, while NYK, K Line, QGTC and PLL hold 16.67%, 8.33%, 20% and 3% respectively. The Shares held by the Corporation and other partners in the joint venture company have been pledged against loans provided by lender banks to this company **(Refer Note no -35)**.
- (D) India LNG Transport Company (No. 4) Pvt. Ltd. is the 4<sup>th</sup> Joint Venture Company is promoted by the Corporation and three Japanese partners viz NYK, MOL and K Line along with PLL, India. SCI, NYK and PLL are the largest shareholders with 26% share each, while MOL and Kline hold 15.67% and 6.33% respectively. The Shares held by the Corporation and other partners in the joint venture company have been pledged against loans provided by lender banks to this company. India LNG Transport Company (No. 4) Pvt. Ltd owns and operates one LNG Carrier Prachi **(Refer Note no -35)**.
- (E) Inland & Coastal Shipping Ltd is the 100 percent Subsidiary.

#### NOTE 7(b): LOANS

Particulars	31 March 2021		31 March 2020	
	Current	Non-Current	Current	Non-Current
<b>Considered good - Secured</b>				
Loans to employees	200	2,361	181	1,896
<b>Considered good - Unsecured</b>				
Loans to related parties*	592	21,507	610	23,512
Security Deposits	-	436	-	622
Less: Allowance for doubtful debts	-	-	-	-
<b>Total loans</b>	<b>792</b>	<b>24,304</b>	<b>791</b>	<b>26,030</b>

\*This includes repayment of ₹ 591.83 lakhs remitted by India LNG Transport Company (No. 1 & 2) Ltd. on 31<sup>st</sup> March 2021, for which credit was received by SCI on 01/04/2021 while ₹ 609.70 lakhs remitted by India LNG Transport Company (No. 4) Pvt. Ltd. on 31<sup>st</sup> March 2020, for which credit was received by SCI on 01/04/2020.



## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### NOTE 7(c): OTHER FINANCIAL ASSETS

Particulars	31 March 2021		31 March 2020	
	Current	Non-Current	Current	Non-Current
<b>Financial Assets carried at amortised cost</b>				
Advances recoverable in cash				
<b>From Related Parties (Refer Note no 30 for details)</b>				
- Interest Receivable*	249	-	342	-
Receivable from Subsidiary-ICSL Ltd.	-	-	10	-
Income accrued on deposits/investments	1,817	-	1,380	-
Claim Recoverable	1,398	-	7,837	-
Unbilled Revenue (Contract Asset) (Refer Note no 33 for details)	29,809	-	46,752	-
Share Application Money Paid **	-	100	-	-
Others	1	7	1	7
<b>Total other financial assets</b>	<b>33,274</b>	<b>107</b>	<b>56,322</b>	<b>7</b>

\*This includes amount of ₹ 25.93 lakhs and ₹ 24.42 lakhs remitted by India LNG Transport Co. (No. 1 & 2) Ltd. respectively on 31<sup>st</sup> March 2021, for which credit was received by SCI on 01/04/2021 while ₹ 266.94 lakhs and ₹ 8.36 lakhs remitted by India LNG Transport Co. (No. 3) Ltd. & India LNG Transport Company (No. 4) Pvt. Ltd. respectively on 31<sup>st</sup> March 2020 for which credits were received by SCI on 01/04/2020.

\*\*The Company has paid ₹ 100 lakhs as share application money to ICSL. The company expects allotment of shares within 6 months.

#### NOTE 7(d): CURRENT INVESTMENTS

Particulars	Face value	31 March 2021		31 March 2020	
		No. of shares/Units	Amount	No. of shares/Units	Amount
<b>Investment carried at fair value through profit or loss</b>					
<b>Unquoted</b>					
<b>(a) Investment in equity instruments (fully paid-up)</b>					
295,029 (Prev. yr. 295,029) shares of 1 USD each fully paid of ISI Maritime Ltd. (Shares are received as a gift from Irano-Hind Shipping Co. Ltd.)	1USD	295,029	-	295,029	-
16 (Prev. yr. 16) shares of USD 1 each fully paid up of BILS Maritime (Shares are received as gift from Irano-Hind Shipping Co. (P.J.S))*	1USD	16	-	16	-
<b>Total (Equity instruments)</b>			-		-
<b>Total current investments</b>			-		-
Aggregate amount of quoted investments and market value thereof			-		-
Aggregate amount of unquoted investments			-		-
Aggregate amount of impairment in the value of investments			-		-
Investments carried at fair value through Profit and Loss			-		-

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

#### NOTE 7(e): TRADE RECEIVABLES

Particulars	31 March 2021	31 March 2020
Trade Receivable*	85,708	84,132
Less: Allowance for doubtful debts**	22,662	23,509
<b>Total receivables</b>	<b>63,046</b>	<b>60,623</b>
Current Portion	63,046	60,623
Non Current Portion	-	-

## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### BREAK OF ABOVE DETAILS

Particulars	31 March 2021	31 March 2020
Considered good - Secured	8,215	7,710
Considered good - Unsecured	63,364	56,226
Trade Receivables which have significant increase in Credit Risk	13,063	19,138
Trade Receivables - credit impaired	1,066	1,058
<b>Total</b>	<b>85,708</b>	<b>84,132</b>
Allowance for doubtful debts	22,662	23,509
<b>Total trade Receivables</b>	<b>63,046</b>	<b>60,623</b>

\*Significant Receivables from related parties (refer note 30)

\*\* Refer Note no. 38 for further details

#### NOTE 7(f): CASH AND CASH EQUIVALENTS

Particulars	31 March 2021	31 March 2020
Balances with banks		
- in current accounts	19,489	21,830
- in deposits account with original maturity of less than three months	2,913	2,648
<b>Total cash and cash equivalents</b>	<b>22,402</b>	<b>24,478</b>

#### NOTE 7(g): BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	31 March 2021	31 March 2020
Margin money for Bank Guarantee	-	-
Other Deposits with banks*	81,113	69,299
<b>Total Bank balances other than cash and cash equivalents</b>	<b>81,113</b>	<b>69,299</b>

\*Refer Note 35 for Deposits pledged with banks for Borrowings

\*Fixed deposit includes unutilised funds of FPO as on 31<sup>st</sup> March 2021 is ₹ 13385 lakhs (as on 31<sup>st</sup> March 2020 is ₹ 13385 lakhs).

#### NOTE 8: INCOME TAX ASSETS (NET)

Particulars	31 March 2021		31 March 2020	
	Current	Non-Current	Current	Non-Current
Income Tax Assets (Net of Provision) *	-	19,477	-	20,112
<b>Income Tax Assets (Net)</b>	<b>-</b>	<b>19,477</b>	<b>-</b>	<b>20,112</b>

\* Refer Note no. 29 for further details

#### NOTE 9: OTHER CURRENT ASSETS

Particulars	31 March 2021		31 March 2020	
	Current	Non-Current	Current	Non-Current
<b>(a) Advances other than Capital Advances</b>				
Advances to employees				
i) Secured, Considered Good	-	-	-	-
ii) Unsecured, Considered Good	458	-	495	-
	458	-	495	-
Less : Provision for Doubtful Advances	-	-	205	-
	458	-	290	-
Advances to Others				
i) Unsecured, Considered Good	11,201	-	8,952	-
ii) Unsecured, Considered Doubtful	1,657	-	1,519	-
	12,858	-	10,471	-
Less : Provision for Doubtful Advances	1,657	-	1,519	-
	11,201	-	8,952	-



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### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	31 March 2021		31 March 2020	
	Current	Non-Current	Current	Non-Current
<b>(b) Others</b>				
Excess - Gratuity Fund	-	6,305	-	4,573
Balances with statutory authorities				
- Cenvat Credit Receivables	-	96	-	95
- Service tax paid under Protest	-	3,160	-	3,122
- GST Receivable*	8,754	-	9,706	-
- Predeposit with Income Tax Department	-	974	-	974
	8,754	4,230	9,706	4,191
Subsidy for Passenger service (Myanmar)**	467	-	467	-
Less : Provision for Doubtful Advances	467	-	467	-
	-	-	-	-
Prepaid Expenses	375	-	503	-
Others	(35)	706	1	966
<b>Total other current assets</b>	<b>20,753</b>	<b>11,241</b>	<b>19,452</b>	<b>9,730</b>

\*As a prudent practice, the Company is taking Goods and Service Tax Credit in the Electronic Credit Ledger upon payment of the liabilities. Hence, there is a difference in the amount of credit appearing in books of accounts and the Electronic Credit Ledger of the respective states. Therefore, the balance in Input Tax Credit ledgers as on 31<sup>st</sup> March, 2020 will be progressively reviewed and availed for discharge of Goods and Service Tax liability payable by the Corporation.

\*\* This pertains to India Myanmar Service started on 02.10. 2014 on the directions of Ministry of Shipping. The service was completed on Nov 2016.

#### NOTE 10: INVENTORIES

Particulars	31 March 2021	31 March 2020
Fuel Oil*	8,760	13,138
<b>Total inventories</b>	<b>8,760</b>	<b>13,138</b>

\*Write down inventories carried at NRV of ₹ 829.14 lakhs as on 31.03.2020 and recognised as expense.

Valuation of inventories are done as per point no 1.7 of significant accounting policies (Note - 1).

#### NOTE 11: ASSETS CLASSIFIED AS HELD FOR SALE

Particulars	31 March 2021	31 March 2020
Fleet and Container held for Sale	1	90
Less: Impairment loss allowance	(1)	(90)
	-	-
<b>Investment held for Sale</b>		
1,00,000 (Prev. yr. 1,00,000) shares of ₹ 10 each fully paid up of SAIL SCI Shipping Company Pvt. Ltd.	10	10
Less: Impairment loss allowance	(3)	(3)
	7	7
Irano Hind Shipping Co. Ltd.	39	39
Less: Impairment loss allowance	(39)	(39)
	-	-
Advance to Irano Hind Shipping Co. Ltd.	23	23
Less: Provision for Doubtful advances	(23)	(23)
	-	-
<b>Total assets held for sale</b>	<b>7</b>	<b>7</b>

a) The Government of India in meeting of cabinet held on 02.04.2013 approved the proposal for dissolution of Irano Hind Shipping Company (IHSC) and splitting the assets/liabilities of IHSC between Joint Venture partners shall be undertaken. The Company holds 49% in IHSC, a joint venture company incorporated in Iran on which sanction has been imposed by United Nations Organisation (UN).

## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Substantive efforts are made to eventually dissolve the JV which is depending on geo political environment and sanctions imposed by UN which is completely beyond SCI's control. SCI shall remain committed by the decision of cabinet and therefore is making all efforts for dissolution of JV. Further, Government of India vide letter dated 08<sup>th</sup> May 2018 has advised SCI to go ahead with the dissolution of IHSC. Under Ind AS, investment in Irano Hind has been written off during FY 16-17 to reflect its fair value.

- b) The Company entered into a joint venture agreement with Steel Authority of India Ltd. with participation interest in the ratio of 50:50 and promoted a jointly controlled entity SAIL SCI Shipping Pvt. Ltd. (SSSPL). The said company was incorporated on 19.05.2010 with an authorised share capital of ₹ 1000 lakhs. The Company has subscribed equity capital of 100000 shares of ₹ 10 each amounting to ₹ 10 lakhs. It has been decided by the joint venture partners to wind up this company. Under Ind AS, investment in SSSPL has been written down during FY 15-16 to reflect its fair value.

#### Non-recurring fair value measurements

Investments classified as held for sale during the reporting period is measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification, resulting in the recognition of a write down of ₹ 42 lakhs as impairment loss in the statement of profit and loss in FY 2016-17. The fair value of the investments were determined using the book value approach. This is a level 3 measurement as per the fair value hierarchy as set out in fair value measurement disclosures (refer note 37).

#### NOTE 12: EQUITY SHARE CAPITAL

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Authorised</b> 1,00,00,00,000 [31 March 2020: 1,00,00,00,000 ] Equity Shares of INR 10 each	100,000	100,000
<b>Issued, subscribed and fully paid up</b> 46,57,99,010 [31 March 2020: 46,57,99,010 ] Equity Shares of INR 10 each	46,580	46,580
	46,580	46,580

#### a) Reconciliation of number of shares

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
<b>Equity Shares :</b>				
Balance as at the beginning of the year	465,799,010	4,657,990,100	465,799,010	4,657,990,100
Add: Bonus shares issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
<b>Balance as at the end of the year</b>	<b>465,799,010</b>	<b>4,657,990,100</b>	<b>465,799,010</b>	<b>4,657,990,100</b>

#### b) Details of equity shares held by shareholders holding more than 5% of the aggregate shares

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% of share holding	Number of shares	% of share holding
<b>Equity shares</b>				
1. President of India	296,942,977	63.75	296,942,977	63.75
2. Life Insurance Corporation of India	36,739,641	7.89	48,077,895	10.32
	<b>333,682,618</b>	<b>71.64</b>	<b>345,020,872</b>	<b>74.07</b>

- c) For the period of five years immediately preceding the date as at which the Balance Sheet is prepared, no shares have been issued for consideration other than cash, no shares have been issued as bonus shares & no shares have been bought back.

- d) Rights / Preference / Restriction attached to Equity Shares:

The Company has only one class of Equity shares having par value of ₹10. Each shareholder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive the remaining assets of the company after distribution of all preferential allotment in proportion to their shareholding. The dividend whenever proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

- e) The Company does not have holding company.

- f) There are no shares reserved for issue under option and contract/ commitment for the sale of shares/ disinvestment.



## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### NOTE 13: OTHER EQUITY

##### Surplus

Particulars	As at 31 March 2021	As at 31 March 2020
(i) Capital reserve	15,205	15,205
(ii) Securities premium	52,177	52,177
(iii) General reserve	553,527	553,527
(iv) Tonnage Tax Reserve	12,450	2,100
(v) Retained Earnings	110,263	60,229
<b>Total surplus</b>	<b>743,622</b>	<b>683,238</b>

##### (i) CAPITAL RESERVE

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	15,205	15,205
Add: Transfer from Retained Earnings	-	-
Less: Transferred to general reserve	-	-
<b>Closing Balance</b>	<b>15,205</b>	<b>15,205</b>

##### (ii) SECURITIES PREMIUM

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	52,177	52,177
Add: Premium on shares held in trust for employees under ESOS Scheme	-	-
Add: Liability pertaining to share issue expenses no longer required written back	-	-
<b>Closing Balance</b>	<b>52,177</b>	<b>52,177</b>

##### (iii) GENERAL RESERVE

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	553,527	553,527
Add: Transfer from Tonnage Tax Reserve (Utilised)	-	-
<b>Closing Balance</b>	<b>553,527</b>	<b>553,527</b>

##### (iv) TONNAGE TAX RESERVE

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	2,100	-
Less: Transfer to Tonnage Tax Reserve (Utilised)	-	-
Add: Transfer from Surplus in the Statement of Profit or Loss	10,350	2,100
<b>Closing Balance</b>	<b>12,450</b>	<b>2,100</b>

##### (v) RETAINED EARNINGS

Particulars	31 March 2021	31 March 2020
Opening balance	60,229	30,632
Add: Profit/(Loss) for the year	61,809	30,235
Items of other comprehensive income recognised directly in retained earnings		
Remeasurements gain/(loss) of defined benefit plans	2,068	1,462
<i>Adjustments:</i>		
Less: Dividend paid on equity shares	3,493	-
Less: Tonnage Tax Reserve	10,350	2,100
<b>Closing Balance</b>	<b>110,263</b>	<b>60,229</b>

Retained earnings include accumulated OCI of ₹ 4554.28 lakhs (Previous year ₹ 2486.28 lakhs)

##### Nature and Purpose of other reserves

**Capital Reserve:** The amount of sales proceeds in excess of original cost of ships sold by the Company. This is not available for distribution

## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

of dividend but can be utilised for issuing bonus shares.

**Securities Premium:** The amount received in excess of face value of the equity shares is recognised in Share Premium Reserve. This is not available for distribution of dividend but can be utilised for issuing bonus shares.

**General Reserve:** General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

**Tonnage Tax Reserve/Tonnage Tax Reserve (Utilised):** This reserve is a statutory reserve as per requirement of section 115VT of the Income Tax Act, 1961 for the purpose of complying with the conditions for applicability of tonnage tax scheme

**Retained Earnings:** Retained Earnings represents surplus/accumulated earnings of the Corporation and are available for distribution to shareholders.

**Other comprehensive income (OCI):** OCI comprises items of income and expenses (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by Indian Accounting Standards. The components of OCI include: re-measurements of defined benefit plans, gains and losses arising from translating the financial statements of a foreign operation etc.

#### Note: 14: Financial Liabilities

##### NOTE 14(a): LONG-TERM BORROWINGS

Particulars		31 March 2021		31 March 2020	
		Non Current	Current*	Non Current	Current*
<b>Secured</b>					
<b>Term Loans:</b>					
Rupee loans from banks	A	-	-	-	-
Foreign currency loans from banks	B	122,687	24,815	111,198	107,739
<b>Total</b>	C	<b>122,687</b>	<b>24,815</b>	<b>111,198</b>	<b>107,739</b>
<b>Unsecured</b>					
<b>Term Loans:</b>					
Rupee loans from banks	A	-	-	-	-
Foreign currency loans from banks	B	143,691	31,980	56,540	-
<b>Total</b>	C	<b>143,691</b>	<b>31,980</b>	<b>56,540</b>	-
<b>Long-term borrowings #</b>		<b>266,378</b>	<b>56,795</b>	<b>167,738</b>	<b>107,739</b>

##### Details of Borrowings

Name of facility	Amount of Loan (₹ In Lakhs)	Rate of interest	Repayment Terms	Maturity Date	Security Mortgaged
<b>Secured</b>					
Standard Chartered Gift City 41.456 Million	28,949	Six Month USD LIBOR plus 1.60%	Half yearly	Aug-27	Secured Against Vessels
SBI London 40.495 Million	29,766	Six Month USD LIBOR plus 1.55%	Half yearly	Nov-25	Secured Against Vessels
SBI Mumbai Term Loan ₹ 160 cr - Fcnr	12,006	Six Month USD LIBOR plus 1.95%	Quarterly	Mar-27	Secured Against Vessels
SBI Mumbai Term Loan ₹ 495 cr - Fcnr	27,931	Six Month USD LIBOR plus 1.95%	Quarterly	Jun-27	Secured Against Vessels
Exim Bank Loan 75 Million	49,616	Six Month USD LIBOR plus 1.35%	Quarterly	Jul-25	Secured Against Vessels
<b>Unsecured</b>					



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### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Name of facility	Amount of Loan (₹ In Lakhs)	Rate of interest	Repayment Terms	Maturity Date	Security Mortgaged
Exim Bank Loan 75 Million	55,129	Six Month USD LIBOR plus 1.35%	Quarterly	Jan-28	Unsecured
Bank of India 164 Million	120,548	Six Month USD LIBOR plus 1.40%	Half yearly	Mar-26	Unsecured
<b>TOTAL</b>	<b>323,943</b>				

#### Maturity Profile

##### Secured Loans

##### Unsecured Loans

1-2 years	2-3 years	3-4 years	Beyond 4 years
26,307	27,804	27,804	40,772
1-2 years	2-3 years	3-4 years	Beyond 4 years
31,985	31,985	31,985	47,736

\* Represents current maturities of Long term borrowings included in "Other Current Financial Liabilities"

The carrying amounts of financial and non-financial assets pledged as security are disclosed in note 35.

# Includes ₹ (770) lakhs of Unamortised Upfront fees.

#### NOTE 14(b): LEASE LIABILITIES

Particulars	31 March 2021		31 March 2020	
	Non Current	Current	Non Current	Current
Lease Liabilities	2,243	219	2,395	209
<b>Total Lease Liabilities</b>	<b>2,243</b>	<b>219</b>	<b>2,395</b>	<b>209</b>

#### NOTE 14(c): OTHER FINANCIAL LIABILITIES

Particulars	31 March 2021		31 March 2020	
	Current	Non Current	Current	Non Current
<b>Financial Liabilities at amortised cost</b>				
Security Deposits	1,068	33	1,013	25
Current maturities of long-term debt	56,795	-	107,739	-
Interest accrued but not due on borrowings	680	-	2,511	-
Unpaid Dividend	7	-	-	-
<b>Others</b>				
Other Deposits payable	244	-	252	-
Employee related Liabilities	14,015	-	9,197	-
Others*	5,020	-	8,684	-
<b>Total other financial liabilities</b>	<b>77,829</b>	<b>33</b>	<b>129,396</b>	<b>25</b>

\* Includes book overdraft of ₹ 4278 lakhs (Previous year ₹ 7907 lakhs) for which reconciliation has been done.

#### NOTE 14(d): CURRENT BORROWINGS

Particulars	31 March 2021	31 March 2020
<b>Unsecured</b>		
from Banks repayable on demand		
Rupee loans from banks	-	-
Foreign currency loans from banks	42,265	198,642
<b>Total current borrowings</b>	<b>42,265</b>	<b>198,642</b>

## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### Statement of changes in liabilities for which cash flows have been classified as Financing Activities

Particulars	Liabilities from Financing Activities		
	Long Term borrowings	Short Term borrowings	Total
<b>Net debt as at 1<sup>st</sup> April 2020</b>	277,988	198,642	476,630
Cash flows	(67,646)	(31,662)	(97,364)
Foreign Exchange adjustments	(3,355)	(6,016)	(11,315)
Transfer of Loan from Short Term to Long term	118,699	(118,699)	-
Interest expense	7,076	3,598	10,674
Interest Paid	(8,909)	(3,598)	(12,507)
<b>Net debt as at 31<sup>st</sup> March 2021</b>	<b>323,853</b>	<b>42,265</b>	<b>366,118</b>

#### Note 14(e): Trade payables

Particulars	31 March 2021	31 March 2020
<b>Trade payables</b>		
(a) total outstanding dues of micro enterprises and small enterprises; and	692	629
(b) total outstanding dues of creditors other than micro enterprises and small enterprises*	82,558	94,931
<b>Total trade payables</b>	<b>83,250</b>	<b>95,560</b>

\* Significant Payable from related parties (refer note 30)

#### Disclosure requirement under MSMED Act, 2006

Particulars	31 March 2021	31 March 2020
(a) (i) the principal amount remaining unpaid to any supplier at the end of each accounting year;	692	629
(ii) the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	1	3
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	1	3
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	1	3

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

#### NOTE 15: PROVISIONS

Particulars	31 March 2021		31 March 2020	
	Current	Non Current	Current	Non Current
<b>Employee Benefit Obligations</b>				
Provision for leave encashment	180	4,969	263	5,159
Post Retirement Medical Scheme	213	1,363	240	1,315



## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	31 March 2021		31 March 2020	
	Current	Non Current	Current	Non Current
	393	6,332	503	6,474
<b>Other Provisions</b>				
Insurance & cargo claims*	498	-	527	-
	498	-	527	-
<b>Total</b>	<b>891</b>	<b>6,332</b>	<b>1,030</b>	<b>6,474</b>

Short term provision	As at 31 <sup>st</sup> March 2020	Provided during the year	Utilised during the year	Amount reversed	As at 31 <sup>st</sup> March 2021
<b>Other Provisions</b>					
Insurance & cargo claims*	527	174	203	-	498
<b>Total</b>	<b>527</b>	<b>174</b>	<b>203</b>	<b>-</b>	<b>498</b>

\* Represents provision of amount payable/born by the Company against Insurance & cargo claims

#### NOTE 16: DEFERRED TAX LIABILITIES

Particulars	31 March 2021	31 March 2020
Deferred tax -upward valuation of PPE	5,502	7,450
Deferred tax -upward valuation of Financial Asset	78	81
<b>Deferred Tax Liabilities(Net)</b>	<b>5,580</b>	<b>7,531</b>

#### NOTE 17: OTHER CURRENT LIABILITIES

Particulars	31 March 2021		31 March 2020	
	Current	Non Current	Current	Non Current
Deferred Trade Receivable (Contract Liability) (Refer Note no 33 for details)	2,029	-	1,238	-
Advances and Deposits	8,960	-	7,967	-
Others				
Statutory dues	4,389	-	2,896	-
Others Current Liabilities	22	-	47	-
Subsidy for Maldives Service*	1,283	-	-	-
<b>Total other current liabilities</b>	<b>16,683</b>	<b>-</b>	<b>12,148</b>	<b>-</b>

\*On 10<sup>th</sup> August 2020, Ministry of Shipping had sanctioned a subsidy of ₹ 21.10 crores as assistance for running cargo shipping service between India and Maldives. The Male service was flagged off on 21<sup>st</sup> September 2020. The net expenditure incurred (Expenses less Income earned) pertaining to this service is booked against the Subsidy for Maldives Service. The balance amount is placed in Fixed Deposit and Interest earned against such deposit will be remitted to the Consolidated Fund of India after finalisation of account.

#### NOTE 18: LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

Particulars	31 March 2021	31 March 2020
Other current liabilities*	21,788	22,346
<b>Total Liabilities of disposal held for sale</b>	<b>21,788</b>	<b>22,346</b>

\*Refer Note no. 11(a) for further details.

## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### NOTE 19: REVENUE FROM OPERATIONS

Particulars	31 March 2021	31 March 2020
Freight	251,517	318,540
Charter Hire	83,224	82,445
Demurrage	18,185	17,126
Contract Revenue:		
Core shipping activities	371	102
Incidental activities	6,824	9,170
Reimbursement of expenses	8,947	10,639
<b>Total</b>	<b>369,068</b>	<b>438,022</b>

#### NOTE 20: OTHER OPERATING REVENUE

Particulars	31 March 2021	31 March 2020
Training & Consultancy fee	956	2,512
Sundry Receipts (Core)	1	327
Sundry Receipts (Incidental)	18	65
Recovery of Insurance & PI Claims	282	1,618
<b>Total</b>	<b>1,257</b>	<b>4,522</b>

#### NOTE 21: OTHER INCOME

Particulars	31 March 2021	31 March 2020
<b>Interest on financial assets carried at amortised cost</b>		
a) Fixed Deposits with Banks	4,572	5,755
b) Loans to Employees	146	218
c) Loans to Joint Venture (Refer Note no.30)	1,034	1,365
d) Others	809	780
Dividend From Mutual Fund	-	185
Dividend From Joint Venture Companies	2,911	-
<b>Other non operating income</b>		
Profit on Sale of Fixed Assets		
a) Sale of Ships (Net)	-	9,314
b) Sale of Other Fixed Assets	38	22
Profit on sale of investments	449	226
Profit on sale of bunker	69	153
Gain or Loss on Fair valuation of investment	-	12
Excess Provisions & Unclaimed Credit Written Back	157	6,212
Net Gain on Foreign Currency Transaction / Translation	2,322	-
Other Miscellaneous Income	49	53
<b>Total</b>	<b>12,556</b>	<b>24,295</b>

#### NOTE 22: COST OF SERVICES RENDERED

Particulars	31 March 2021	31 March 2020
<b>Direct Operating Expenses :</b>		
Agency Fees	1,018	1,164
Brokerage	2,644	1,281
Commission	429	236
Stevedoring, Dunnage, Cargo Expenses Etc. & Slot Expenses On Joint Sector Container Services (Net)	17,648	17,198
Marine, Light And Canal Dues	41,697	42,224



## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	31 March 2021	31 March 2020
Fuel Oil (Net)	71,310	112,125
Water Charges	406	347
Manning expenses	33	143
Honorarium & Training expenses	190	434
<b>Hire of Chartered Steamers</b>	<b>22,987</b>	<b>42,300</b>
<b>Other Indirect Operating Expenses</b>		
Transfer And Repatriation And Other Benefits	91	218
Stores & Spares	18,210	17,952
Sundry Steamer Expenses	1,973	2,615
Repairs And Maintenance and Survey Expenses	13,307	9,701
Insurance And Protection, Indemnity Club Fees & Insurance Franchise	7,960	7,887
<b>Total</b>	<b>199,903</b>	<b>255,825</b>

#### NOTE 23: EMPLOYEE BENEFIT EXPENSE

Particulars	31 March 2021	31 March 2020
<b>A) Floating staff</b>		
Wages, Bonus And Other Expenses On Floating Staff	25,412	25,736
Gratuity*	372	783
Contribution To Provident Fund	498	312
Staff Welfare Expenses	30	284
<b>B) Shore Staff</b>		
Salaries, Wages, Bonus etc	18,866	17,812
Gratuity*	29	102
Contribution To Provident Fund	1,064	1,086
Contribution To Pension	1,073	1,096
Staff Welfare Expenses**	(221)	144
<b>C) Remuneration to Directors</b>	<b>255</b>	<b>299</b>
<b>Total</b>	<b>47,378</b>	<b>47,654</b>

\*Refer Note no. 31 for further details

\*\*Includes amount of ₹ (226.62) lakhs (Previous Year ₹ 129.03 lakhs) amortisation of deferred employee cost as employee loans are measured at amortised cost.

#### NOTE 24: FINANCE COSTS

Particulars	31 March 2021	31 March 2020
Interest on:		
- Rupee loans	-	28
- Foreign currency loans	9,355	19,567
- Lease Liability	225	249
Exchange differences regarded as an adjustment to borrowing costs	(8,563)	15,476
Other borrowing costs*	1,094	1,093
<b>Total</b>	<b>2,111</b>	<b>36,413</b>

\* Includes amount of ₹ 1057.35 lakhs (Previous Year ₹ 995.92 lakhs) amortisation of upfront fee for borrowings taken over the tenure of the borrowing by applying the effective interest rate method.

# The Shipping Corporation of India Limited

## NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

### NOTE 25: DEPRECIATION AND AMORTISATION EXPENSE

Particulars	31 March 2021	31 March 2020
Depreciation on Property, plant and equipment	62,383	66,725
Depreciation on Right of Use Assets*	302	293
Amortisation of Intangible Assets	109	109
<b>Total</b>	<b>62,794</b>	<b>67,127</b>

\*Refer Note no. 5 for further details.

### NOTE 26: OTHER EXPENSES

Particulars	31 March 2021	31 March 2020
<b>Other Expenses</b>		
Power & Fuel	275	441
Rent	23	7
<b>Repairs and Maintenance</b>		
- Building	523	514
- Others	1,108	1,345
Insurance, Rates and Taxes	214	187
Auditors' Remuneration (Detail in Note no 26 (a))	59	61
Establishment Charges	1,828	2,165
Advertisement & Publicity	39	60
Legal & professional	130	182
Postage, Telephone Telegram & Telex	81	64
Printing & stationery	40	104
Training, Seminar & Conference Fee	6	23
Travel & Conveyance	21	361
Directors' Sitting Fees	15	15
Directors' Travel Expenses	1	22
Debts / Advances written off	184	2,782
Interest and Penalties	26	4
Bank Charges	67	255
Service tax ineligible for CENVAT	-	48
GST ineligible ITC	569	485
CSR Expenditure (Detail in Note no 26(b))	213	336
Net loss on Foreign Currency Transaction / Translation	-	14,720
Loss on Fair valuation of investment	13	-
Loss on Sale of Assets	484	242
<b>Provisions</b>		
Provision for Doubtful Debts and Advances	1,281	621
Foreign Taxation	25	30
Provision of Asset held for sale	(7)	(5)
<b>Total</b>	<b>7,218</b>	<b>25,069</b>



## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### NOTE 26(a): DETAILS OF PAYMENTS TO AUDITORS

Particulars	31 March 2021	31 March 2020
<b>Payment to auditors</b>		
<b>Statutory auditors</b>		
a) Audit fees	32	32
b) Certification Work	27	27
c) Travelling & Out of Pocket Expenses	-	2
<b>Total</b>	<b>59</b>	<b>61</b>

#### NOTE 26(b): CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

Particulars	31 March 2021	31 March 2020
(i) Gross amount required to be spent by the Company during the year	195	88
(ii) Amount spent and paid during the year on ;		
(a) Construction/acquisition of any asset	63	109
(b) On purpose other than (a) above	150	227
<b>Total</b>	<b>213</b>	<b>336</b>

#### NOTE 27: EARNINGS PER SHARE

Particulars	31 March 2021	31 March 2020
<b>(a) Basic and diluted earnings per share</b>		
Profit attributable to the equity holders of the company (A)	61,810	30,235
<b>(b) Weighted average number of shares used as the denominator</b>		
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share (B)	465,799,010	465,799,010
Basic and Diluted earnings per share attributable to the equity holders of the company (A/B) (in ₹)	13.27	6.49

#### NOTE 28: CONTINGENT LIABILITIES AND COMMITMENTS

##### (a) Contingent Liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
<b>I. Claims against the company not acknowledged as debts</b>		
a) State Governments/ Local Authorities	2,036	2,001
b) CPSEs	1,473	1,437
c) Central Government Departments *		
a) Income Tax	27,790	27,790
b) Service Tax @	184,031	157,939
c) Sales Tax & VAT	131	46
d) Others #	7,788	7,154
<b>II. Guarantees given by the Banks</b>		
On behalf of the company	4,531	5,571
On behalf of Joint Venture to the extent of the company's share	5,265	5,399
<b>III. Undertaking cum Indemnity given by Company</b>	6,516	6,516
<b>IV. Bonds/Undertakings given by the Company to Customs Authorities</b>	41,098	38,187
<b>V. Corporate Guarantees/Undertakings</b>		
a) In respect of Joint ventures	Nil	Nil
b) Others	3,028	3,684

## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### (b) Contingent Assets

Particulars	As at 31 March 2021	As at 31 March 2020
<b>I. Claims by the Company not acknowledged as asset</b>		
a) State Governments/ Local Authorities	Nil	Nil
b) CPSEs	Nil	Nil
c) Central Government Departments	150	150
d) Others	358	358

#### (c) Commitments

Particulars	As at 31 March 2021	As at 31 March 2020
I. Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for	8016	4457
II. Uncalled liability on shares and other investments partly paid	Nil	Nil
III. Other Commitments in the form of equity share with JVS	Nil	Nil

\* The contingent Liability includes cases decided in favour of SCI amounting to ₹ 14800 lakhs. Thereafter, department have gone in appeal.  
 @ includes a sum of ₹ 88,239 lakhs as interest (previous year ₹ 71,282 lakhs).

#### # Details of other Cases

Sl. No	PARTICULARS	Brief Description	As at 31 <sup>st</sup> March, 2020	Addition	Deletion	As at 31 <sup>st</sup> March, 2021
1	S Venkiteswaran - Chokhani Intl Ltd New Delhi-drydock of Dadabhai Naoraji	MT. D.B. Naoraji stemmed for drydock repairs with M/s. Chokhani International, Chennai during July 1997 with quoted repair period of 45 days and stemmed cost of INR ₹ 792.16 lakhs. The shipyard took total of 229 days i.e. 184 days in excess of quoted period. Since there were additional repairs which cropped up, after opening of machineries during drydock period, SCI allowed additional 66 days i.e. from SCI side total repair period is to be 111 days. Yard submitted invoices for INR ₹ 1736.56 lakhs in March 1998. Yard unwilling to accept delay in completion of repairs and relevant penalty due to delayed repair completion.	5,038	173	-	5,211
2	Mercuria v/s SCI MT Maharshi Parashuram	M.T Maharshi Parashuram was fixed on voyage charter on account of Mercuria Energy Trading Pte Ltd via C/P dated 20.01.2012. Vessel loaded cargo of Fuel Oil (380 CST). Vessel completed cargo loading on 12 <sup>th</sup> February 2012 and sailed for discharge port on 13 <sup>th</sup> February 2012. During loading at Vadinar (Essar Terminal), it was observed that main cargo leaked into slop tank (Starboard). The reason for the same as advised by Master was due to failure of mechanical Valve between Cargo Tanks and Slops Tank (Starboard).	38	(1)	-	37
3	M.V. Vishva Shakti ( 1995 case M/s. S.S. Jain vs SCI Ltd defendant)	M.V. Vishva Shakti - refund of EMD claimant has requested of EMD of ₹ 7 lakhs with interest at 24% p.a. which was forfeited by SCI for not fulfilling the terms & conditions of the tender.	25	0	-	25
4	M.V. Samrat Ashok (1997 case M/s. Chaudhary Ind vs SCI Ltd defendant)	M.V. Samrat Ashok - refund of EMD. The claimant had requested for refund of their EMD of ₹ 10 lakhs with interest thereon @ 16% p.a or at the highest rate on deposits by a Nationalised bank. The EMD was forfeited by SCI for not fulfilling the terms & conditions of tender.	33	1	-	34



## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Sl. No	PARTICULARS	Brief Description	As at 31 <sup>st</sup> March, 2020	Addition	Deletion	As at 31 <sup>st</sup> March, 2021
5	M.T. C V Raman (2013 case SYMCOM IMPEX claimant directed SCI to show cause as to why the loss to Symcom leviable on SCI should not be recovered/ demanded)	M.T. C V RAMAN show cause notice from SYMCOM IPEX PVT. LTD. MUMBAI The claimant had directed SCI to show causes as to why the LOSS TO SYMCOM leviable on the SCI should not be recovered / demanded.	80	-	-	80
6	Safesea Group	Safesea Group	-	380	-	380
7	M/S N K Traders (2002 case)	Money claim against SCI for non-payment of party's bills of ₹ 29,91,871/- and the security deposit of ₹ 1,25,000/	88	2	-	90
8	Rabirun Vinimay vs A.L. Logistics & Ors. (SCI respondent no. 2) 2015 case	M/s. Rabirun Vinimay pvt ltd, had imported used plant & machinery from UK to Haldia as containerized shipments (SOC) through several shipping lines in Nov 2011. However consignee could not take delivery of cargo immediately as they could not obtain necessary clearance /permission from customs. Since the containers are SOC boxes, SCI's responsibility was only till landing of the containers at Haldia. A legal notice dated 09.04.2015 from the lawyers of M/s Rabirun Vinimay pvt.ltd in this context.	100	-	-	100
9	BL Transport & BL Shipping agencies & United India Ins Co ltd	Towards Repair cost of pay loader used for loading of barytee powder	48	2	-	50
10	Mr. Joseph Arputhanath	This case was closed on 30.11.2009 as the petition was disposed by the High Court, Chennai on 30.11.2009 directing the Petitioner (please fill up name & relation to SCI) to approach the National Maritime Board (NMB). As directed by the Hon'ble High Court, Petitioner has filed a petition against NMB-Rehabilitation Centre, which has declared that the petitioner is entitled to compensation amounting to ₹ 1,25,000/-.	10	-	-	10
11	S. Rajasekaran ERR-2 CDC NO	Seaman S. Rajasekaran signed Article on 20.09.1996 and was declared permanently unfit for sea service on 20.06.1997 after being diagnosed for Diabetes Mellitus with Parkinson by SCI Medical officer. The Seaman had challenged above decision and filed a Writ Petition 20941/2001 before Madras High Court.	22	-	-	22
12	Gopal Selvamani - vs - SCI	Shri Gopal Selvamani, ERPO-III was relieved of service after his sickness and diagnosis of cancerous tumor by our Medical Officer, which was challenged by him and Commissioner for Workman Compensation-II had awarded compensation of ₹ 55,251/-,	1	-	-	1

## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Sl. No	PARTICULARS	Brief Description	As at 31 <sup>st</sup> March, 2020	Addition	Deletion	As at 31 <sup>st</sup> March, 2021
13	Mrs.Periyammal w/o late Narayana Muthuraja 2.Mallika D/O late Narayan	Narayana Muthuraja had travelled in SCI's passenger vessel m.v. Chidambaram, which arrived in Chennai on or about 12.02.1985. Vessel met with fire accident and in the accident Narayana Muthuraja died and SCI paid compensation of ₹ 10,000/- to the passenger's family on 29.04.1985 on humanitarian grounds. Later Mrs. Periammal, W/o Narayana Muthuraja and daughter Mallika filed a Civil Suit 1250 of 1988 claiming a sum of ₹ 1,30,000/- as death compensation.	10	-	-	10
14	Canteen Workers Lal Bavta	Lal Bavta Case (absorption of canteen contract worker)	720	75	-	795
15	Mr. Abdul Aziz Ibrahim Makani	"Mr Abdul had claim against the insurance company and SCI. And court had ordered that 50% should be given by insurance company and 50% by SCI the claim amount. Insurance company had paid the full amount to Mr Abdul and they had to claim 50 percent from SCI. But till date insurance company has not asked about the money."	1	-	1	-
16	Kolkata Technical Fleet Personnel	Compensation related Fleet personnel cases	199	22	12	209
17	OSV	Compensation cases of OSV fleet personnel	266	-	-	266
18	Disability cases - Officers	Disability compensation of Fleet personnel (Officer) cases.	23	-	-	23
19	Disability - Crew	Disability compensation of Fleet personnel (Crew) cases.	53	-	17	36
20	Death Cases	Death compensation cases of Fleet personnel	110	0	-	110
21	Misc	Fleet personnel miscellaneous cases	240	15	-	255
22	PF and Gratuity Cases	Compensation cases of wages, PF & Gratuity	29	-	-	29
23	Manning agent (Wage / PF / Gratuity)	Manning agent cases on wages, PF & Gratuity	19	-	5	14
<b>Total</b>			<b>7,154</b>	<b>670</b>	<b>36</b>	<b>7,788</b>

- (a) The Company's pending litigations comprise claims against the Company and proceedings pending with Tax / Statutory/ Government Authorities. After review of all its pending litigations and proceedings, the Company has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position. Future cash outflows in respect of the above are determinable only on receipt of judgments/ decisions pending with various forums/ authorities.
- (b) A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. During the normal course of business, several unresolved claims are currently outstanding. The inflow of economic benefits, in respect of such claims cannot be measured due to uncertainties that surround the related events and circumstances.
- (c) The company issued bonds of ₹ 41,098 lakhs to custom authorities [a(IV)] is mainly for duty free movement of Import / Export containers.



## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

The movement of contingent liabilities from [I (a)] to [I (d)] under various categories is tabulated below.

Categories	As at 31 <sup>st</sup> March, 2020	Addition	Deletion	As at 31 <sup>st</sup> March, 2021
a) State Governments/ Local Authorities	2,001	128	93	2,036
b) CPSEs	1,437	36	-	1,473
c) Central Government Departments				
a) Income Tax	27,790	-	-	27,790
b) Service Tax	157,939	26,092	-	184,031
c) Sales Tax & VAT	46	85	-	131
d) Others	7,154	670	36	7,788
<b>Total</b>	<b>196,367</b>	<b>27,011</b>	<b>129</b>	<b>223,249</b>

#### Note 29: Income taxes

The major components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are:

##### (a) Deferred Tax

Particulars	31 March 2021	31 March 2020
<b>Deferred tax relates to the following:</b>		
Upward fair valuation of PPE	5,502	7,450
Deferred tax -upward valuation of Financial Asset	78	81
<b>Net Deferred Tax Liabilities</b>	<b>5,580</b>	<b>7,531</b>

##### (b) Movement in deferred tax liabilities

Particulars	31 March 2021	31 March 2020
<b>Opening balance as of April 1</b>	<b>7,531</b>	<b>9,153</b>
Tax income/(expense) during the period recognised in profit or loss	(1,951)	(1,622)
<b>Closing balance as at March 31</b>	<b>5,580</b>	<b>7,531</b>

##### (c) Income tax recognised in profit or loss

Particulars	31 March 2021	31 March 2020
<b>Income tax expense</b>		
Current tax		
Current tax on profits for the year	3,611	4,850
Tax pertaining to earlier years	7	154
Deferred tax	(1,951)	(1,622)
MAT Credit Entitlement	-	1,134
<b>Income tax expense</b>	<b>1,667</b>	<b>4,516</b>

##### (d) The reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate:

Particulars	31 March 2021	31 March 2020
Profit before income tax expense	63,477	34,751
Tax Rate	25.17%	25.17%
<b>Tax on Profit before Tax</b>	<b>15,977</b>	<b>8,747</b>
Less: Tax effect of income that are not taxable in determining taxable profit	(12,322)	(2,227)
Less: Tax effect of Dividend Income that are not taxable in determining taxable profit	(733)	-
Add: Impact of tonnage tax scheme	694	723
Less: Difference in tax gains and book gains (Capital gains)	(6)	(2,346)
Less: Reversal of DTL	(1,951)	(1,622)

## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	31 March 2021	31 March 2020
Add: Excess provision - current tax	1	-
Add: Tax pertaining to earlier years	7	154
Less: Exempt income - Dividend from mutual funds	-	(47)
Add: MAT credit utilised for the year (Written off)	-	1,134
<b>Income tax expense</b>	<b>1,667</b>	<b>4,516</b>

#### Basis of applicable tax rate:

Normal Tax rate	22%	22%
Surcharge	10%	10%
Health and Education Cess	4%	4%
<b>Applicable Tax rate</b>	<b>25.17%</b>	<b>25.17%</b>

#### (e) Current tax liabilities

Particulars	31 March 2021	31 March 2020
Opening balance	-	-
Add: Current tax payable for the year	3,611	4,850
Less: Taxes paid	(3,611)	(4,850)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

#### Note 30: Related party transactions

##### (a) Control

Government of India enterprises controlled by Central Government

##### (b) Subsidiaries

Inland & Coastal Shipping Ltd is the 100 percent Subsidiary.

##### (c) Joint Venture Companies

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

##### (d) Key Management Personnel

###### Whole Time Directors

1. Capt Anoop Kumar Sharma (ceased to be on the Board of SCI w.e.f 12.09.2019)
2. Smt. H. K. Joshi (CMD w.e.f. 12.09.2019 and Director[Finance] additional charge)
3. Shri S. V. Kher (ceased to be on the board of SCI w.e.f. 01.10.2019)
4. Shri. Rajesh Sood (joined SCI board w.e.f. 29.12.2017)
5. Smt Sangeeta Sharma (ceased to be on Board w.e.f. 01.12.2020)
6. Shri Surinder Pal Singh Jaggi (ceased to be on Board w.e.f. 01.12.2020)
7. Shri Atul Ubale (joined SCI Board w.e.f 05.12.2019)
8. Shri B.K. Tyagi (joined SCI Board w.e.f. 07.01.2021)

###### Executive Director (Legal Affairs & Company Secretary)

1. Shri Dipankar Halder



## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### Chief Financial Officer

1. Shri L C Serrao (w.e.f 05.02.2020)

#### Non Executive Director

1. Shri Shambhu Singh (ceased to be on the Board of SCI w.e.f 28.01.2020)
2. Shri Sanjay Kumar (joined SCI Board w.e.f 28.01.2020)
3. Shri Satinder Pal Singh (ceased to be on the Board of SCI w.e.f 25.11.2020)
4. Shri Arun Balakrishnan (reappointed on the Board of SCI w.e.f 21.03.2019 and completed his tenure on 20.03.2020)
5. Shri Gautam Sinha (completed his tenure on 28.09.2020)
6. Shri P. Kanagasabapathi (completed his tenure on 19.11.2020)
7. Shri Raj Kishore Tewari (completed his tenure on 28.09.2020)
8. Shri Mavji Bhikhabhai Sorathia (joined SCI Board on 17.12.2018)
9. Shri Vijay Tulshiramji Jadhao (joined SCI Board on 03.07.2018)
10. Pramod Kumar Panda (joined SCI Board on 18.10.2019)

#### Key management personnel compensation

Name	Short-term employee benefits		Post-employment benefits		Long-term employee benefits		Employee share-based payment	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
1. Shri A.K.Sharma	-	26	-	11	-	-	-	-
2. Smt H.K Joshi	43	48	9	9	-	-	-	-
3. Shri S.V Kher	-	43	-	4	-	-	-	-
4. Shri Rajesh Sood	40	44	8	7	-	-	-	-
5. Smt. Sangeeta Sharma	40	47	5	7	-	-	-	-
6. Shri Surinder Pal Singh Jaggi	52	37	5	7	-	-	-	-
7. Shri Atul Ubale	34	13	7	3	-	-	-	-
8. Shri B.K. Tyagi	15	-	2	-	-	-	-	-
9. Shri Dipankar Halder	40	39	8	8	-	-	-	-
10. Shri L C Serrao	39	6	7	1	-	-	-	-
<b>Total</b>	<b>303</b>	<b>303</b>	<b>51</b>	<b>57</b>	-	-	-	-

**Note:-** As the liabilities for gratuity and leave encashment are provided on actuarial basis for the company as a whole the amounts pertaining to Key management personnel compensation are not included in the above table.

#### Other transactions with related parties

The following transactions occurred with related parties:

Nature of Transactions	31 March 2021	31 March 2020
Sitting Fees	14.8	14.8

CMD is a Director on the Board of The Standard Club Ltd. where the club pays director sitting fee to SCI. A fees of ₹ 25 lakhs pertaining to FY 20-21, ₹ 16 lakhs FY 19-20 and ₹ 13 lakhs in FY 18-19 was received by SCI, this amount was waived by CMD in favour of SCI and is not included in KMP remuneration.

#### (e) Transactions with JV's and Outstanding Balances are as follows:

Nature of Transactions	31 March 2021	31 March 2020
1) Interest Income during the year	1,034	1,365
2) Expenses Reimbursed during the year	112	50
3) Management & Accounting fees earned during the year	2,065	1,917
4) Guarantee fees received during the year	42	41

## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Nature of Transactions	31 March 2021	31 March 2020
5) Investment made during the year	-	-
6) Loans realised during the year	2022	991
7) Interest amount compounded in to principal during the year	-	1,094
8) Dividend received	2,911	-

Outstanding Balances	31 March 2021	31 March 2020
1) Investments	7,408	7,408
2) Loan Balances	22,100	24,122
3) Other Receivable	-	23
4) Payable on account of Ship	21,788	22,346
5) Guarantees Given for JVS	5,265	5,399
6) Interest receivable	249	342
7) Expenses recoverable from JVs	38	10

#### (f) Transactions with Subsidiary and Outstanding Balances are as follows:

Nature of Transactions	31 March 2021	31 March 2020
1) Share application money	100	-
2) Expenses Reimbursed during the year	31	0

Outstanding Balances	31 March 2021	31 March 2020
1) Investment at the year end	5	5
2) Share application money pending allotment	100	-
3) Receivable as at year end	-	10

#### (g) Transactions with Government related entities

##### (1) Significant Transactions

Government related entities along with description of relationship wherein significant amount of transaction carried out:

Name of related party	Relation	Nature of transaction	31 March 2021	31 March 2020
Indian Oil Corporation Limited	Central PSU	Revenue from Freight/Charter Hire/Demurrage etc.	35,837	45,585
Hindustan Petroleum Corporation Limited	Central PSU	Revenue from Freight/Charter Hire/Demurrage etc.	70,645	84,703
Bharat Petroleum Corporation Limited	Central PSU	Revenue from Freight/Charter Hire/Demurrage etc.	30,955	51,185
Oil And Natural Gas Corporation Limited	Central PSU	Revenue from Freight/Charter Hire/Demurrage etc.	20,013	20,247
Mangalore Refinery and Petrochemicals Limited	Central PSU	Revenue from Freight/Charter Hire/Demurrage etc.	20,499	26,455
Chennai Petroleum Corporation Limited	Central PSU	Revenue from Freight/Charter Hire/Demurrage etc.	12,075	14,086
Steel Authority Of India Ltd	Central PSU	Revenue from Freight/Charter Hire/Demurrage etc.	12,589	19,257
Indian Oil Corporation Limited	Central PSU	Purchases of Bunker, Oil etc	14,840	27,168
Hindustan Petroleum Corporation Limited	Central PSU	Purchases of Bunker, Oil etc	907	5,919
Cochin Shipyard	Central PSU	Repair/Drydock of vessel	11,498	10,953
The Oriental Insurance Co. Ltd	Central PSU	Insurance etc.	8,907	9,580
Oil And Natural Gas Corporation Limited	Central PSU	Recovery of Reimbursable expenses	21,554	27,916
Andaman & Nicobar Administration	A&N Admin	Recovery of Reimbursable expenses	16,676	16,962
Ministry of Earth Sciences	Ministry of Earth Sciences	Recovery of Reimbursable expenses	3,474	6,106
Geological Survey Of India	Ministry of Mines	Recovery of Reimbursable expenses	4,874	5,615

Government related entities along with description of relationship wherein significant amount of balance receivable/payable from/to related parties are as follows:



## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Name of related party	Relation	Nature of transaction	31 March 2021	31 March 2020
Hindustan Petroleum Corporation Ltd.	Central PSU	Trade Receivable/(Advance from customer)	9,907	9,092
Oil And Natural Gas Corporation Ltd.	Central PSU	Trade Receivable/(Advance from customer)	3,328	1,946
Bharat Petroleum Corporation Ltd.	Central PSU	Trade Receivable/(Advance from customer)	5,711	6,125
Indian Oil Corporation Ltd.	Central PSU	Trade Receivable/(Advance from customer)	6,531	5,458
Geological Survey Of India	Ministry of Mines	Trade Receivable/(Advance from customer)	(1,804)	1,534
Department of Fertilizers	Ministry of Fertilizers	Trade Receivable/(Advance from customer)	190	(162)
Nuclear Power Corporation	Central PSU	Trade Receivable/(Advance from customer)	-	131
Andaman Lakshdeep Harbour works	Ministry of Surface transport	Trade Receivable/(Advance from customer)	(0)	2
Cochin Shipyard Limited	Central PSU	Trade Payable/(Advance to vendor)	10,067	9,974
Indian Oil Corporation Limited	Central PSU	Trade Payable/(Advance to vendor)	485	3,514
Cochin Port Trust	Trust under MPT Act	Trade Payable/(Advance to vendor)	1	(288)
Vizag Port Trust	Trust under MPT Act	Trade Payable/(Advance to vendor)	(855)	(652)
Kolkata Port Trust	Trust under MPT Act	Trade Payable/(Advance to vendor)	(111)	(433)
Paradeep Port Trust	Trust under MPT Act	Trade Payable/(Advance to vendor)	(141)	(362)
Balmer & Lawrie & Co. Ltd	Central PSU	Trade Payable/(Advance to vendor)	1	2
The Chairman CHPT	Trust under MPT Act	Trade Payable/(Advance to vendor)	(139)	(105)
The Oriental Insurance Co Ltd.	Central PSU	Trade Payable/(Advance to vendor)	(126)	28

#### (2) Other than Significant Transactions

Other than significant transactions carried out are as follows:

Particulars	31 March 2021	31 March 2020
Revenue	27,721	34,665
Purchases/services	23,023	34,481
Recovery of Reimbursable expenses	3,450	4,809

Other than significant amount of balance receivable/payable from/to related parties are as follows:

Particulars	31 March 2021	31 March 2020
Trade Receivable/(Advance from customers)	15,820	23,795
Trade Payable/(Advance to vendors)	(2,414)	3,569

#### Transactions with other government-related entities

Apart from the transactions disclosed in (g) above, the Company also conducts business with other government related entities. The Company has bank deposits, borrowings and other general banking relations with PSU banks. Other than the substantial amount of bank balances, bank borrowings and the facilities with these banks, transactions with other government related entities are individually insignificant.

#### (h) Trust

Transactions with Post Retirement Plans managed through separate trust wherein SCI having control:

Name of the related party	Nature of transaction	31 March 2021	31 March 2020
1. Shipping Corporation of India Employees Gratuity Fund	-	-	-
2. Post Retirement Medical Scheme for the Shore employees of The Shipping Corporation of India Limited	-	-	-
3. Provident Fund for the employees of The Shipping Corporation of India Limited	Employer's Contribution	1,418	1,249
4. SCI Employee Superannuation Trust	Employer's Contribution	1,067	1,090

## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Name of the related party	Nature of transaction	31 March 2021	31 March 2020
5. Provident Fund for The Crew Non CDC holders of The Shipping Corporation of India Limited	-	-	-

#### Note 31: Employee Benefit Obligations

##### (A) Description of type of employee benefits

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

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

##### b) The Company offers to its employees defined contribution plan in the form of provident fund, post retirement medical scheme (New w.e.f. 01.01.2007) and pension contribution

The details of the plan are as follows:-

i.	Provident Fund	It is a contribution made on monthly basis @ 12% of monthly Basic and DA to the PF Trust who credits annual interest on PF balances. The corpus accumulated is paid on retirement of the employee.
ii.	Post Retirement Medical Scheme (New w.e.f. 01.01.2007)	It is a contribution @ 4% of monthly Basic and DA towards provision of employees' medical expenses incurred after retirement.
iii.	Pension contribution	It is a contribution @ 12% of monthly Basic and DA towards provision of annuity after retirement of employees.

##### (B) Gratuity

##### Balance sheet amount (Gratuity Plan)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>01-Apr-19</b>	12,446	15,711	(3,265)
Current service cost	757	-	757
Interest expense/(income)	916	1,137	(221)
<b>Total amount recognised in profit and loss</b>	<b>1,673</b>	<b>1,137</b>	<b>536</b>
Remeasurements			
Return on plan assets, excluding amount included in interest expense/(income)	-	(243)	243
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	553	-	553
Experience (gains)/losses	(2,640)	-	(2,640)
(i) Amount recognised in other comprehensive income	(2,087)	(243)	(1,844)
Employer contributions	-	-	-
Benefit payments	(1,644)	(1,644)	-
Unrecognised Asset due to Limit in Para 64(b)	-	-	-
<b>(ii) 31 March 2020</b>	<b>10,388</b>	<b>14,961</b>	<b>(4,573)</b>
(iii) Unrecognised Asset at the beginning of the period	-	-	-
(iv) Asset recognised during the year (Asset Ceiling)	-	-	-



## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
(v) Unrecognised Asset due to Limit in Para 64(b) - Change in Asset Ceiling [(iii)-(iv)]	-	-	-
<b>Total amount recognised in other comprehensive income [(i) &amp; (v)]</b>	<b>(2,087)</b>	<b>(243)</b>	<b>(1,844)</b>
<b>Closing Balance Sheet (Asset) / Liability as on 31 March 2020 [(ii) + (iii) + (v)]</b>	<b>-</b>	<b>-</b>	<b>(4,573)</b>

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>31-Mar-20</b>	10,388	14,961	(4,573)
Current service cost	595	-	595
Past service cost	-	-	-
Interest expense/(income)	669	1,001	(332)
<b>Total amount recognised in profit and loss</b>	<b>1,264</b>	<b>1,001</b>	<b>263</b>
<i>Remeasurements</i>			
Return on plan assets, excluding amount included in interest expense/(income)	-	1,050	(1,050)
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	(142)	-	(142)
Experience (gains)/losses	(802)	-	(802)
(i) Amount recognised in other comprehensive income	(944)	1,050	(1,994)
Employer contributions	-	-	-
Benefit payments	(1,111)	(1,111)	-
Unrecognised Asset due to Limit in Para 64(b)	-	-	-
<b>(ii) 31 March 2021</b>	<b>9,596</b>	<b>15,901</b>	<b>(6,305)</b>
(iii) Unrecognised Asset at the beginning of the period	-	-	-
(iv) Asset recognised during the year (Asset Ceiling)	-	-	-
(v) Unrecognised Asset due to Limit in Para 64(b) - Change in Asset Ceiling [(iii)-(iv)]	-	-	-
<b>Total amount recognised in other comprehensive income [(i) &amp; (v)]</b>	<b>(944)</b>	<b>1,050</b>	<b>(1,994)</b>
<b>Closing Balance Sheet (Asset) / Liability as on 31 March 2021 [(ii) + (iii) + (v)]</b>	<b>-</b>	<b>-</b>	<b>(6,305)</b>

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

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	31-Mar-21	31-Mar-20
Present value of funded obligations	9,596	10,388
Fair value of plan assets	15,901	14,961
<b>Deficit of funded plan</b>	<b>(6,305)</b>	<b>(4,573)</b>
Unfunded plans	-	-
Unrecognised Asset due to Limit in Para 64(b)	-	-
<b>Deficit of gratuity plan</b>	<b>(6,305)</b>	<b>(4,573)</b>

Significant estimates: Actuarial assumptions

The significant actuarial assumptions were as follows:

## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Principal Assumptions at the balance sheet date:		
Financial Assumptions	31-Mar-21	31-Mar-20
Discount Rate	6.90%	6.69%
Salary Escalation Rate-Shore Staff	7.80%	7.80%
Salary Escalation Rate-Floating Staff	9.00%	9.00%
Expected Return on Assets	6.90%	6.69%
Demographic Assumptions	31-Mar-21	31-Mar-20
Mortality Table	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.
Withdrawal Rate	IALM (2012-14) Ultimate 0.50%	IALM (2012-14) Ultimate 0.50%
Retirement Age	60 years	60 years
Timing Related Assumptions		
Time of Retirement	Immediately on achieving normal retirement	
Salary Increase frequency	Once a year	

#### Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	31-Mar-21		31-Mar-20	
<b>Defined Benefit Obligation (Base)</b>	<b>9596</b>		<b>10388</b>	
Sensitivity Analysis	31-Mar-21		31-Mar-20	
Table 14 : Sensitivity Analysis	Decrease	Increase	Decrease	Increase
<b>Discount Rate</b>				
Impact of increase/decrease in 50 bps on DBO	344	(296)	320	372
<b>Salary Growth Rate</b>				
Impact of increase/decrease in 50 bps on DBO	(289)	328	313	355

Change in the Unrecognised Asset due to the Asset Ceiling During the Period	31-Mar-20 to 31-Mar-21	31-Mar-19 to 31-Mar-20
Unrecognised Asset, Beginning of Period	-	-
Asset recognised during the year	-	-
Unrecognised Asset, End of Period	-	-

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

Major category of plan assets are as follows:-

Particulars	31-Mar-21				31-Mar-20			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
<b>Government of India Securities</b>	9,668	-	9,668	61%	9,895	-	9,895	66%
<b>Debt instruments</b>								
Investment in Bonds	400	-	400	3%	400	-	400	3%
<b>Other Assets including accrued interest</b>	1,015.00	216	1,231	8%	707	226	933	6%
<b>Investment in Deposits including Bank Balance</b>	-	4603	4,603	29%	-	3733	3,733	25%
<b>Total</b>	<b>11,083</b>	<b>4,819</b>	<b>15,902</b>	<b>100%</b>	<b>11,002</b>	<b>3,959</b>	<b>14,961</b>	<b>100%</b>



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### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

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

The expected rate of return on plan assets has been estimated on the basis of actual returns of the trust in the past years. The 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.

Actual Return on plan assets ₹ 2051.22 lakh (Prev. period ₹ 894 lakhs)

"Through its defined benefit plans, the group is exposed to a number of risks, the most significant of which are detailed below:

#### *Asset volatility:*

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. The Company intends to maintain the above investment mix in the continuing years.

#### *Changes in bond yields :*

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

#### *Life expectancy:*

The gratuity plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Contribution expected to be paid in the next year is NIL.

The weighted average duration of the defined benefit obligation is 11.02 years (2020 – 11.24 years).

#### **(C) Leave Encashment (Unfunded)**

##### **Balance sheet amount (Leave Encashment)**

Particulars	Present value of obligation
<b>01-Apr-19</b>	<b>5,843</b>
Current service cost	450
Interest expense/(income)	452
Actuarial (Gain )/loss from change in financial assumptions	507
Actuarial (Gain )/loss from change in demographic assumptions	-
Actuarial - Experience (gains)/losses	593
<b>Total amount recognised in profit and loss</b>	<b>2,002</b>
Benefit payments*	(2,423)
<b>31-Mar-20</b>	<b>5,422</b>

\* For leave encashment, the benefits paid are debited to the statement of Profit and Loss.

Particulars	Present value of obligation
<b>31-Mar-20</b>	<b>5,422</b>
Current service cost	431
Interest expense/(income)	368
Actuarial (Gain )/loss from change in financial assumptions	(42)
Actuarial (Gain )/loss from change in demographic assumptions	-
Actuarial - Experience (gains)/losses	111
<b>Total amount recognised in profit and loss</b>	<b>868</b>
Employer contributions	
Benefit payments*	(1,140)
<b>31-Mar-21</b>	<b>5,150</b>

The net liability disclosed above relates to unfunded plan are as follows:

Particulars	31-Mar-21	31-Mar-20
Present value of unfunded obligations	5,150	5,422
<b>Deficit of leave encashment plan</b>	<b>5,150</b>	<b>5,422</b>

#### **Significant estimates: Actuarial assumptions**

The significant actuarial assumptions were as follows:

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Principal Assumptions at the balance sheet date:		
Financial Assumptions	31-Mar-21	31-Mar-20
Discount Rate	6.90%	6.69%
Salary Escalation Rate-Shore Staff	7.80%	7.80%
Salary Escalation Rate-Floating Staff	9.00%	9.00%
Demographic Assumptions	31-Mar-21	31-Mar-20
Mortality Table	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.
Withdrawal Rate	IALM (2012-14) Ultimate 0.50%	IALM (2012-14) Ultimate 0.50%
Retirement Age	60 years	60 years
Timing Related Assumptions		
Time of Retirement	Immediately on achieving normal retirement	
Salary Increase frequency	Once a year	

#### Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	31-Mar-21		31-Mar-20	
<b>Defined Benefit Obligation (Base)</b>	5,150		5,422	
Sensitivity Analysis	31-Mar-21		31-Mar-20	
	Decrease	Increase	Decrease	Increase
<b>Discount Rate</b> Impact of increase/decrease in 50 bps on DBO	200	(169)	211	178
<b>Salary Growth Rate</b> Impact of increase/decrease in 50 bps on DBO	(209)	219	231	220

The weighted average duration of the defined benefit obligation is 11.02 years (2020 - 11.24 years).

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

#### (D) Post Retirement Medical Benefit Scheme

##### Balance sheet amount (Post Retirement Medical Benefit Scheme)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>01-Apr-19</b>	2,083	971	1,112
Past service cost	(17)	-	(17)
Interest expense/(income)	151	74	77
<b>Total amount recognised in profit and loss</b>	<b>134</b>	<b>74</b>	<b>60</b>
<b>Remeasurements</b>			
Return on plan assets, excluding amount included in interest expense/(income)	-	-	-
(Gain )/loss from change in demographic assumptions	-	-	-
(Gain )/loss from change in financial assumptions	202	-	202
Experience (gains)/losses	75	(105)	180



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### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>Total amount recognised in other comprehensive income</b>	277	(105)	382
Employer contributions	-	-	-
Benefit payments	(230)	(230)	-
<b>31-Mar-20</b>	<b>2,264</b>	<b>710</b>	<b>1,554</b>

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>31-Mar-20</b>	2,264	710	1,554
Past service cost	-	-	-
Interest expense/(income)	143	48	96
<b>Total amount recognised in profit and loss</b>	143	48	96
<i>Remeasurements</i>			
Return on plan assets, excluding amount included in interest expense/(income)	-	-	-
(Gain )/loss from change in demographic assumptions	-	-	-
(Gain )/loss from change in financial assumptions	(31)	-	(31)
Experience (gains)/losses	(7)	36	(43)
<b>Total amount recognised in other comprehensive income</b>	(38)	36	(74)
Employer contributions	-	-	-
Benefit payments	(136)	(136)	-
<b>31-Mar-21</b>	<b>2,234</b>	<b>658</b>	<b>1,576</b>

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	31-Mar-21	31-Mar-20
Present value of funded obligations	2,234	2,264
Fair value of plan assets	658	710
<b>Deficit of funded plan</b>	<b>1,576</b>	<b>1,554</b>
<b>Deficit of Post Retirement Medical Benefit Scheme plan</b>	<b>1,576</b>	<b>1,554</b>

#### Significant estimates: Actuarial assumptions

The significant actuarial assumptions were as follows:

Financial Assumptions	31-Mar-21	31-Mar-20
Discount Rate	6.90%	6.69%
Expected Return on Assets	6.90%	6.69%
Demographic Assumptions	31-Mar-21	31-Mar-20
Mortality Table	LIC (1996-98) Ult (Annuitant)	LIC (1996-98) Ult (Annuitant)
Timing Related Assumptions		
Time of Retirement	Immediately on achieving normal retirement	

#### Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Sensitivity Analysis	31-Mar-21	31-Mar-20
<b>Defined Benefit Obligation (Base)</b>	2,234	2,264

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### NOTES TO STANDALONE FINANCIAL STATEMENTS

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Table 12 : Sensitivity Analysis	31-Mar-21		31-Mar-20	
	Decrease	Increase	Decrease	Increase
<b>Discount Rate</b>				
Impact of increase/decrease in 50 bps on DBO	85	(75)	86	(76)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

#### Major category of plan assets are as follows:-

	31-Mar-21			
	Quoted	Unquoted	Total	in %
Investment in Deposits including Bank Balance	-	616	616	94%
Other Assets including accrued interest	-	42	42	6%
<b>Total</b>	-	<b>658</b>	<b>658</b>	<b>100%</b>

#### Major category of plan assets are as follows:-

	31-Mar-20			
	Quoted	Unquoted	Total	in %
Investment in Deposits including Bank Balance	-	670	670	94%
Other Assets including accrued interest	-	40	40	6%
<b>Total</b>	-	<b>710</b>	<b>710</b>	<b>100%</b>

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

The expected rate of return on plan assets has been estimated on the basis of actual returns of the trust in the past years. The 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.

#### Defined benefit liability and employer contributions:

Contribution expected to be paid in the next year is **NIL**.

The weighted average duration of the defined benefit obligation is 10.21 years (2020 – 10.76 years).

The expected future cash flows as at 31.03.2021 are as follows:

Projected benefits payable in future years from the date of reporting

Expected Contribution	Gratuity	Leave Encashment	PRMS
1 <sup>st</sup> following year	1,148	186	219
2 <sup>nd</sup> following year	764	336	243
3 <sup>rd</sup> following year	914	602	274
4 <sup>th</sup> following year	526	413	316
5 <sup>th</sup> following year	783	517	364
Years 6 to 10	3,236	2,662	1,274

The expected future cash flows as at 31.03.2020 are as follows:

Projected benefits payable in future years from the date of reporting

Expected Contribution	Gratuity	Leave Encashment	PRMS
1 <sup>st</sup> following year	1,426	272	247
2 <sup>nd</sup> following year	749	322	273
3 <sup>rd</sup> following year	777	454	308



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Expected Contribution	Gratuity	Leave Encashment	PRMS
4 <sup>th</sup> following year	950	666	355
5 <sup>th</sup> following year	534	366	410
Years 6 to 10	3,451	2,608	1,432

#### Note 32: Segment information

##### (a) Business Segments

The Company is managed by the Board which is the chief decision maker. The Board has determined the operating segments based on the pattern of vessels deployed by the Company, for the purposes of allocating resources and assessing performance. With effect from 1<sup>st</sup> October 2020, the passenger and research vessels managed under the L&PS Division has been transferred to T&OS Division for better synergy of this function with the T&OS Division and good governance thereon.

##### (I) Liner

Liner segment includes break-bulk, container transport.

##### (II) Bulk

Bulk Carriers include dry bulk carriers.

##### (III) Tanker

Tankers segment includes both crude and product carriers, gas carriers.

##### (IV) T&OS

Technical & Offshore services segment includes company owned offshore vessels, offshore vessels managed on behalf of other organisations, income from technical consultancy and passenger vessels & research vessels managed on behalf of other organisations.

##### (IV) Others

Others segment include income earned from Maritime Training Institute.

##### (V) Unallocated

Unallocable items and interest income/expenses are disclosed separately.

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.

##### (b) Geographical Segments

Presently, the Company's operations are predominantly confined in India.

##### (c) Adjusted Earnings before Interest & Tax (EBIT)

Adjusted EBIT excludes discontinued operations and the effects of significant items of income and expenditure which may have an impact on the quality of earnings such as restructuring costs, impairments when the impairment is the result of an isolated, non-recurring event. It also excludes the effects of gains or losses on financial instruments.

Interest income is not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Company.

EBIT	31 March 2021	31 March 2020
Liner	7,595	(13,134)
Bulk	1,128	(1,276)
Tanker	50,770	73,667
T&OS	(4,928)	7,415
Others	(869)	188
Unallocated	5,331	(3,813)
<b>Total adjusted EBIT</b>	<b>59,027</b>	<b>63,047</b>

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### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Adjusted EBIT reconciles to profit before income tax as follows:

	31 March 2021	31 March 2020
<b>Total adjusted EBIT</b>	59,027	63,047
Finance costs :		
Liner	5	3
Bulk	1,748	3,718
Tanker	1,268	5,894
T&OS	474	2,051
Others	-	-
Unallocated	(1,384)	24,747
Total Finance costs	2,111	36,413
Interest income from investments	6,561	8,117
<b>Profit before income tax from continuing operations</b>	<b>63,477</b>	<b>34,751</b>

Depreciation included in adjusted EBIT

	31 March 2021	31 March 2020
Liner	1,882	1,855
Bulk	11,389	11,256
Tanker	42,585	46,679
T&OS	6,875	7,277
Others	63	61
Unallocated	-	(1)
<b>Total Depreciation included in adjusted EBIT</b>	<b>62,794</b>	<b>67,127</b>

#### (d) Segment revenue

The segment revenue is measured in the same way as in the statement of profit or loss.

Segment	31 March 2021			31 March 2020		
	Total segment revenue	Inter segment revenue	Revenue from external customers	Total segment revenue	Inter segment revenue	Revenue from external customers
Liner	60,166	-	60,166	53,519	-	53,519
Bulk	52,646	-	52,646	57,034	-	57,034
Tanker	230,926	-	230,926	295,819	-	295,819
T&OS	26,494	-	26,494	39,675	-	39,675
Others	485	-	485	1,886	-	1,886
Total Segment Revenue	370,717	-	370,717	447,933	-	447,933
Unallocated	5,603	-	5,603	10,789	-	10,789
<b>Total segment revenue as per profit and loss</b>	<b>376,320</b>	<b>-</b>	<b>376,320</b>	<b>458,722</b>	<b>-</b>	<b>458,722</b>

#### Information about major customers

Revenue to specific customers exceeding 10% of total revenue for the year ended 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2020 were as follows:



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### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Revenue from external customers	31 March 2021			31 March 2020		
	Tanker segment	Liner Segment	Total	Tanker segment	Liner Segment	Total
Bharat Petroleum Corporation Ltd.	-	-	-	51,185	-	51,185
Hindustan Petroleum Corporation Ltd.	70,645	-	70,645	84,703	-	84,703
Indian Oil Corporation Ltd	-	-	-	44,699	885	45,584

The Company is domiciled in India. The amount of its revenue from external customers (exceeding 4%) broken down by location of the customers is shown in the table below:

Revenue from external customers	31 March 2021	31 March 2020
India	307,226	373,996
Singapore	27,063	26,757
Other Countries	36,428	47,180
<b>Total</b>	<b>370,717</b>	<b>447,933</b>

#### (e) Segment assets

Segment	31 March 2021		31 March 2020	
	Segment assets	Addition to non-current assets	Segment assets	Addition to non-current assets
Liner	51,204	-	51,063	-
Bulk	158,394	-	172,212	-
Tanker	547,999	-	599,972	-
T & OS	138,508	-	138,576	-
Others	861	-	1,227	-
<b>Total segment assets</b>	<b>896,966</b>	<b>-</b>	<b>963,050</b>	<b>-</b>
Unallocated	416,727	-	410,262	-
<b>Total assets as per the balance sheet</b>	<b>1,313,693</b>	<b>-</b>	<b>1,373,312</b>	<b>-</b>

#### (f) Segment liabilities

	31 March 2021	31 March 2020
Liner	90,731	55,188
Bulk	55,573	73,172
Tanker	60,194	113,145
T & OS	53,892	60,805
Others	328	474
<b>Total segment liabilities</b>	<b>260,718</b>	<b>302,784</b>
Unallocated	262,773	340,710
<b>Total liabilities as per the balance sheet</b>	<b>523,491</b>	<b>643,494</b>

#### Note 33: Revenue from Contract with customers

The revenue from contracts with customers to the amounts disclosed as total revenue are as under:

Particulars	31 March 2021	31 March 2020
Revenue from Contract with Customers	286,804	375,853
Revenue from Other Sources		
Charter hire (lease)	84,550	82,445
Other income	11,527	8,541
<b>Total Revenue</b>	<b>382,881</b>	<b>466,839</b>

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### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

The disaggregation of Revenue from Contract with Customers is as under:

#### (A) Revenue from Contract with Customers - Segmentwise

Particulars	31 March 2021	31 March 2020
Liner	58,754	53,517
Bulk	31,076	38,552
Tanker	181,520	249,498
T&OS	14,077	22,034
Others	485	1,886
Unallocated	892	10,366
<b>Total Revenue</b>	<b>286,804</b>	<b>375,853</b>

#### (B) Revenue from Contract with Customers – Geographical Location

Particulars	31 March 2021			
	India	Singapore	Others	Total
Liner	47,468	(57)	11,343	58,754
Bulk	31,175	(170)	71	31,076
Tanker	153,107	10,562	17,851	181,520
T&OS	14,198	(27)	(93)	14,078
Others	485	-	-	485
Unallocated	907	-	(15)	892
<b>Total Revenue</b>	<b>247,339</b>	<b>10,308</b>	<b>29,157</b>	<b>286,804</b>

Particulars	31 March 2020			
	India	Singapore	Others	Total
Liner	46,919	355	6,243	53,517
Bulk	36,595	126	1,831	38,552
Tanker	218,650	8,047	22,801	249,498
T&OS	22,034	-	-	22,034
Others	1,886	-	-	1,886
Unallocated	355	22	9,989	10,366
<b>Total Revenue</b>	<b>326,439</b>	<b>8,550</b>	<b>40,864</b>	<b>375,853</b>

#### C) On the basis of Timing of Revenue Recognition:

Particulars	31 March 2021		
	At Point in time	At Point over time	Total
Liner	29	58,725	58,754
Bulk	828	30,248	31,076
Tanker	19,286	162,234	181,520
T&OS	1	14,076	14,077
Others	8	477	485
Unallocated	926	(35)	891
<b>Total Revenue</b>	<b>21,078</b>	<b>265,725</b>	<b>286,804</b>



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### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	31 March 2020		
	At Point in time	At Point over time	Total
Liner	145	53,373	53,518
Bulk	2,219	36,333	38,552
Tanker	19,507	229,991	249,498
T&OS	4,654	17,381	22,034
Others	45	1,841	1,886
Unallocated	11,084	(718)	10,365
<b>Total Revenue</b>	<b>37,654</b>	<b>338,199</b>	<b>375,853</b>

#### Contract Asset

Particulars	31 March 2021	31 March 2020
Opening Balance of Contract Asset	46,752	33,968
Opening Balance reclassified as Trade Receivable in current period	46,576	33,701
Current year Contract Asset - Carried Forward	29,633	46,485
<b>Closing Balance of Contract Asset</b>	<b>29,809</b>	<b>46,752</b>

#### Contract Liability

Particulars	31 March 2021	31 March 2020
Opening Balance of Contract Liability	1,238	688
Revenue recognised from opening balance of Contract Liability	1,238	688
Current year Contract Liability - Carried Forward	2,029	1,238
<b>Closing Balance of Contract Liability</b>	<b>2,029</b>	<b>1,238</b>

The nature of services and its disclosure of timing of satisfaction of performance obligation is mentioned in para 1.18 of Note No. 1.

Contract Assets in the balance sheet constitutes unbilled amounts to customers representing the Company's right to consideration for the services transferred to date. Any amount previously recognised as Contract Assets is reclassified to trade receivables at the time it is invoiced to the customer.

Contract Liabilities in the balance sheet constitutes advance payments and billings in excess of revenue recognised. The Company expects to recognise such revenue in the subsequent financial years.

There were no significant changes in contract assets and contract liabilities during the reporting period except amount as mentioned in the table and explanation given above.

Trade receivables as disclosed in note no 7(e) includes contract balances. Impairment losses as disclosed in Note 38 includes receivables arising from contracts with customers.

Under the payment terms generally applicable to the Company's revenue generating activities, prepayments are received only to a limited extent. Typically, payment is due upon or after completion of the services.

The Company generates revenue from shipping activities. Revenue from a voyage charter is recognised over time, which is determined on a percentage of voyage completion method. The Company has recognised revenue over a period of time basis following output method. Since, the Company can track the progress toward completion of the contract by measuring days to date relative to total estimated days needed to satisfy the performance obligation, the percentage of voyage completion method/ straight-line basis over the period of the charter i.e. output method provide a faithful depiction of transfer of goods or services.

#### Note 34: LEASE

The Company as lessee has agreements/contracts relating to charter in of vessel on time basis, land, building, Cars, Photocopier machine etc. The Company as lessor has entered into agreements/contracts of out charter of vessel on time, etc. The right-of-use and lease liability are disclosed in the financial statements at note no 5 & 14 (b) respectively. The Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

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### NOTES TO STANDALONE FINANCIAL STATEMENTS

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The following table shows the effects of Leases in the Statement of the Profit and Loss in financial year 2020-21:

Amounts recognised in profit and loss	31 March 2021	31 March 2020
Depreciation cost on right-of-use assets	302	293
Interest expenses (included in finance costs)	225	249
Expenses relating to service elements of leases	-	-
Expenses relating to short-term leases	6,007	7,489
Expenses relating to variable lease payments	-	-
Expenses relating to leases of low-value assets	-	-
<b>Total recognised in operating costs</b>	<b>6,534</b>	<b>8,031</b>

Total cash outflow impact for leases for the year 2020-21 was ₹ 367 lakhs, of which ₹ 225 lakhs relates to interest expense.

#### OPERATING LEASE COMMITMENTS

##### (1) As a Lessee - Payments

At the balance sheet date, the company has the following contractual committed future minimum lease payables under non-cancellable operating leases from time - charter contracts, land, building, Cars, Photocopier machine etc in the aggregate and each of the following periods:

Particulars	31 March 2021*	31 March 2020
Not later than 1 year	1,853	3,125
Later than 1 year and not later than 5 years	1,370	1,369
Later than 5 Years	2,026	2,392

\*The lease payables include both interest and principal cash flows.

The lease has varying terms and renewal rights. The Group's operating lease for vessels have terms ranging from less than 1 year to 5 years. Vessels on time charter hire are considered as operating lease.

##### (2) As a Lessor - Receipts

At the balance sheet date, the Group has the following contractual committed future minimum lease receivable under non-cancellable operating leases from time - charter contracts in the aggregate and each of the following periods:

Particulars	31 March 2021	31 March 2020
Not later than 1 year	36,187	38,469
Later than 1 year and not later than 5 years	4,373	23,243
Later than 5 Years	-	-

The Company's operating lease for vessels have terms ranging from less than 1 year to 5 years. Certain of the leases have varying terms and renewal rights.

Vessels on time charter hire are considered as operating lease.

#### Note 35: Assets pledged as security

Particulars	Notes	31 March 2021	31 March 2020
<b>Current</b>			
<b>Financial Assets</b>			
Other bank balances	7(g)	5,271	8,553
<b>Total current assets pledged as security</b>		<b>5,271</b>	<b>8,553</b>
<b>Non-current</b>			



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(All amounts in INR lakhs, unless otherwise stated)

Particulars	Notes	31 March 2021	31 March 2020
<b>Financial Assets</b>			
Non-current investments	<b>7(a)</b>	7,359	7,359
<b>Non Financial Assets</b>			
Property, Plant and Equipment	<b>3</b>	602,514	656,439
<b>Total non-current assets pledged as security</b>		<b>609,873</b>	<b>663,798</b>
<b>Total assets pledged as security</b>		<b>615,144</b>	<b>672,351</b>

#### Note 36: Offsetting Financial Assets and Financial Liabilities

The following table presents the recognised financial instruments and other agreements that can be offset but were not offset, as at March 31, 2021 and March 31, 2020. The column 'net amount' shows the impact on the Company's Balance Sheet if all set-off rights were exercised.

Particulars	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amount	Gross amounts set off in the balance sheet	Net amount presented in the balance sheet	Amounts subjects to master netting arrangements	Financial instruments collateral	Net amount
<b>March 31, 2021</b>						
<b>Financial assets</b>						
i. Investments	7,713	-	7,713	-	-	7,713
ii. Trade receivables	63,046	-	63,046	-	-	63,046
iii. Cash and cash equivalents	22,402	-	22,402	-	-	22,402
iv. Bank balances other than (iii) above	81,113	-	81,113	-	5,271	75,842
v. Loans	25,096	-	25,096	-	-	25,096
vi. Other financial assets	33,381	-	33,381	-	-	33,381
<b>Total</b>	<b>232,751</b>	<b>-</b>	<b>232,751</b>	<b>-</b>	<b>5,271</b>	<b>227,480</b>
<b>Financial liabilities</b>						
i. Borrowings	308,643	-	308,643	-	-	308,643
ii. Lease Liabilities	2,462	-	2,462	-	-	2,462
iii. Trade payables						
Micro, Small and Medium Enterprises	692	-	692	-	-	692
Others	82,558	-	82,558	-	-	82,558
iv. Other financial liabilities	77,862	-	77,862	-	-	77,862
<b>Total</b>	<b>472,217</b>	<b>-</b>	<b>472,217</b>	<b>-</b>	<b>-</b>	<b>472,217</b>
<b>March 31, 2020</b>						
<b>Financial assets</b>						
i. Investments	7,726	-	7,726	-	-	7,726
ii. Trade receivables	60,623	-	60,623	-	-	60,623
iii. Cash and cash equivalents	24,478	-	24,478	-	-	24,478
iv. Bank balances other than (iii) above	69,299	-	69,299	-	8,553	60,746
v. Loans	26,821	-	26,821	-	-	26,821
vi. Other financial assets	56,329	-	56,329	-	-	56,329
<b>Total</b>	<b>245,276</b>	<b>-</b>	<b>245,276</b>	<b>-</b>	<b>8,553</b>	<b>236,723</b>
<b>Financial liabilities</b>						
i. Borrowings	366,380	-	366,380	-	-	366,380
ii. Lease Liabilities	2,604	-	2,604	-	-	2,604

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### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amount	Gross amounts set off in the balance sheet	Net amount presented in the balance sheet	Amounts subjects to master netting arrangements	Financial instruments collateral	Net amount
ii. Trade payables						
Micro, Small and Medium Enterprises	629	-	629	-	-	629
Others	94,931	-	94,931	-	-	94,931
iii. Other financial liabilities	129,421	-	129,421	-	-	129,421
<b>Total</b>	<b>593,965</b>	<b>-</b>	<b>593,965</b>	<b>-</b>	<b>-</b>	<b>593,965</b>

#### Note 37: Fair value measurements

##### Financial instruments by category

	31 March 2021			31 March 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets</b>						
Investments						
- Equity instruments	349	-	-	362	-	-
- Mutual funds	-	-	-	-	-	-
Loans	-	-	25,096	-	-	26,821
Trade receivables	-	-	63,046	-	-	60,623
Cash and cash equivalents	-	-	22,402	-	-	24,478
Other bank balances	-	-	81,113	-	-	69,299
Other financial assets	-	-	33,381	-	-	56,329
<b>Total financial assets</b>	<b>349</b>	<b>-</b>	<b>225,038</b>	<b>362</b>	<b>-</b>	<b>237,550</b>
<b>Financial liabilities</b>						
Borrowings	-	-	308,643	-	-	366,380
Lease Liabilities	-	-	2,462	-	-	2,604
Trade payables	-	-	83,250	-	-	95,560
Current maturities of long term debt	-	-	56,795	-	-	107,739
Other financial liabilities	-	-	21,067	-	-	21,682
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>472,217</b>	<b>-</b>	<b>-</b>	<b>593,965</b>

#### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under Ind AS 113. An explanation of each level follows underneath the table.

Financial assets measured at fair value - recurring fair value measurements At 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<u>Financial Investments at FVTPL</u>					
Mutual funds - Growth plan	7(d)	-	-	-	-
Mutual funds - Dividend plan	7(d)	-	-	-	-
Unquoted equity instruments -Woodland Speciality Hospital Ltd	7(a)	-	-	349	349
<b>Total financial assets</b>		<b>-</b>	<b>-</b>	<b>349</b>	<b>349</b>



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Assets and liabilities which are measured at amortised cost for which fair values are disclosed At 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Loans to related parties	7(b)	-	-	21,507	21,507
Loans to others	7(b)	-	-	2,361	2,361
Bank deposits	7(c)	-	-	-	-
<b>Total financial assets</b>		-	-	<b>23,868</b>	<b>23,868</b>
<b>Financial Liabilities</b>					
Borrowings	14(a)	-	323,173	-	323,173
Security deposits	14(c)	-	-	33	33
<b>Total financial liabilities</b>		-	<b>323,173</b>	<b>33</b>	<b>323,206</b>

Financial assets measured at fair value - recurring fair value measurements At 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial Investments at FVTPL					
Mutual funds - Growth plan	7(d)	-	-	-	-
Mutual funds - Dividend plan	7(d)	-	-	-	-
Unquoted equity instruments -Woodland Speciality Hospital Ltd	7(a)	-	-	362	362
<b>Total financial assets</b>		-	-	<b>362</b>	<b>362</b>

Assets and liabilities which are measured at amortised cost for which fair values are disclosed At 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Loans to related parties	7(b)	-	-	23,512	23,512
Loans to others	7(b)	-	-	1,896	1,896
Bank deposits	7(c)	-	-	-	-
<b>Total financial assets</b>		-	-	<b>25,408</b>	<b>25,408</b>
<b>Financial Liabilities</b>					
Borrowings	14(a)	-	275,477	-	275,477
Security deposits	14(c)	-	-	25	25
<b>Total financial liabilities</b>		-	<b>275,477</b>	<b>25</b>	<b>275,502</b>

The fair value of financial instruments referred above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). The categories used are as follows:

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have a quoted price. The mutual funds are valued using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities which are included in level.

There were no transfers between any levels during the year.

#### (ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

- the use of closing NAV for investment in mutual funds
- the use of book values for investment in unlisted equity securities
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 1 and 2 except for unlisted equity securities, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

#### (iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 March 2021 and 31 March 2020:

Particulars	Unlisted Equity Securities
<b>As at 1st April 2019</b>	<b>350</b>
Gains(losses) recognised in Statement of profit or loss	12
<b>As at 31 March 2020</b>	<b>362</b>
Gains(losses) recognised in Statement of profit or loss	(13)
<b>As at 31 March 2021</b>	<b>349</b>

Particulars	Fair Value as at		Significant unobservable inputs	Sensitivity	
	31 March 2021	31 March 2020		2021	2020
Valuation inputs and relationship to fair value - Investment in Equity Securities held for sale (non recurring)	7	7	Net book values	Not applicable	
Valuation inputs and relationship to fair value - Unlisted Equity Securities (recurring)*	349	362	Net book values	increase (decrease) in the book value would result in increase (decrease) in fair value	

\* Net book value as on 31<sup>st</sup> March, 2021 is calculated based on latest available Financial Statements (i.e. 31<sup>st</sup> March 2020)

#### (iv) Valuation processes

The finance department of the Company includes a team that along with treasury function performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Director (finance).

- For unlisted equity securities, their fair values are estimated based on the book values of the investee companies.

#### (v) Fair value of financial assets and liabilities measured at amortised cost

Particulars	31 March 2021		31 March 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Loans to related parties	21,507	21,507	23,512	23,512
Loans to employee	2,361	2,361	1,896	1,896
Bank deposits	-	-	-	-
<b>Total financial assets</b>	<b>23,868</b>	<b>23,868</b>	<b>25,408</b>	<b>25,408</b>
<b>Financial Liabilities</b>				
Borrowings	323,173	323,173	275,477	275,477
Security deposits	33	33	25	25
<b>Total financial liabilities</b>	<b>323,206</b>	<b>323,206</b>	<b>275,502</b>	<b>275,502</b>

The carrying amounts of trade receivables, trade payables, short term security deposits, bank deposits with more than 12 months maturity, cash and cash equivalents including other bank balances and other current financial assets and liabilities are considered to be the same as their fair values. Hence the current financial assets & liabilities have not been considered for Fair value hierarchy above.

The fair values of non-current borrowings (with floating rate of interest) is not impacted due to interest rate changes and will not be significantly different from their carrying amount as there is no significant change in the underlying credit risk of the Company's borrowings.

The fair values of non-current borrowings (with fixed rate of interest) are based on discounted cash flows using a current borrowing rate.



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### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

They are classified as level 2 fair values in the fair value hierarchy due to the use of observable inputs.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

#### Note 38: Financial risk management

The Company has exposure to the Credit risk, Liquidity risk and Market risk. The Company's Board of Directors has overall responsibility for the establishment and supervision of the Company's risk management framework. The Board of Directors has established the Risk Management Committee (RMC), which is responsible for developing and monitoring the Company's risk management policies. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

##### (A) Credit Risk:

- (i) Credit risk is the risk of financial loss to the Company if a customer to a financial instrument fails to meet its contractual obligations. Company's exposure to credit risk primarily arises on account of its Trade receivables. Trade receivables consist of a large number of customers spread across diverse geographical areas. A default on a trade receivable is considered when the customer fails to make contractual payments within the credit period. This credit period has been determined by considering the business environment in which the Company operates.

The Company considers dealing with creditworthy customers and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The credit risk due to above is periodically monitored. Based on the periodical analyses, the credit risk is managed by continuous review and follow-up..

##### (ii) Provision for expected credit losses (ECL):

The Company provides for expected credit loss on trade receivables based on a provision matrix. This matrix is a simplified basis of recognition of expected credit losses in case of trade receivables. The model uses historical credit loss experience for trade receivables i.e. this model uses aging analysis of trade receivables as at the reporting date and is based on the number of days that a trade receivables is past due. The aging has been done for bracket of 90 days over a period of last 3 years. Receivables that are more than 3 years old are considered uncollectible. Further, customers declaring bankruptcy or failing to engage in repayment plan with the Company, provisioning is made on case to case basis i.e. such customers do not form part of this impairment exercise and provided for separately.

##### (iii) Reconciliation of Trade receivables:

Particulars	31 March 2021	31 March 2020
Gross carrying amount of trade receivables	85,708	84,132
Less : Expected credit losses	9,649	9,930
Less : Provision made separately for bankrupt/terminated agents	2,629	1,059
Less : Other Provision (i.e. Off Hire, Demurrage, others)	10,384	12,520
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>63,046</b>	<b>60,623</b>

##### (iv) Reconciliation of loss allowance provision (ECL)- Trade receivables:

Particulars	Amount
<b>Loss allowance on 1<sup>st</sup> April 2019</b>	<b>10,940</b>
Changes in loss allowance	(2,471)
<b>Loss allowance on 31<sup>st</sup> March 2020</b>	<b>8,469</b>
Changes in loss allowance	(281)
<b>Loss allowance on 31<sup>st</sup> March 2021</b>	<b>8,188</b>

##### (B) Liquidity risk

- (i) Prudent liquidity risk management refers to the management of the Company's short term and long term funding and liquidity management requirements. The Company's treasury maintains flexibility in funding by maintaining availability of funds under committed credit lines. Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

##### (ii) Maturities of financial liabilities

The tables below analyse the Company's non-derivative financial liabilities into relevant maturity groupings based on their contractual maturities.

## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. In the table below, borrowings include both interest and principal cash flows. To the extent that interest rates are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

<b>Contractual maturities of financial liabilities 31 March 2021</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Borrowings	105,126	247,168	31,674	383,968
Trade payables	83,250	-	-	83,250
Lease Liabilities	1,853	1,370	2,026	5,249
Security and other deposits	1,068	33	-	1,101
Others financial liabilities	19,966	-	-	19,966
<b>Total liabilities</b>	<b>211,263</b>	<b>248,571</b>	<b>33,700</b>	<b>493,533</b>

<b>Contractual maturities of financial liabilities 31 March 2020</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Borrowings	318,900	139,088	45,820	503,808
Trade payables	95,560	-	-	95,560
Lease Liabilities	3,125	1,369	2,392	6,886
Security and other deposits	1,013	25	-	1,038
Others financial liabilities	20,644	-	-	20,644
<b>Total liabilities</b>	<b>439,242</b>	<b>140,482</b>	<b>48,212</b>	<b>627,936</b>

#### (C) Market risk

Market risk is the risk that changes in market indicators such foreign exchange rates, interest rates and commodity prices will affect the Company's income or the value of its financial instruments. The Company's activities mainly expose it to risks arising from changes in foreign exchange rate and interest rate and freight/charter hire rates.

##### (i) Foreign currency risk

The Company operates vessels in foreign waters, earns revenues and incurs expenditure in foreign currencies, primarily with respect to USD, EURO and certain other foreign currencies. Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR).

Considering the business environment in which Company operates, exposure to foreign exchange rate risk is largely managed by collection of income in foreign currencies in short term bank accounts abroad.

##### (a) Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

Particulars	31 March 2021			31 March 2020		
	USD	EUR	Others	USD	EUR	Others
<b>Financial assets</b>						
Non Current Loans & Advances	21,507	-	-	23,512	-	-
Current assets	3,472	-	47	2,440	-	79
Current Loans & Advances	592	-	-	610	-	-
Cash and cash equivalents	332	1,838	2,161	801	748	1,290
Other Bank Balances	-	-	-	-	-	-
Trade Receivables	18,159	6,229	6,437	14,952	6,625	6,336
<b>Exposure to foreign currency risk (assets)</b>	<b>44,062</b>	<b>8,067</b>	<b>8,645</b>	<b>42,315</b>	<b>7,373</b>	<b>7,705</b>
<b>Financial liabilities</b>						
Long Term (Non-Current) Borrowings	266,378	-	-	167,738	-	-
Other current Liabilities	62,356	77	377	119,758	334	(69)
Short Term Borrowings	42,265	-	-	198,642	-	-



## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	31 March 2021			31 March 2020		
	USD	EUR	Others	USD	EUR	Others
Trade Payables	16,939	6,721	7,472	21,315	5,494	8,941
<b>Exposure to foreign currency risk (liabilities)</b>	<b>387,938</b>	<b>6,798</b>	<b>7,849</b>	<b>507,453</b>	<b>5,828</b>	<b>8,872</b>
Liabilities directly associated with assets classified as held for sale	21,788	-	-	22,346	-	-
<b>Total exposure to foreign currency risk (liabilities)</b>	<b>409,726</b>	<b>6,798</b>	<b>7,849</b>	<b>529,799</b>	<b>5,828</b>	<b>8,872</b>

#### (b) Sensitivity

The following table details the Company's sensitivity to a 3% increase/ decrease in INR as against USD and 3% increase / decrease in INR as against EUR. The sensitivity analysis includes only foreign currency denominated monetary items.

Particulars	Impact on profit after tax	
	31 March 2021	31 March 2020
<b>USD sensitivity</b>		
INR/USD -Increase by 3% (31 March 2020- 3%)	(10,970)	(14,625)
INR/USD -Decrease by 3% (31 March 2020- 3%)	10,970	14,625
<b>EUR sensitivity</b>		
INR/EUR -Increase by 3% (31 March 2020- 4%)	38	62
INR/EUR -Decrease by 3% (31 March 2020- 4%)	(38)	(62)

#### (ii) Interest rate risk

Interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Company manages its interest rate risk by regularly monitoring the interest rate movement and deciding on type of interest rate i.e. fixed or fluctuating..

#### (a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	31 March 2021	31 March 2020
Variable rate borrowings	366,208	475,282
<b>Total borrowings at variable rate</b>	<b>366,208</b>	<b>475,282</b>

#### (b) Sensitivity

The sensitivity analysis has been determined based on the exposure to interest rate risk on the borrowings outstanding as at the end of the reporting period. The analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year with a 100 basis point increase or decrease.

Particulars	Impact on profit after tax	
	31 March 2021	31 March 2020
Interest rates – increase by 100 basis points (100 bps)	(3,662)	(4,753)
Interest rates – decrease by 100 basis points (100 bps)	3,662	4,753

#### (iii) Freight/Charter hire risk

Shipping industry is governed by various national and international economic and geopolitical developments. Local and international demand and supply determine freight and charter hire rates. Since Company's vessels ply in international waters, it is affected by such developments. Also, bunker cost is major component of Company's cost structure and bunker prices are highly volatile.

## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### Note 39: Capital management

##### (a) Risk management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the debt equity ratio. This ratio is calculated as debt divided by total equity. Debt is calculated as Long Term Borrowings (including current portion of Long Term borrowings as shown in the Balance Sheet).

Particulars	31 March 2021	31 March 2020
Net Debt	323,173	275,477
Total Equity	790,202	729,818
<b>Net debt to equity ratio</b>	<b>0.41</b>	<b>0.38</b>

##### (b) Loan covenants

The company has 2 ECB Loan Agreements with two banks and both banks are having financial covenant of Debt Service Coverage Ratio (DSCR). The Corporation has two ECB loan agreements with the banks. The Corporation is comfortably meeting all the financial loan covenants for both the banks for the Financial Year 2020-21.

#### Note 40

On the basis of review of residual value of vessels there is no change in FY 2020-21, while in FY 2019-20, 2 PSV and 5 AHTS vessels were estimated to be having scrap value less than 5% of original cost. Therefore, residual value of 2 PSV and 5 AHTS vessels was reduced accordingly. Due to this change, depreciation for the for the year ended 31<sup>st</sup> March 2020 was higher by ₹ 19.19 lakhs and profit for the FY 2019-20 is lower by ₹ 19.19 lakhs.

#### Note 41

As per the guidelines dated 27.5.2016 issued by Department of Investment and Public Asset Management (DIPAM), MOF, GOI in respect of dividend, bonus shares, etc. the Company has an obligation to comply with these guidelines. However, the company shall take in to consideration and be guided by the provisions of the Companies Act 2013, Companies (Declaration and Payment of Dividend) Rules, 2014 and Guidance Note on Dividend & Secretarial Standard 3 (SS3) for taking necessary action appropriate and deemed fit in the circumstances.

#### Note 42

The matter of payment of Performance Related Pay (PRP) of ₹ 1,103 lakhs vis-à-vis DPE guidelines w.r.t. computation of profits from core activities and non-observance of "Bell Curve" is continued since the FY 2014-15. The ATNs furnished by the Ministry of Ports, Shipping and Waterways (MoPSW) are yet to be examined by Committee of Public Undertakings. The Company is pursuing the matter with the aforesaid Ministry and awaiting their further instructions for resolution and final decision in the matter to take appropriate action.

#### Note 43

The impact of second wave of the COVID-19 pandemic continued in Q4 2020-21 with the spike in cases. Crew change continues to be a challenging job in view of travel restrictions imposed by governments worldwide. Though the Liner freight rates have gone up, while impact of Covid on crude oil demand and its associated market dynamics has adversely impacted the Tanker market. In T&OS segment there is improvement in activities in Q4. However, the demand remains less as compared to Pre-COVID-19 situation. The Company has assessed the current scenario basis internal and external information and believes that there is no impact in its ability to continue operations.

#### Note 44

In connection with the proposed strategic disinvestment of SCI, Department of Investment and Public Asset Management (DIPAM) with the engagement of necessary advisors are proceeding in the matter. A Preliminary Information Memorandum (PIM) for inviting expression of interest for disinvestment of the Government's entire shareholding in the Company (63.75%) along with the handing over of its management control was released on 22<sup>nd</sup> December, 2020. Ministry of Ports, Shipping and Waterways (MoPSW) has issued letter dated 28<sup>th</sup> September, 2020 directing the Company to appoint a consultant for the work related to demerger/hiving off its non-core assets. The Consultant has since been appointed by the Company and work is progressing.

#### Note 45

The Company has the practice of seeking confirmations of balances from all the parties in respect of the Trade Receivables, Trade Payables and Deposits. During the year, the Company has sent letters to all such parties seeking confirmations of balances. There are fewer responses to the confirmation requests. The company is in the process of following up with the parties for the purpose of recovery/payment of dues. In case of Trade Receivables, 62% (majority) of the Total Trade receivables pertains to Government and Public Sector Undertaking Customers. While the reconciliation is an on-going process, the management does not expect any material difference affecting the financial statements



## The Shipping Corporation of India Limited

### NOTES TO STANDALONE FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

due to the same.

#### Note 46

The Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13<sup>th</sup> November 2020 and has invited suggestion from stakeholders. The Central Government on 30<sup>th</sup> March 2021 has deferred the implementation of the said Code and the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will account for the same once the Code becomes effective.

#### Note 47

The Board of Directors recommended a dividend of ₹ 0.25/- per equity share of face value of ₹ 10/- each. The outgo on this account will be approximately ₹ 1,164 Lakhs, subject to the approval of members at the ensuing Annual General Meeting.

#### Note 48

On March 24, 2021, The Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendment has revised Division I, II, and III of Schedule III and are applicable from April 1, 2021. The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

#### Note 49

The company has paid ₹ 100 lakhs to its subsidiary Inland & Coastal Shipping Ltd. (ICSL) towards share application money against the rights issue of the subsidiary during the quarter. The shares are pending for allotment as at 31<sup>st</sup> March 2021.

#### Note 50

The figures of previous year have been regrouped or rearranged wherever necessary to conform to current year's presentation as per Schedule III (Division II) to the Companies Act 2013.

#### For Note no. 1 to 50 of Standalone Financial Statements

As per our report of even date attached hereto.

**For V. Sankar Aiyar & Co.,**  
Chartered Accountants  
FR. No. 109208W

**For Chokshi & Chokshi LLP,**  
Chartered Accountants  
FR. No. 101872W/W100045

**CA G Sankar**  
Partner  
Membership No. 046050

**CA Dhananajay Jaiswal**  
Partner  
Membership No. 187686

Mumbai, Dated the 13<sup>th</sup> May, 2021

For and on behalf of the Board of Directors,

**Mr. Dipankar Haldar**  
ED (LA & Company Secretary)

**Mr. L. C. Serrao**  
Chief Financial Officer

**Mrs. H. K. Joshi**  
Chairperson & Managing Director &  
Director (Finance) Addl. charge  
DIN - 07085755

Mumbai, Dated the 13<sup>th</sup> May, 2021

## INDEPENDENT AUDITOR'S REPORT

To the Members of

The Shipping Corporation of India Limited

Report on the Audit of the Consolidated Financial Statements

### 1. Opinion

We have audited the accompanying Consolidated Financial Statements of The Shipping Corporation of India Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), and its joint ventures, comprising of the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate Financial Statements and on the other financial information of the subsidiary and joint ventures, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards)

Rules, 2015, as amended, ("Ind AS"), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint ventures as at March 31, 2021, their consolidated profit (including other comprehensive income), their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current year. These matters were

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b><u>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (revenue accounting standard)</u></b></p> <p>The application of the new revenue accounting standard involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. (Refer Note No 33 to the Consolidated Financial Statements)</p>	<p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to Implementation of the revenue accounting standard.</li> <li>• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price.</li> <li>• Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>✓ Read, analyzed and identified the distinct performance obligations in these contracts.</li> <li>✓ Compared these performance obligations with that identified and recorded by the Company.</li> <li>✓ Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue.</li> <li>✓ In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified</li> <li>✓ Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts</li> </ul> </li> </ul>



## INDEPENDENT AUDITOR'S REPORT

Sr. No.	Key Audit Matter	Auditor's Response
2	<p><b><u>Impairment testing of Fleets in line with the Ind AS 36</u></b></p> <p>The Company at every reporting period, assesses market conditions and other specific risks to determine if there are any triggering events that may be indicators of an impairment of the fleets.</p> <p>The impairment loss, if any, is recognized in the Statement of Profit and Loss in the period in which impairment takes place. The provision for impairment of fleets is identified as a Key Audit Matter as it involves significant management assumptions and judgment to assess the market conditions and other associated risks in assessment of provisions.</p>	<p>We have obtained the management's view to gain an overview of the triggering events, market conditions (present &amp; future) operational factors and other key assumptions supporting the impairment assessment.</p> <p>We have performed the following procedures for verification of impairment testing of Fleets:</p> <ul style="list-style-type: none"> <li>Understanding the process for collecting the inputs into the valuation models to evaluate the design of the Company's controls over its impairment assessment and challenged the appropriateness of the inputs and significant assumptions, including the cash flow projections, discount rate, costs and expenses.</li> <li>Assessing the reasonableness of fair value of vessel considered by the management by comparing the same with the valuations provided by external professional valuers.</li> </ul>
3	<p><b><u>The direct access of certain overseas foreign agents to fund collected on account of freight and other charges.</u></b></p> <p>Liner division of the Company has been carrying out its vessels operations and container marketing activities at various ports in India and abroad through its agency network. Agents perform various activities such as marketing, booking, clearing of cargo, port calls of vessels &amp; also collection of freight on behalf of the Company.</p> <p>The Company depends on its agents for operation of Liner segment business.</p> <p>Since all the activities are performed by the agents, there is requirement of funds. Collection of income is done directly by agents and subsequently remitted to the Company. Therefore it involves a risk on the part of the Company and hence is identified as a Key Audit Matter.</p>	<p>We assessed the Company's process to evaluate Agents on timely basis to identify the impact of on the revenue and collection of funds.</p> <ul style="list-style-type: none"> <li>The Company has obtained bank guarantee from major agents &amp; also reviewed the same periodically to confirm its validity and completeness with respect to risk exposure on revenue due to direct access to agents.</li> </ul>
4	<p><b><u>Evaluation of Dry Docking Cost &amp; Repair Expenses of Vessels:-</u></b> As per Ind AS 16 'Property, Plant and Equipment', subsequent costs like expenditure on major maintenance refits or repairs including planned dry-dock are included in the asset's carrying amount or recognized as a separate asset, as appropriate, when they meet the recognition criteria, i.e., only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.</p> <p>A shipping company on periodic basis is required to bring all ships into dry dock for major inspection and overhaul. Overhaul expenditure might at first sight seem to be a repair to the ships but it is actually a cost incurred in getting the ship back into seaworthy condition.</p> <p>The dry docking cost and repairs expenses of vessels are considered as Key Audit Matter as it requires management judgment to assess future economic benefits from the expenditure incurred and the measurement of the cost.</p>	<p>To assess the recognition of dry docking cost &amp; repair cost, we performed the following process:</p> <ul style="list-style-type: none"> <li>Evaluated the design of internal controls relating to the major cost like repairs &amp; dry-docking which are of two types i.e. planned dry-dock &amp; Emergency dry-dock.</li> <li>Selected a sample to verify the operating effectiveness of the internal control, relating to identification of the distinction between the two cost i.e. repair &amp; dry-dock cost.</li> <li>Tested the relevant information technology systems' relating to the dry-dock &amp; Fleet related expenses.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

Sr. No.	Key Audit Matter	Auditor's Response
5	<b>Provisions for taxes and Contingent Liabilities</b> The Company is involved in various taxes and other disputes for which final outcomes cannot be easily predicted and which could potentially result in significant liabilities. The assessment of the risks associated with the litigations is based on complex assumptions, which require the use of judgment and such judgment relates, primarily, to the assessment of the uncertainties connected to the prediction of the outcome of the proceedings and to the adequacy of the disclosures in the financial statements. Because of the judgment required, the materiality of such litigations and the complexity of the assessment process, the area is a key matter for our audit.	Our audit procedure in response to this key Audit Matter included, among others, <ul style="list-style-type: none"> <li>Assessment of the process and relevant controls implemented to identify legal and tax litigations, and pending administrative proceedings.</li> <li>Assessment of assumptions used in the evaluation of potential legal and tax risks performed by the legal and tax department of the Company considering the legal precedence and other rulings in similar cases.</li> <li>Inquiry with the legal and tax departments regarding the status of the most significant disputes and inspection of the key relevant documentation.</li> <li>Analysis of opinion received from the experts where available.</li> <li>Review of the adequacy of the disclosures in the notes to the financial statements.</li> <li>We have observed that the provision for tax estimated as above including the deferred tax, has not resulted in material deviation from the applicable rate of tax after considering the exemptions, deductions and disallowances as per the provisions of the Income Tax Act.</li> </ul>

addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

### Emphasis of Matter

We draw attention to the following matters in the notes to the Consolidated Financial Statements:

- Note no. 42 regarding matter continued since FY 2014-15 regarding payment of Performance Related Pay (PRP) of ₹ 1,104 lakhs vis-a-vis DPE guidelines with respect to computation of profits from core activities and non-observance of "Bell Curve". The Company is pursuing the matter with the Ministry of Ports, Shipping and Waterways for resolution and final decision.
- Note no. 44 regarding Strategic Disinvestment process by the Government of India in respect of the Company. The disinvestment process and the procedural aspects in relation to the same are in progress.
- Note no.45 regarding the confirmations of trade receivables, trade payables and deposits and the action being taken and the management's assertion that the company is following up with the parties for reconciliation and that it would not have any material difference affecting the financial statements.

Our opinion is not modified in respect of these matters.

### Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Director's Report including Annexures to Director's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report and the reports of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive



## INDEPENDENT AUDITOR'S REPORT

income), consolidated changes in equity and consolidated cash flows of the Group including its joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India, The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the Group and of its joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint ventures are also responsible for overseeing the financial reporting process of the Group and of its joint ventures.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiary company, which are companies incorporated in India, have adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its joint ventures to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

## INDEPENDENT AUDITOR'S REPORT

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

- (a) We did not audit the Financial Statements of one subsidiary Company, whose Financial Statements reflects total assets of ₹ 89.94 lakhs as at March 31, 2021, total revenues of ₹ 3.83 lakhs and net cash inflows amounting to ₹ 74.05 lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include Group's share of net profit of ₹ 6,314.98 lakhs for the year ended March 31, 2021, as considered in the Consolidated Financial Statements, in respect of three joint ventures viz., ILT 1, 2 & 3, whose Financial Statements have not been audited by us. These Financial Statements have been audited by their respective independent auditors whose reports 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 these subsidiary and joint ventures, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid subsidiary and joint ventures, is based solely on the reports of the other auditors.

All the joint ventures are located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted

the financial statements of such joint ventures located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. These conversion adjustments made by the Company's management have been audited and certified by the independent chartered accountants. Our opinion in so far as it relates to the balances and affairs of such joint ventures located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by the independent chartered accountants.

- (b) The Consolidated Financial Statements also include Group's share of net profit of ₹ 1,508.78 lakhs for the year ended March 31, 2021, as considered in the Consolidated Financial Statements, in respect of one joint venture. This Financial Statements are unaudited 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 joint venture, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid joint venture, is based solely on such unaudited Financial Statements. In our opinion and according to the information and explanations given to us by the management, these Financial Statements are not material to the Group including its joint ventures.
- (c) The audit of Consolidated Financial Statements for the year ended March 31, 2020, was carried out and reported by joint auditors, V.Sankar Aiyar & Co and Haribhakti & Co. LLP, one of whom is a predecessor audit firm, vide their unmodified audit report dated May 29, 2020, which has been furnished to us by the management and relied upon by us for the purpose of our audit of the Consolidated Financial Statements.

Our opinion on the Consolidated Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Financial Statements certified by the management.

### Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act and based on our audit, we report, to the extent applicable, that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated



## INDEPENDENT AUDITOR'S REPORT

Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- d. In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e. In our opinion and to the best of our information and according to the explanations given to us, the Holding and Subsidiary Company being Government Companies, section 164 (2) related to disqualifications for appointment of directors are not applicable, in accordance with exceptions modifications and adaptations provided vide Notification No. G.S.R. 463 (E) dated June 5, 2015 issued by Ministry of Corporate Affairs (the "Notification").
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure 1";
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act:

In our opinion and to the best of our information and according to the explanations given to us, the Holding

Company and the subsidiary company incorporated in India being Government Companies, section 197 of the Act related to the managerial remuneration are not applicable to in accordance with exceptions modifications and adaptations provided vide Notification No. G.S.R. 463 (E) dated June 5, 2015 issued by Ministry of Corporate Affairs.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint ventures – Refer Note 28 to the Consolidated Financial Statements;
  - (ii) Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.
2. As required under sub-section (5) of section 143 of the Act, in case of Holding Company and its subsidiary company being the Government Companies and its joint ventures not being Government Companies, whose financial statements have been consolidated, under the Act, we give in "Annexure 2" a statement on the matters specified in the directions and sub-directions issued by Office of the Comptroller and Auditor General of India with respect to the Holding Company only.

**For V.Sankar Aiyar & Co.,**  
Chartered Accountants  
FRN: 109208W

**G Sankar**  
Partner  
Membership No. 46050  
UDIN: 21046050AAAEC2490

**Place: Mumbai**  
**Date: 13/05/2021**

**For CHOKSHI & CHOKSHI LLP,**  
Chartered Accountants  
FRN: 101872W/W100045

**Dhananajay Jaiswal**  
Partner  
Membership No. 187686  
UDIN: 21187686AAAEC4057

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of The Shipping Corporation of India Limited on the Consolidated Financial Statements for the year ended March 31, 2021]

### **Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the Consolidated Financial Statements of The Shipping Corporation of India Limited ("Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of Holding Company and its subsidiary company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of Holding Company and its subsidiary company, which are companies incorporated in India.

#### **Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.



## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to explanations given to us, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, adequate internal financial controls with reference to financial statements as of March 31, 2021, based on the internal

control with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI, the internal financial controls with reference to financial statements of Holding Company and its subsidiary company were operating effectively as of March 31, 2021.

### Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to a subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditors of such company.

**For V.Sankar Aiyar & Co.,**  
**Chartered Accountants**  
**FRN: 109208W**

**G Sankar**  
**Partner**  
**Membership No.46050**  
**UDIN: 21046050AAAAEC2490**  
**Place: Mumbai**  
**Date: 13/05/2021**

**For CHOKSHI & CHOKSHI LLP,**  
**Chartered Accountants**  
**FRN: 101872W/W100045**

**Dhananajay Jaiswal**  
**Partner**  
**Membership No. 187686**  
**UDIN: 21187686AAAAEC4057**

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

### Annexure 2(a) - Directions under Section 143(5) of the Companies Act, 2013

#### On the Accounts of The Shipping Corporation of India Limited for the financial year 2020-21

Sr. No.	Directions	Auditors' comments including Action taken wherever required to be taken	Impact on the Accounts and financial statements
1	Whether the company has system in place to process all the accounting transactions through IT system? If NO, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The company has one Accounting System i.e. SAP and other major operating softwares such as Danaos, Afsys etc. All these softwares are integrated with each other and there are no transactions which are accounted outside the IT System.	No Impact
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	As observed during the course of audit and explained to us, there is no restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan.	No Impact
3	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	As observed during the course of audit and explained to us, the Company has received a subsidy during the current financial year and two subsidies in earlier years, status of the same is as follows:-	
		<p>a) During the year, the Company has received subsidy amounting to ₹ 21.10 crores for carrying out Cargo Shipping Service between India and Maldives and out of the above, an amount of ₹ 8.62 crore has been utilised as per the terms and conditions specified in the sanction letter dated 10.08.2020.</p> <p>Further, the unutilized amount of ₹ 12.48 crores has been disclosed as liability after adjusting the expenses net of income against the subsidy amount as on 31.03.2021. The balance amount is placed in Fixed Deposit and Interest earned against such deposit will be remitted to the Consolidated Fund of India after finalisation of accounts. Also, the same is in compliance with the provisions of Ind AS 20 Government Grants.</p>	Impact
		b) Related to Myanmar Service, the Company has accounted and utilised the grant as per its terms and conditions and the amount spent in excess of the grant amounting to ₹ 4.67 crores is shown as receivable and provision for doubtful advances is created on the same.	No Impact



## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

		c) The Company had received from the Ministry of Ports, Shipping and Waterways subsidy of ₹ 19 crores in the financial year 2017-18 provided for running direct shipping services between India to Bangladesh - Myanmar and Srilanka - Maldives. However, the Company awaited direction from the Ministry to start the service and hence action for in-chartering of the vessel was deferred by the Company. In the financial year 2019-20, Ministry of Ports, Shipping and Waterways directed to refund the subsidy amount. Accordingly, subsidy and interest earned thereon from date of receipt of funds till the date of refund amounting to ₹ 20.53 crores has been transferred to Ministry of Ports, Shipping and Waterways during the financial year 2019-20.	No Impact
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### Annexure 2(b) -Sub-directions under Section 143(5) of the Companies Act, 2013 in respect of The Shipping Corporation of India Limited for the financial year 2020-21

Sr. No.	Sub-directions	Auditors' comments including Action taken wherever required to be taken	Impact on the Accounts and financial statements
1	Whether substantial portion of Revenue Booked/ invoices raised are reversed or cancelled?	As observed during the course of audit and explained to us, no substantial portion of revenue booked / invoices raised by the company are reversed or cancelled except that in the normal course of business and due to provision created at the cut-off date as per relevant Ind AS.	No Impact
2	State the system for providing Impairment to vessels	To determine Impairment of each vessel, carrying amount of the vessel is compared with its recoverable amount. Where the carrying amount of the vessel exceeds the recoverable amount, an impairment loss for the vessel is recognized. Recoverable amount of the vessel is higher of its Market Value or Value in use as on the balance sheet date. Market value of vessels at Balance Sheet date are based on valuation reports provided by reputed valuation firms. Value in use of vessels is based on projections of Future Cash inflows & Outflows generated from the use of the vessel and its subsequent sale. Cash inflows and outflows used in the calculation are based on market report of research and advisory firms as well as best available management estimates. Cash Inflow on sale of vessels is considered as their Scrap Value at the end of their useful life. The Value in use of Vessels as on the reporting date is arrived at by discounting the Net Cash Inflows by using Weighted Average Cost of Capital (WACC).	No Impact

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

Sr. No.	Sub-directions	Auditors' comments including Action taken wherever required to be taken	Impact on the Accounts and financial statements
3	State the system for bifurcating repairs and expense for capitalization and charging to revenue. Whether repairs and expenses which do not add to useful life of vessels are capitalized?	As per the company's accounting policy, expenses incurred during the planned dry docking of vessels and other major repair expenses of vessels like replacement of auxiliary engine etc. are capitalised in the asset's carrying amount if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably as per the recognition criteria of Ind AS 16. All other repairs and expenses that do not meet the recognition criteria of Ind AS 16 are charged to revenue. As observed during the course of audit, repairs and other expenses which do not add to useful life of vessels are not capitalised by the Company and the same are charged to revenue.	No Impact
4	Whether Title to all investments /FD actually available with the Company?	Title to all Investments including investments in shares & fixed deposits are available with the company.	No Impact
5	Whether balance payable to Agents as at the year-end is correctly reflected under the "Liability" head in Balance Sheet?	Yes, As explained & observed during the course of audit at the end of the year, where money is payable to the agent, such balances are disclosed under the "Liability" head in the balance sheet, subject to reconciliation with Agents.	No Impact

### Annexure 3(c) – Additional Directions Received from C&AG for the financial year 2020-21

Sr. No.	Directions	Auditors' comments including Action taken wherever required to be taken	Impact on the Accounts and financial statements
1	Compliance to directions and additional directions issued under section 143 (5) of the Companies Act, 2013.	<b>Refer Annexure 3(a) &amp; 3(b) above for the Auditor's comments</b>	<b>Refer Annexure 3(a) &amp; 3(b) above for the impact</b>
2	Compliance to Last Year Assurances by the Company and issues raised in Management letter issued to the Management on 14.08.2020 for the financial year 2019-20	The brief details of action taken by the Company are as under: In respect of borrowing and dividend, necessary disclosures have been given in the notes to the financial statements. In respect of Performance Related Pay and Confirmation with regard to Trade Receivables / Payables and Deposits, the disclosures have been suitably modified / elaborated. As regards valuation of inventories of stores and spares, the matter has been examined by an internal committee of the Company and considering its recommendation, which is based on shipping industry practice and materiality concept, the Company has felt it appropriate to continue with the same practice followed consistently since earlier years.	



## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

Sr. No.	Directions	Auditors' comments including Action taken wherever required to be taken	Impact on the Accounts and financial statements
3	Changes in Accounting policies, if any, during the year and its corresponding Impact	There is no change in the significant accounting policy having impact in the current financial year.	No Impact
4	System of Internal controls in place	<p>The Company has an internal control system that is commensurate with the current size, scale and complexity of its operations. Internal financial controls framework and Risk Control Matrix (RCM) for various business processes are in place. The internal control systems (including Internal Financial Controls over Financial Reporting) are reviewed on an ongoing basis and necessary changes are carried out to align with the changing business / statutory requirements.</p> <p>Internal audit is carried out by a firm of Chartered Accountants, on quarterly basis. The scope and authority of the Internal Audit function is defined in the Internal Audit Plan, which is approved by the Audit Committee. To maintain its objectivity and independence, the Internal Audit function submits quarterly reports to the Audit Committee of the Board. The Internal Audit examine, evaluate and report on the adequacy and operative effectiveness of the internal control systems in the company, its compliance with the laid down policies and procedures and ensure compliance with applicable laws and regulations. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are reviewed, deliberated and presented to the Audit Committee of the Board.</p>	No Impact
5	Financial impact of COVID 2019	Based on the assessment carried out by the external firm of Chartered Accountants for the Company, there is no significant financial impact of COVID-19.	No Impact
6	Reconciliation of unidentified credits / debits in Bank Reconciliation Statements	The Company has a process in place whereby all entries in the bank statements are duly identified with the entries in the books of account and entries appearing in the bank statements, but not reflected in the books of account and vice versa are duly included in the monthly bank reconciliation statement for giving necessary effect in the subsequent month.	No Impact

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

Sr. No.	Directions	Auditors' comments including Action taken wherever required to be taken	Impact on the Accounts and financial statements
7	Reviewing of old credit/debit balances.	The Company has a process in place whereby all old open debit and credit items are periodically reviewed for taking necessary action to clear these items. Major percentage of old debit balances are under litigation and the old credit balance is mainly due to international sanctions.	No Impact

**For V.Sankar Aiyar & Co.,**  
**Chartered Accountants**  
**FRN: 109208W**  
**G Sankar**  
**Partner**  
**Membership No.46050**  
**UDIN: 21046050AAAAEC2490**  
**Place: Mumbai**  
**Date: 13/05/2021**

**For CHOKSHI & CHOKSHI LLP,**  
**Chartered Accountants**  
**FRN: 101872W/W100045**  
**Dhananajay Jaiswal**  
**Partner**  
**Membership No. 187686**  
**UDIN: 21187686AAAAEC4057**



## The Shipping Corporation of India Limited

### CONSOLIDATED BALANCE SHEET

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	1,015,287	1,062,764
Capital work-in-progress	4	3,266	284
Right-of-use asset	5	2,101	2,403
Other intangible assets	6	50	146
Investments accounted for using the equity method	6(a)	35,072	29,473
Financial assets			
i. Investments	7(a)	349	362
ii. Loans	7(b)	23,177	22,474
iii. Other financial assets	7(c)	7	7
Deferred tax assets (net)		-	-
Income Tax assets (net)	8	19,477	20,112
Other non-current assets	9	11,241	9,730
<b>Total non-current assets</b>		<b>1,110,027</b>	<b>1,147,755</b>
<b>Current assets</b>			
Inventories	10	8,769	13,138
Financial assets			
i. Investments	7(d)	-	-
ii. Trade receivables	7(e)	63,050	60,623
iii. Cash and cash equivalents	7(f)	22,477	24,478
iv. Bank balances other than (iii) above	7(g)	81,113	69,304
v. Loans	7(b)	792	791
vi. Other financial assets	7(c)	33,275	56,312
Other current assets	9	20,756	19,452
Assets classified as held for sale	11	7	7
<b>Total current assets</b>		<b>230,239</b>	<b>244,105</b>
<b>Total assets</b>		<b>1,340,266</b>	<b>1,391,860</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Equity share capital	12	46,580	46,580
Other Equity	13	770,173	701,786
<b>Total equity</b>		<b>816,753</b>	<b>748,366</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
i. Borrowings	14(a)	266,378	167,738
ii. Lease Liabilities	14(b)	2,243	2,395
iii. Other financial liabilities	14(c)	33	25
Provisions	15	6,335	6,474
Deferred tax liabilities (net)	16	5,580	7,531
<b>Total non-current liabilities</b>		<b>280,569</b>	<b>184,163</b>

# The Shipping Corporation of India Limited

## CONSOLIDATED BALANCE SHEET

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
<b>Current liabilities</b>			
Financial liabilities			
i. Borrowings	<b>14(d)</b>	42,265	198,642
ii. Lease Liabilities	<b>14(b)</b>	219	209
iii. Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises; and	<b>14(e)</b>	692	629
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	<b>14(e)</b>	82,558	94,931
iv. Other financial liabilities	<b>14(c)</b>	77,848	129,396
Other current liabilities	<b>17</b>	16,683	12,148
Provisions	<b>15</b>	891	1,030
Liabilities directly associated with assets classified as held for sale	<b>18</b>	21,788	22,346
<b>Total current liabilities</b>		<b>242,944</b>	<b>459,331</b>
<b>Total liabilities</b>		<b>523,513</b>	<b>643,494</b>
<b>Total equity and liabilities</b>		<b>1,340,266</b>	<b>1,391,860</b>

The accompanying notes no. 1 to 53 are an integral part of these Consolidated Financial Statements.

As per our report of even date attached hereto.

For and on behalf of the Board of Directors,

**For V. Sankar Aiyar & Co.,**  
Chartered Accountants  
FR. No. 109208W

**For Chokshi & Chokshi LLP,**  
Chartered Accountants  
FR. No. 101872W/W100045

**Mr. Dipankar Halder**  
ED (LA & Company Secretary)

**Mr. L. C. Serrao**  
Chief Financial Officer

**CA G Sankar**  
Partner  
Membership No. 046050

**CA Dhananajay Jaiswal**  
Partner  
Membership No. 187686

**Mrs. H. K. Joshi**  
Chairperson & Managing Director &  
Director (Finance) Addl. Charge  
DIN - 07085755

Mumbai, Dated the 13<sup>th</sup> May, 2021

Mumbai, Dated the 13<sup>th</sup> May, 2021



## The Shipping Corporation of India Limited

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Note	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from operations	19,20	370,329	442,544
Other income	21	12,556	24,295
<b>Total Income</b>		<b>382,885</b>	<b>466,839</b>
<b>Expenses</b>			
Cost of services rendered	22	199,931	255,825
Employee benefits expense	23	47,378	47,654
Finance costs	24	2,111	36,413
Depreciation and amortisation expense	25	62,794	67,127
Other expenses	26	7,219	25,070
<b>Total expenses</b>		<b>319,433</b>	<b>432,089</b>
<b>Profit/(Loss) before exceptional items, share of net profits of investments accounted for using equity method and tax</b>		<b>63,452</b>	<b>34,750</b>
Share of net profit of associates and joint ventures accounted for using equity method		7,824	3,414
<b>Profit/(Loss) before exceptional items and tax</b>		<b>71,276</b>	<b>38,164</b>
Exceptional items		-	-
<b>Profit/(Loss) before tax</b>		<b>71,276</b>	<b>38,164</b>
<b>Tax expense</b>	29		
Current tax		3,611	4,850
Tax pertaining to earlier years		7	154
Deferred tax		(1,951)	(1,622)
MAT Credit Entitlement		-	1,134
<b>Total tax expense</b>		<b>1,667</b>	<b>4,516</b>
<b>Profit/(Loss) for the period</b>		<b>69,609</b>	<b>33,648</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements gain/(loss) of defined benefit plans		2,068	1,462
Share of OCI of associates and joint ventures, net of tax		203	(5,068)
<b>Other comprehensive income for the period, net of tax</b>		<b>2,271</b>	<b>(3,606)</b>
<b>Total comprehensive income for the period</b>		<b>71,880</b>	<b>30,042</b>
<b>Earnings per equity share</b>	27		
(1) Basic earnings per share (in ₹)		14.94	7.22
(2) Diluted earnings per share (in ₹)		14.94	7.22

The accompanying notes no. 1 to 53 are an integral part of these Consolidated Financial Statements.

As per our report of even date attached hereto.

For V. Sankar Aiyar & Co.,  
Chartered Accountants  
FR. No. 109208W

For Chokshi & Chokshi LLP,  
Chartered Accountants  
FR. No. 101872W/W100045

CA G Sankar  
Partner  
Membership No. 046050

CA Dhananajay Jaiswal  
Partner  
Membership No. 187686

Mumbai, Dated the 13<sup>th</sup> May, 2021

For and on behalf of the Board of Directors,

Mr. Dipankar Halder  
ED (LA & Company Secretary)

Mr. L. C. Serrao  
Chief Financial Officer

Mrs. H. K. Joshi  
Chairperson & Managing Director &  
Director (Finance) Addl. Charge  
DIN - 07085755

Mumbai, Dated the 13<sup>th</sup> May, 2021

# The Shipping Corporation of India Limited

## CONSOLIDATED CASH FLOW STATEMENT

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
<b>A Cash Flow from operating activities</b>		
<b>Profit/(Loss) before income tax</b>	71,276	38,164
Adjustments for		
<b>Add:</b>		
Depreciation and amortisation expenses	62,794	67,127
Finance costs	10,674	20,937
Bad debts and irrecoverable balances written off	184	2,782
Provision for doubtful debts	1,281	(839)
Provision for diminution of value of investment	-	-
Write off of Fixed Assets	484	242
Provision of Asset held for sale	-	(5)
Foreign Currency Fluctuations	(8,388)	27,590
<b>Less:</b>		
Dividend received	-	(185)
Dividend received from Joint Ventures	(2,911)	-
Interest received	(6,561)	(8,116)
Share of profit of associates and joint ventures	(7,824)	(3,414)
Excess Provisions written back	(157)	(6,212)
Profit on sale of investment	(449)	(226)
Surplus on sale of fixed assets	(38)	(9,337)
Provision for doubtful debts	-	-
Change in non-current investment due to fair valuation	13	(12)
<b>Change in operating assets and liabilities</b>		
(Increase)/Decrease in Trade Receivables	(3,126)	(1,053)
(Increase)/Decrease in Other Current / Non Current Assets	22,294	(6,511)
(Increase)/Decrease in inventories	4,378	2,841
(Increase)/Decrease in Trade Payables	(10,543)	(28,279)
(Increase)/Decrease in Other Current / Non Current Liabilities	3,624	9,666
	137,005	105,160
<b>Cash generated from operations</b>		
Income taxes paid	(2,983)	(10,688)
<b>Net cash inflow from operating activities</b>	<b>(A) 134,022</b>	<b>94,472</b>
<b>B Cash flow from investing activities:</b>		
Purchase of property, plant and equipment/ intangible assets	(19,673)	(10,450)
Sale proceeds of property, plant and equipment	57	11,844
Dividend received from Mutual Fund	-	185
Dividend Received from Joint Ventures	2,911	-



# The Shipping Corporation of India Limited

## CONSOLIDATED CASH FLOW STATEMENT

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Proceeds from sale of investments	454	226
Loan remitted / Recovery to/from employees and Joint venture	1,799	(488)
Other Deposits with banks	(11,814)	20,722
Advances and other Deposits	171	88
Interest received	5,448	9,792
<b>Net cash inflow / (outflow) from investing activities (B)</b>	<b>(20,647)</b>	<b>31,919</b>
<b>C Cash flow from financing activities</b>		
Long term loans repaid	(67,646)	(116,325)
Long term loans borrowed	-	-
Short term loans borrowed/(repaid)	(31,662)	26,813
Interest paid	(11,189)	(21,023)
Dividend Paid	(3,486)	
Payment of Lease liability	(142)	(116)
Other financing costs	(1,318)	(1,318)
<b>Net cash outflow from financing activities (C)</b>	<b>(115,443)</b>	<b>(111,969)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(2,068)</b>	<b>14,422</b>
Add: Changes in Bank balances (unavailable for use) *	-	257
Add: Cash and cash equivalents at the beginning of the financial year	24,478	9,538
Exchange difference on translation of foreign currency cash and cash equivalents	67	261
<b>Cash and cash equivalents at the end of the year**</b>	<b>22,477</b>	<b>24,478</b>
** Comprises of		
Balances with banks in current accounts	19,564	21,830
Balances with banks in deposits account with original maturity of less than three months	2,913	2,648
<b>Total</b>	<b>22,477</b>	<b>24,478</b>

\*The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

The accompanying notes no. 1 to 53 are an integral part of these Consolidated Financial Statements.

As per our report of even date attached hereto.

For and on behalf of the Board of Directors,

For V. Sankar Aiyar & Co.,  
Chartered Accountants  
FR. No. 109208W

For Chokshi & Chokshi LLP,  
Chartered Accountants  
FR. No. 101872W/W100045

Mr. Dipankar Haldar  
ED (LA & Company Secretary)

Mr. L. C. Serrao  
Chief Financial Officer

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Partner  
Membership No. 046050

CA Dhananajay Jaiswal  
Partner  
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Mrs. H. K. Joshi  
Chairperson & Managing Director &  
Director (Finance) Addl. Charge  
DIN - 07085755

Mumbai, Dated the 13<sup>th</sup> May, 2021

Mumbai, Dated the 13<sup>th</sup> May, 2021

# The Shipping Corporation of India Limited

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021

(All amounts in INR lakhs, unless otherwise stated)

A. Equity Share Capital (Refer note 12)	As at March 31, 2021		As at March 31, 2020	
	No of Shares	Amount (in ₹)	No of Shares	Amount (in ₹)
Balance at the beginning of the reporting period	465,799,010	4,657,990,100	465,799,010	4,657,990,100
Add: Issue of Bonus Shares	-	-	-	-
Balance at the end of the reporting period	465,799,010	4,657,990,100	465,799,010	4,657,990,100

### B. Other Equity

Particulars	Note	Reserves and Surplus					Cash Flow Hedging Reserve	Foreign Currency Translation Reserve	Total Equity
		Capital Reserve	Securities Premium Reserve	Retained Earnings	General Reserve	Tonnage Tax Reserve			
						Tonnage Tax Reserve (Utilised)			
<b>Balance as at 31 March 2019</b>		15,205	52,177	52,033	553,527	-	(2,086)	887	671,743
Profit for the year	31	-	-	33,648	-	-	-	-	33,648
Other Comprehensive Income for the year (Remeasurements gain/(loss) of defined benefit plans)		-	-	1,462	-	-	-	1,536	(3,605)
Total Comprehensive Income for the year		-	-	35,110	-	-	-	1,536	30,043
Transfer to Tonnage tax reserve		-	-	(2,100)	-	-	-	-	(2,100)
Transfer from surplus in Statement of Profit & Loss account		-	-	-	-	2,100	-	-	2,100
Transfer to Tonnage tax reserve (utilised)		-	-	-	-	-	-	-	-
Transfer from Tonnage tax reserve		-	-	-	-	-	-	-	-
Transfer to Capital Reserve		-	-	-	-	-	-	-	-
Transfer to General Reserve		-	-	-	-	-	-	-	-
Dividend distribution tax paid		-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>		15,205	52,177	85,043	553,527	2,100	(8,689)	2,423	701,786
Profit for the year	31	-	-	69,609	-	-	-	-	69,609
Other Comprehensive Income for the year (Remeasurements gain/(loss) of defined benefit plans)		-	-	2,068	-	-	-	(3,629)	2,271
Total Comprehensive Income for the year		-	-	71,677	-	-	-	(3,629)	71,880
Transfer to Tonnage tax reserve		-	-	(10,350)	-	-	-	-	(10,350)
Transfer from surplus in Statement of Profit & Loss account		-	-	-	-	10,350	-	-	10,350
Transfer to Tonnage tax reserve (utilised)		-	-	-	-	-	-	-	-
Transfer from Tonnage tax reserve		-	-	-	-	-	-	-	-
Transfer to Capital Reserve		-	-	-	-	-	-	-	-
Transfer to General Reserve		-	-	-	-	-	-	-	-
<b>Dividend Paid on equity shares</b>		-	-	(3,493)	-	-	-	-	(3,493)
<b>Dividend distribution tax paid</b>		-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>		15,205	52,177	142,877	553,527	12,450	(4,857)	(1,206)	770,173

The accompanying notes no. 1 to 53 are an integral part of these Consolidated Financial Statements.

As per our report of even date attached hereto.

For and on behalf of the Board of Directors,

For V. Sankar Aiyar & Co.,  
Chartered Accountants  
FR. No. 109208W  
CA G Sankar  
Partner  
Membership No. 046050

Mr. Dipankar Haldar  
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Chairperson & Managing Director &  
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DIN - 07085755

Mumbai, Dated the 13<sup>th</sup> May, 2021

Mumbai, Dated the 13<sup>th</sup> May, 2021



## The Shipping Corporation of India Limited

### Consolidated Financial Statement for the year ended 31 March 2021

#### Corporate Information

The Shipping Corporation of India Limited ("the Company") together with its subsidiary and joint ventures ("the Group") is the largest Indian Shipping Company limited by shares, incorporated in 1961. The Group is involved in business of transporting goods. The Group's owned fleet includes Bulk Carriers, Crude Oil Tankers, Product Tankers, Container Vessels, LPG/LNG Carrier and Offshore Supply Vessels. In addition, Group manages a large number of vessels on behalf of various government departments and other organizations. The registered office of the Company is located at Shipping House, 245, Madame Cama Road, Nariman Point, Mumbai - 400 021.

These Consolidated Financial Statements are approved for issue by the board of directors on 13<sup>th</sup> May 2021.

#### Note 1: Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The accounting policies applied are consistent with those of the previous financial years. The consolidated financial statements are for the Group consisting of the Company and its subsidiary and joint ventures.

##### 1.1 Basis of Preparation

###### (a) Compliance with the Indian Accounting Standards

The Consolidated Financial Statements of the Group have been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) read with Section 133 of the Companies Act, 2013 ("the Act") to the extent applicable and current practices prevailing within the Shipping Industry in India. The policies set out below have been consistently applied during the years presented.

###### (b) Historical Cost Convention

The Consolidated Financial Statements have been prepared under the historical cost convention, except for the following assets and liabilities which have been measured at fair value :

- Certain financial asset and financial liabilities;
- Defined benefits plans – Plan assets.

Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level

input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

- (c) The assets and liabilities reported in the balance sheet are classified as "current/non-current" as per the Group's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Current assets are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or within the 12 months following the balance sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Group or within the 12 months following the balance sheet date.

- (d) All material prior period errors are adjusted retrospectively in the first set of financial statements approved for issue after their discovery by:

- (a) Restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- (b) If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

- (e) The Consolidated Financial Statements are presented in 'Indian Rupees' (INR), which is also the Group's functional currency and all amounts are rounded to the nearest lakhs, unless otherwise stated.

###### (f) Amended Accounting Standards adopted by the Group-

###### i. Amendment to Ind AS 1- Presentation of Financial Statements & Ind AS 8 - Accounting Policies, Changes in Accounting

Estimates and Errors: The definition of "Material" given in Ind AS-1 has been refined and consequently other Ind AS i.e. Ind AS 8- has also been amended with respect to definition of "Material". Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole. Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The Group has applied above amendments w.e.f. 01.04.2020. However, the adoption of above amendments does not have any effect on the financial statements.

## The Shipping Corporation of India Limited

### Consolidated Financial Statement for the year ended 31 March 2021

#### ii. **Amendment to Ind AS 10 Events after the Reporting Period:**

Paragraph 21 of Ind AS 10 has been substituted as follows:

"If non-adjusting events after the reporting period are material, non-disclosure could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting period- (a) the nature of the event; and (b) an estimate of its financial effect, or a statement that such an estimate cannot be made." The Group has applied above amendments w.e.f. 01.04.2020. However, the adoption of above amendments does not have any effect on the financial statements

#### iii. **Amendment to Ind AS 34 Interim Financial Reporting:**

Consequent to amendments in Ind AS 1 & Ind AS 8, following paras of Ind AS 34 has been amended/ inserted:

For paragraph 24, the following shall be substituted, namely:-  
— 24 Ind AS 1 defines material information and requires separate disclosure of material items, including (for example) discontinued operations, and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors requires disclosure of changes in accounting estimates, errors, and changes in accounting policies. The two Standards do not contain quantified guidance as to materiality"

(ii) after paragraph 55, the following shall be inserted, namely:- — "59 Definition of Material (Amendments to Ind AS 1 and Ind AS 8) amended paragraph 24. An entity shall apply those amendments when it applies the amendments to the definition of material in paragraph 7 of Ind AS 1 and paragraphs 5 and 6 of Ind AS 8.;"

(iii) in Appendix 1, for paragraph 7, the following shall be substituted, namely:-

"7 Paragraphs 46-54 and 56-57 related to effective date have not been included in Ind AS 34 as these are not relevant in Indian context. Paragraph 58 is not included since it relates to amendments due to Conceptual Framework for Financial Reporting under IFRS Standards for which corresponding Conceptual Framework for Financial Reporting under Indian Accounting Standards is under formulation. However, in order to maintain consistency with paragraph numbers of IAS 34, these paragraph numbers are retained in Ind AS 34."

The Group has applied above amendments w.e.f. 01.04.2020. However, the adoption of above amendments does not have any effect on the financial statements.

#### iv. **Amendment to Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets:**

Consequential of the above amendments have been notified, and paragraph 75 below on accounting of restructuring plans have been substituted.

"75 A management or board decision to restructure taken before the end of the reporting period does not give rise to

a constructive obligation at the end of the reporting period unless the entity has, before the end of the reporting period- (a) started to implement the restructuring plan; or (b) announced the main features of the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation in them that the entity will carry out the restructuring. If an entity starts to implement a restructuring plan, or announces its main features to those affected, only after the reporting period, disclosure is required under Ind AS 10 Events after the Reporting Period, if the restructuring is material and non-disclosure could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity" The Group has applied above amendments w.e.f. 01.04.2020. However, the adoption of above amendments does not have any effect on the financial statements.

v. **Amendment to Ind AS 103 Business Combination:** Several changes has been done in Ind AS 103 such as (i) Definition of a business," shall be substituted as follows: "An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. Accordingly, providing goods or services to customers has been added to the definition of business. (ii) The three elements of a business are defined for guidance on the elements of a business. This is to permit a simplified assessment of whether an acquired set of activities and assets is business or not. (iii) Optional test to identify concentration of fair value: The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The Group has applied above amendments w.e.f. 01.04.2020. However, the adoption of above amendments does not have any effect on the financial statements.

vi. **Amendment to Ind AS 107 Financial Instruments & Ind AS 109: Additional disclosures pertaining to interest rate benchmark reforms has been mandated.** Modifications to some specific hedge accounting requirements to provide relief to the potential effects of uncertainty caused by the interest rate benchmark reform. The Group has applied above amendments w.e.f. 01.04.2020. However, the adoption of above amendments does not have any effect on the financial statements.

vii. **Amendment to Ind AS 116 Leases:** An amendment has been made as per which businesses is not required to treat the rent concession as a lease modification subject to following conditions. If the below mentioned conditions are fulfilled, the rent concession may be treated without lease modification. a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;



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b) any reduction in lease payments affects only payments originally due on or before the 30 June, 2021, and c) there is no substantive change to other terms and conditions of the lease.

The following Disclosures to be made in the financial statement by the reporting entity a) it has applied the practical expedient to all rent concessions that meet the conditions or, if not applied to all such rent concessions, information about the nature of the contracts to which it has applied the practical expedient and b) the amount recognized in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient. The Group has applied above amendments w.e.f. 01.04.2020. However, the adoption of above amendments does not have any effect on the financial statements.

## 1.2 Basis of Consolidation

### Subsidiaries

- i. The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiary over which the group has control which has been prepared in accordance with Ind AS 110 - "Consolidated Financial Statements". Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
- ii. The financial statements of the Company and its subsidiary have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and unrealised profits or losses on intra-group transactions.
- iii. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- iv. The financial statements of the subsidiary used in consolidation are drawn up to the same reporting date as that of the Company i.e. year ended 31 March 2021.

### Joint Arrangements

Under Ind AS 111, "Joint Arrangements", investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company has only joint ventures.

### Joint Ventures

The consolidated financial statements include the interest of the Company in joint ventures which are accounted using the equity method.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit

and loss, and the Company's share of other comprehensive income of the investee in other comprehensive income. Dividend received or receivables from joint ventures are recognised as reduction in the carrying amount of the investments.

When the Company's share of losses in the equity accounted investments equals or exceeds its interest in the investee, including any other unsecured long term receivables, the Company does not recognise further losses, unless it has incurred obligations.

The financial statements of the joint ventures used in the consolidation have been prepared under IFRS. For India LNG Transport Company (No. 1, 2, 3, 4) period 1st April 2020 to 31st March 2021 has been taken. Since, the India LNG Transport Company (No. 1, 2, 3, 4) are preparing audited financial statements following calendar year, The audited financial results of ILT 1, ILT 2 & ILT 3 and unaudited financial results of ILT 4 for the period January 2021 to March 2021 are added to January 20 to December 2020 audited financial results whereas audited financial results of ILT 1, ILT 2, ILT 3 and limited reviewed results of ILT 4 for the period Jan 2020 to March 2020 are deducted to arrive financial results for the period April 2020 to March 2021 of JV Companies.

The results and financial position of foreign operations such as joint ventures that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates and
- All resulting exchange differences are recognised in other comprehensive income.

## 1.3 Foreign currency translation

### (a) Functional and Presentation Currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in 'Indian Rupees' (INR), which is the Group's functional and the Group's presentation currency.

### (b) Transactions and Balances

All foreign currency transactions are recorded at the previous day's available RBI reference rate/exchange rate published through FBIL (Financial Benchmarks India Private Limited). Since the RBI reference rate published through FBIL is available for four major currencies only i.e. USD, GBP, EUR, YEN, exchange rates of other currencies are taken from xe.com website.

The foreign currency balances in US Dollars, UK Pounds, Euro and Japanese YEN appearing in the books of account at the period end are translated into US Dollars at the available RBI reference rate/exchange rate published through FBIL at the period end. The foreign currency balances other than US Dollars, UK Pounds, Euro and Japanese YEN appearing in

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the books of account at the period end are translated into US Dollars at the rate available on xe.com website at the period end. Thereafter, the monetary assets and monetary liabilities as well as the Long Term Loans are translated into rupees at RBI reference rate/exchange rate published through FBIL prevailing at the period end.

Exchange difference arising on repayment of liabilities and conversion of foreign currency closing balances pertaining to long term loans for acquiring ships / containers / other depreciable assets and asset under construction is recognised as follows:

- In respect of long term loans as on 31.03.2016, exchange difference is adjusted in the carrying cost of respective assets.
- In respect of long term loans after 31.03.2016, the exchange difference is charged / credited to Statement of Profit & Loss.

The exchange differences arising on translation of other monetary assets and liabilities are recognised in the Statement of profit and loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### 1.4 Property, Plant and Equipment

Items of property, plant and equipment acquired or constructed are stated at historical cost net of recoverable taxes, less accumulated depreciation and impairment of loss, if any. The cost of tangible assets comprises of its purchase price, borrowing costs and adjustment arising for exchange rate variations attributable to the assets, wherever applicable including any cost directly attributable till completion of maiden voyage for bringing the asset to the condition of its intended use.

Expenditure incurred on assets which are not ready for their intended use comprising direct cost, related incidental expenses and attributable borrowing cost (net of revenues during constructions) are disclosed under Capital Work-in-Progress.

Subsequent costs like expenditure on major maintenance refits or repairs including planned drydock are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

#### Transition to Ind AS:

##### On transition to Ind AS -

- Freehold land has been measured at fair value on transition date and that fair value is used as the deemed cost;
- Certain items of fleet have been measured at fair value and that fair value is used as deemed cost as on transition date.
- All other assets which are not fair valued have been measured

in accordance with Ind AS 16 retrospectively.

#### Depreciation:

Depreciation on all vessels is charged on "Straight Line Method" less residual value. In the case of Liner and Bulk Carrier vessels, the Group has adopted useful life of 25 years as mentioned in Schedule II to the Companies Act, 2013. In case of Tankers & Offshore Vessels, the Group has adopted a useful life of 25 years based on the technical parameters including design life and the past record. . In case of VLGC vessel, the Group has adopted a useful life of 30 years as mentioned in Schedule II to the Companies Act, 2013. Second hand vessels are depreciated over their remaining useful lives as determined by technical evaluation not exceeding 25/30 years from the date of original built.

Capitalised expenditure on drydock are depreciated until the next planned dry-docking.

Depreciation on other tangible assets is provided on the straight line basis, over the estimated useful lives of assets as prescribed in the Schedule II of the Act, except in following cases:

- Solar Plants are depreciated over a period of 25 years based on the technical assessment of useful life.
- Assets costing individually ₹ 5000/- and below are fully depreciated in the year of acquisition.
- Furnishing allowances given to Senior Executives are depreciated over a period of 3 years.
- The useful life of Air Conditioners are maintained as per Schedule II of the Companies Act.
- The useful life of the Laptops are also maintained as per Schedule II of the Companies Act except those laptops which are given to Directors and General Managers for which useful life of four years are maintained as per Internal Policy of SCI.

Depreciation on additions / deductions to PPE made during the year is provided on pro-rata basis from / up to the date of such additions / deductions, as the case may be.

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

#### Retirement and Disposal Of Assets

- Assets which have been retired from operations for eventual disposal are exhibited separately in the Note No. 11 - Assets classified as held for sale.
- Anticipated loss, if any, in the disposal of such assets is provided in the accounts for the year in which these have been retired from active use. 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 assets are provided for after taking into account the expenses such as customs duty, sales tax / value added tax, GST etc. in connection with the disposal, as well as estimated expenses in maintaining the asset, till its sale. Wherever the exact amount



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under each item of expenses is not known, an assessment is done on the best estimate basis.

- c) Profits on sale of assets are accounted for only upon completion of sale thereof.

#### 1.5 Intangible Assets

Intangible assets acquired are stated at cost less accumulated amortization and accumulated impairment losses, if any. The cost comprises of purchase price, borrowing costs and directly attributable costs for bringing the asset to the condition of its intended use.

##### Transition to Ind AS:

On transition to Ind AS, the Group has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

##### Amortisation

Amortization is charged on a straight-line basis over the estimated useful lives. The useful lives of intangible assets are either finite or indefinite. Finite-life intangible assets are amortised on a straight line basis over the period of their estimated useful lives. An intangible asset having indefinite useful life is not amortised but is tested for impairment annually. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

Intangible assets including software is amortised over the useful life not exceeding five years.

#### 1.6 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### 1.7 Impairment of Non-Financial Assets

Non-financial assets that are subject to depreciation or amortisation are reviewed for impairment as on 31<sup>st</sup> March of every year or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss, if any, is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The Group estimates asset's recoverable amount, which is higher of an asset's fair value less cost of disposal and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and risk specific to the assets.

#### 1.8 Inventories

Inventories are valued at cost (as determined on Moving Average/Weighted Average method) or net realisable value, whichever is lower, unless otherwise stated. Net realisable value is the estimated selling price in the ordinary course of business.

Fuel oil purchases are initially booked as stock. The value of year-end stock is arrived at after charging consumption on "moving average/weighted average" method.

Store/Spares including paints, etc. are charged to revenue as consumed when delivered to ships.

#### 1.9 Non-Current Assets Held-For-Sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment classified as held for sale are not depreciated.

#### 1.10 Trade Receivable

Trade receivables are amounts due from customers for sale of goods or services performed in the ordinary course of business. Trade receivables are recognized initially at fair value. They are subsequently measured at amortised cost using the effective interest method, net of provision for impairment. The carrying value less impairment provision of trade receivables, are assumed to be approximate to their fair values.

#### 1.11 Cash and Cash Equivalents

Cash and cash equivalents includes cash at bank and in hand, deposits with banks, other short-term highly liquid investments with original maturities of three months or less from the date of acquisition.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

#### 1.12 Investments and Other Financial Assets

##### i. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### ii. Subsequent measurement

For purposes of subsequent measurement, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For

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investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through other comprehensive income (FVTOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises. Interest income from these financial assets is included in other income.

#### Equity Instruments

The Group subsequently measures all equity instruments at fair value. Changes in the fair value of financial assets at fair value through profit or loss are recognised in the statement of profit and loss.

#### iii. Derecognition

A financial asset is derecognised only when:

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows to one or more recipient

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all

risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

#### iv. Impairment of Financial Assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The impairment methodology for each class of financial assets stated above is as follows:

**Debt instruments measured at amortised cost and FVTOCI:** Debt instruments at amortised cost and those at FVTOCI where there has been a significant increase in credit risk, lifetime expected credit loss provision method is used and in all other cases, the impairment provision is determined as 12 months expected credit losses.

**Trade receivables from customers:** The Group applies the simplified approach for providing expected credit losses prescribed by Ind AS 109, which requires the use of the lifetime expected loss provision for all trade receivables.

#### 1.13 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### 1.14 Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### 1.15 Financial Liabilities

##### i. Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

##### ii. Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and



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other payables, loans and borrowings including bank overdrafts.

#### iii. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

**Borrowings:** Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit and loss over the period of the borrowings using the effective interest method.

**Trade and other payable:** These amounts represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### iv. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### 1.16 Income Tax

Provision for income tax liability is made as per special provisions relating to income of shipping companies under the Income Tax Act, 1961 on the basis of deemed tonnage income of the Company. Provision for income- tax on non- shipping income is made as per the normal provisions of the Income-Tax Act 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income tax is provided in full, using the liability method, on temporary differences (other than those which are covered in tonnage tax scheme) arising between the tax bases of assets and liabilities and their carrying amounts in the Standalone Financial Statements. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other

comprehensive income or directly in equity.

#### 1.17 Employee Benefits

##### a) Short-term / long term obligations

All employee benefits payable wholly within twelve months of rendering the service including performance incentives and compensated absences are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are charged off to the Statement of Profit and Loss. The employee benefits which are not expected to occur within twelve months are classified as long term benefits and are recognised as liability at the net present value.

##### b) Defined contribution plan

Employee benefits under defined contribution plans comprising of post- retirement medical benefits (w.e.f 01.01.2007), provident fund and pension contribution are recognized based on the undiscounted amount of obligations of the Group to contribute to the plan. This contribution is recognised based on its undiscounted amount and paid to a fund administered through a separate trust except post- retirement medical benefit for employee's retired w.e.f 01.01.2007. SCI has taken Group Medishield Insurance policy for Employees who have retired after 01.01.2007 under PRMS Scheme

##### c) Defined benefit plan

Employee benefits under defined benefit plans comprising of gratuity, leave encashment and post-retirement medical benefits for employees retired before 01.01.2007 are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

#### 1.18 Provisions, contingent liabilities and contingent assets

##### Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle

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the obligation; and the amount has been reliably estimated.

### Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is treated as contingent liability.

### Contingent Assets

A contingent asset is disclosed, where an inflow of economic benefits is probable.

### 1.19 Revenue Recognition

Revenue Income is recognised in the Statement of Profit and Loss when:

- The income generating activities have been carried out on the basis of a binding agreement
- The income can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Group
- Costs relating to the transaction can be measured reliably

Revenue for all businesses is recognised when the performance obligation has been satisfied, which happens upon the transfer of control to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods and services.

Revenue is recognised when or as performance obligations are satisfied by transferring the promised goods or services to the customer, i.e. at a point in time or over time provided that the stage of completion can be measured reliably.

Revenue mainly comprises freight, charter hire and demurrage revenues from the vessels.

**Freight** - The Group generates revenue from shipping activities. Revenues from vessels are mainly derived from a combination of time charters and voyage charters. Revenue from a voyage charter is recognised over time, which is determined on a percentage of voyage completion method.

**Charter-hire** - Revenue from a time charter is recognised on a straight-line basis over the period of the charter.

**Demurrage revenue** - Freight contracts contain conditions regarding the amount of time available for loading and discharging of the vessel. If these conditions are breached, the Group is compensated for the additional time incurred in the form of demurrage revenue. Demurrage revenue is recognised upon delivery of services in accordance with the terms and conditions of the contract. Upon completion of the voyage, the Group assesses the time spent in port, and a demurrage claim based on the relevant contractual conditions is submitted to the charterers. (Further, refer Note No 2 (g) – Demurrage).

**Profit from sale of vessels** - Revenue from the sale of vessel is recognised upon the transfer of control to the buyer.

**O&M contracts** – The Company has entered into contracts with its customers for Operation & Management of vessels owned by them. These are cost plus contracts and the Company is entitled for reimbursement of all costs incurred on these vessels plus a fixed percentage of remuneration on these costs. The Company accounts for the remuneration earned as and when the costs are incurred and booked in the accounts. The reimbursement of costs is netted off against the relevant expense head to which the cost was originally debited.

**Interest Income** - Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses

**Dividends**: Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

**Cost of services rendered** includes port expenses, bunkers (Fuel Oil), commissions, hire of chartered steamers, stores, spares, repair and maintenance expenses, Insurance expenses etc.

**Employee Benefit Expenses** - Operating expenses, which comprise of shore staff & floating staff expenses.

**Financial expenses** - Financial expenses comprise interest expenses.

**Other expenses** – Other expenses which comprise office expenses, provisions, managements cost and other expenses relating to administration.

### 1.20 Insurance, P&I and Other Claims

- (a) Provision in respect of claims against the Company is made as under:-
  - i. In respect of collision claims and P & I claims (other than crew & cargo claims), to the extent of deductible limit based on the assessment provided by the surveyors.
  - ii. In case of Cargo claims, actual claims registered and/or paid pertaining to the relevant year's voyages as ascertained at the period end or the P&I deductible limit whichever is lower.
- (b) No provision is made in respect of claims by the Group covered under Hull & Machinery insurance and treatment of such claims is as under:-
  - i. Expenses on account of particular and general average claims/ damages to ships are charged off in the period in which they are incurred.
  - ii. Claims against the underwriters are initially



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accounted for based on the admission of the claims liability by the underwriters. The final adjustment in the recoverable amount is done on submission of the Adjuster's report to the underwriters which reflect the exact recoverable amount from the underwriters.

- (c) Claims made by the Group against other parties not covered under insurance including ship repair yards, ship-owners, ship charterers, customs and others, etc. are recognised on realisation, due to uncertainty in the amounts of their ultimate recovery

#### 1.21 Leases

A contract or parts of contracts that conveys the right to control the use of an identified asset for a period of time in exchange for payments to be made to the owners (lessors) are accounted for as leases. Contracts are assessed to determine whether a contract is, or contains, a lease at the inception of a contract or when the terms and conditions of a contract are significantly changed.

Where the Group is the lessee in a lease arrangement at inception, the lease contracts are recognized as rights-of use assets and lease liabilities are measured at present value of lease payments at initial recognition except for short-term leases and leases of low value. The rights of use assets are depreciated on a straight line basis over a lease term. Lease payments are discounted using the interest rate implicit in the lease. If that rate is not readily available, the incremental borrowing rate is applied. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment. Payments associated with short-term leases and leases of low-value assets are recognised basis as an expense in profit & loss Account.

Where the Group is the lessor in a lease arrangement at inception, the lease arrangement will be classified as a finance lease or an operating lease. Classification is based on the extent to which the risks and rewards incidental to ownership of the underlying asset lie with the lessor or the lessee. Under operating lease, where the Group is the lessor, the assets are included in the balance sheet and, where applicable, are depreciated in accordance with the Group's depreciation policies as set out in Note 1.3 Property, plant and equipment. Revenue arising from assets leased out under operating leases is recognised on overtime basis.

#### 1.22 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

#### 1.23 Earnings per share

Basic EPS is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share are computed by dividing the net profit attributable to the equity holders of the Group by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

#### 1.24 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

#### 1.25 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to duty scrips on export of services (Served from India Scheme) are related to income and are recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

#### Note 2: Critical Accounting Estimates and Judgements

Preparing the consolidated financial statements under Ind AS requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### a) Useful lives of Vessels

Management of the Group decided the estimated useful lives of vessels and respective depreciation. The accounting estimate is based on the expected wears and tears. Wears and tears can be significantly different following renovation each time. When the

## The Shipping Corporation of India Limited

### Consolidated Financial Statement for the year ended 31 March 2020

useful lives differ from the original estimated useful lives, management will adjust the estimated useful lives accordingly. It is possible that the estimates made based on existing experience are different to the actual outcomes within the next financial period and could cause a material adjustment to the carrying amount of fixed assets.

#### b) **Residual Value**

Residual value is considered as 5% of original cost of Vessel. In case of other assets, the residual value, being negligible, has been considered as nil. The residual value of vessels is reviewed every year on 31<sup>st</sup> March.

#### c) **Impairment of assets**

The recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates.

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount and is recognised in the Statement of Profit and Loss. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

#### d) **Defined Benefit Obligations**

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post employments plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

Discount Rate for the valuation is determined by reference to market yields at the balance sheet date on Government Bonds. This is the rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations

#### e) **Provision**

Estimates of the amounts of provisions recognised are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

#### f) **Impairment of Trade Receivable**

The methodology followed by SCI is the use of a provision matrix as a practical expedient to measure expected credit losses on its portfolio of trade receivables. The

model uses historical credit loss experience for trade receivables i.e. this model uses aging analysis of trade receivables as at the reporting date.

Considering the different services provided by our Group and provisioning made segment wise in SCI, analysis and computation of expected credit loss for trade receivables is done for different segments.

#### g) **Demurrage**

Vessel Demurrage income due as per contractual terms is recognized. A provision on estimated basis is made towards deduction from demurrage based on past experience of settlements.

#### h) **Income Tax**

Due to Tonnage tax regime applicable on the main part of the Group's activities, resulting in a lower income tax payable in the future, the amount of deferred tax to be recognised is limited. Considering the tonnage tax regime applicable to shipping activities, difference between taxable and book values of assets and liabilities are generally of permanent nature. This is due to the fact that the taxable result for tonnage tax eligible activities has no correlation with either carrying value or the generally applicable tax value of assets and liabilities. As a consequence, temporary differences are limited to those arising from other activities which are subject to normal Income tax provisions.

#### i) **Leases**

Lease contracts contain extension or termination options. Assessment of the exercise or non-exercise of such options impacts the value of right-of-use asset recognised. Such assessments are reviewed whenever a significant event or change in circumstances occurs.

For the purpose of calculating the present value, the interest rate implicit in the lease or an incremental borrowing rate is used as discount factor. Where the rate implicit in the lease is not readily available, an incremental borrowing rate is applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset. Determination of the incremental borrowing rate requires estimation.

Management has applied judgement and formed assumptions in relation to assessment of incremental borrowing rate, service components and extension options of leasing arrangements. Management has formed its judgements and assumptions based on historical experience, internal and external information and data available.



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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### Note 3: Property, plant and equipment

Particulars	Freehold Land	Buildings	Ownership Flats & Residential Buildings	Fleet*	Fleet Drydock	Ownership Container	Furniture, Fittings & Equipments	Moter Vehicles	Total
Net carrying amount (31 March 2019)	237,630	999	120	834,542	37,506	-	850	9	1,111,656
<b>Year ended 31 March 2020</b>									
<b>Gross carrying amount</b>									
Opening gross carrying amount (31 March 2019)	237,630	1,107	140	1,231,619	85,407	-	1,948	18	<b>1,557,869</b>
Additions	-	34	-	14,869	4,818	-	97	-	19,818
Disposals	-	-	-	(56,440)	(4,502)	-	(3)	-	(60,945)
Transfer	-	-	-	-	763	-	-	-	763
<b>Closing gross carrying amount (31 March 2020)</b>	<b>237,630</b>	<b>1,141</b>	<b>140</b>	<b>1,190,048</b>	<b>86,486</b>	<b>-</b>	<b>2,042</b>	<b>18</b>	<b>1,517,505</b>
<b>Accumulated depreciation</b>									
Opening accumulated depreciation (31 March 2019)	-	108	20	397,077	47,901	-	1,098	9	<b>446,213</b>
Depreciation charge for the year	-	29	5	48,032	18,477	-	180	1	66,724
Disposals	-	-	-	(53,965)	(4,228)	-	(3)	-	(58,196)
<b>Closing accumulated depreciation (31 March 2020)</b>	<b>-</b>	<b>137</b>	<b>25</b>	<b>391,144</b>	<b>62,150</b>	<b>-</b>	<b>1,275</b>	<b>10</b>	<b>454,741</b>
<b>Net carrying amount (31 March 2020)</b>	<b>237,630</b>	<b>1,004</b>	<b>115</b>	<b>798,904</b>	<b>24,336</b>	<b>-</b>	<b>767</b>	<b>8</b>	<b>1,062,764</b>
<b>Year ended 31 March 2021</b>									
<b>Gross carrying amount</b>									
Opening gross carrying amount (31 March 2020)	237,630	1,141	140	1,190,048	86,486	-	2,042	18	1,517,505
Exchange differences	-	-	-	-	-	-	-	-	-
Additions	-	138	-	661	14,204	-	121	-	15,124
Disposals	-	-	-	(732)	-	-	(6)	-	(738)
Transfer	-	-	-	-	284	-	-	-	284
<b>Closing gross carrying amount (31 March 2021)</b>	<b>237,630</b>	<b>1,279</b>	<b>140</b>	<b>1,189,977</b>	<b>100,974</b>	<b>-</b>	<b>2,157</b>	<b>18</b>	<b>1,532,175</b>
<b>Accumulated depreciation</b>									
Opening accumulated depreciation (31 March 2020)	-	137	25	391,144	62,150	-	1,275	10	<b>454,741</b>
Depreciation charge for the year	-	31	5	48,655	13,565	-	125	1	62,382
Disposals	-	-	-	(231)	-	-	(4)	-	(235)
<b>Closing accumulated depreciation (31 March 2021)</b>	<b>-</b>	<b>168</b>	<b>30</b>	<b>439,568</b>	<b>75,715</b>	<b>-</b>	<b>1,396</b>	<b>11</b>	<b>516,888</b>
<b>Net carrying amount (31 March 2021)</b>	<b>237,630</b>	<b>1,111</b>	<b>110</b>	<b>750,409</b>	<b>25,259</b>	<b>-</b>	<b>761</b>	<b>7</b>	<b>1,015,287</b>

#### Notes:-

- (1) Additions to Fleet include ₹ (2036) Lakhs (Previous year ₹ 11875 lakhs) on account of currency exchange difference adjusted as per Significant Accounting Policy of foreign currency translation.
- (2) Buildings include cost of Shipping House at Mumbai ₹ 134 lakhs which is on leasehold land (Previous year ₹ 134 lakhs).
- (3) Ownership Flats and Residential Buildings include: Cost of shares and bonds in Cooperative Societies/Company of face value ₹ 0.73 lakhs (Previous year ₹ 0.73 lakhs).
- (4) \*Refer Note 35 for Fleet pledged with banks for Borrowings.
- (5) There is no significant property, plant and equipment as on 31<sup>st</sup> March 2021 which are fully depreciated and are still in use.

## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### NOTE 4: Capital Work-in-Progress

Particulars	As at March 31, 2019	Incurred during the year	Capitalised/ Adjusted	As at March 31, 2020	Incurred during the year	Capitalised/ Adjusted	As at March 31, 2021
<b>(A) Construction Work in Progress</b>							
Asset under Construction excluding advance	763	284	763	284	3,266	284	3,266
<b>(B) Construction Period Expenses</b>							
a. Interest	-	-	-	-	-	-	-
b. Other directly attributable expenses	-	-	-	-	-	-	-
c. Exchange fluctuation	-	-	-	-	-	-	-
<b>Total(A + B)</b>	<b>763</b>	<b>284</b>	<b>763</b>	<b>284</b>	<b>3,266</b>	<b>284</b>	<b>3,266</b>

#### NOTE 5: Right of Use Asset

Particulars	Land	Buildings	Fleet	Furniture, Fittings & Equipments	Moter Vehicles	Total
<b>Year ended 31 March 2020</b>						
<b>Gross carrying amount</b>						
Opening gross carrying amount (1 <sup>st</sup> April 2019)	428	2,012	-	-	200	2,640
Additions	-	7	-	49	-	56
<b>Closing gross carrying amount (31 March 2020)</b>	<b>428</b>	<b>2,019</b>	<b>-</b>	<b>49</b>	<b>200</b>	<b>2,696</b>
<b>Accumulated depreciation</b>						
Opening accumulated depreciation (1 <sup>st</sup> April 2019)	-	-	-	-	-	-
Depreciation charge for the year	42	177	-	5	69	293
<b>Closing accumulated depreciation (31 March 2020)</b>	<b>42</b>	<b>177</b>	<b>-</b>	<b>5</b>	<b>69</b>	<b>293</b>
<b>Net carrying amount (31 March 2020)</b>	<b>386</b>	<b>1,842</b>	<b>-</b>	<b>44</b>	<b>131</b>	<b>2,403</b>
<b>Year ended 31 March 2021</b>						
<b>Gross carrying amount</b>						
Opening gross carrying amount (1 <sup>st</sup> April 2020)	428	2,019	-	49	200	2,696
Additions	-	-	-	-	-	-
Disposal	-	6	-	-	31	37
<b>Closing gross carrying amount (31 March 2021)</b>	<b>428</b>	<b>2,013</b>	<b>-</b>	<b>49</b>	<b>169</b>	<b>2,659</b>
<b>Accumulated depreciation</b>						
Opening accumulated depreciation (1 <sup>st</sup> April 2020)	42	177	-	5	69	293
Depreciation charge for the year	42	177	-	14	69	302
Disposal	-	6	-	-	31	37
<b>Closing accumulated depreciation (31 March 2021)</b>	<b>84</b>	<b>348</b>	<b>-</b>	<b>19</b>	<b>107</b>	<b>558</b>
<b>Net carrying amount (31 March 2021)</b>	<b>344</b>	<b>1,665</b>	<b>-</b>	<b>30</b>	<b>62</b>	<b>2,101</b>



## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### NOTE 6: INTANGIBLE ASSETS

Particulars	Computer Software	Total
<b>Net carrying amount (31 March 2019)</b>	<b>253</b>	<b>253</b>
<b>Year ended 31 March 2020</b>		
<b>Gross carrying amount</b>		
Opening gross carrying amount (31 March 2019)	1,623	1,623
Additions	2	2
<b>Closing gross carrying amount (31 March 2020)</b>	<b>1,625</b>	<b>1,625</b>
<b>Accumulated amortisation</b>		
Opening accumulated amortisation (31 March 2019)	1,370	1,370
Amortisation charge for the year	109	109
<b>Closing accumulated amortisation (31 March 2020)</b>	<b>1,479</b>	<b>1,479</b>
<b>Net carrying amount (31 March 2020)</b>	<b>146</b>	<b>146</b>
<b>Year ended 31 March 2021</b>		
<b>Gross carrying amount</b>		
Opening gross carrying amount (31 March 2020)	1,625	1,625
Additions	13	13
<b>Closing gross carrying amount (31 March 2021)</b>	<b>1,638</b>	<b>1,638</b>
<b>Accumulated amortisation</b>		
Opening accumulated amortisation (31 March 2020)	1,479	1,479
Amortisation charge for the year	109	109
<b>Closing accumulated amortisation (31 March 2021)</b>	<b>1,588</b>	<b>1,588</b>
<b>Net carrying amount (31 March 2021)</b>	<b>50</b>	<b>50</b>

#### Note 6(a): Investments accounted for using the equity method

Particulars	Face value	31 March 2021		31 March 2020	
		No. of shares/ Units	Rupees in lakhs	No. of shares/ Units	Rupees in lakhs
<b>Investment in equity instruments (fully paid-up)</b>					
<b>Unquoted</b>					
<b>In Joint Venture</b>					
India LNG Transport Company (No. 1) Ltd.	2.33 Euro	2908	13,919	2908	11,646
India LNG Transport Company (No.2 ) Ltd.	2.33 Euro	2908	14,319	2908	11,541
India LNG Transport Company (No. 3) Ltd.	1 USD	2600	-	2600	-
India LNG Transport Company (No. 4) Pvt Ltd.	1 USD	11036558	6,834	11036558	6,286
<b>Total (equity instruments)</b>			<b>35,072</b>		<b>29,473</b>

- (A) India LNG Transport Companies No. 1 & 2 Ltd. are two joint venture companies promoted by the Corporation and three Japanese companies viz. M/S Mitsui O.S.K. lines Ltd. (MOL), M/S Nippon Yusen Kabushiki Kaisha Ltd (NYK Lines) and M/S Kawasaki Kisen Kaisha Ltd (K Line) along with M/S Qatar Shipping Company (Q Ship), Qatar. SCI and MOL are the largest shareholders, each holding 29.08% shares while NYK Line 17.89%, K Line 8.95% & Q Ship holds 15% respectively. The Shares held by the Corporation and other partners in the two joint venture Companies have been pledged against loans provided by lender banks to these companies. India LNG Transport Company No.1 Ltd owns and operates one LNG Carrier Disha and India LNG Transport Company No. 2 Ltd owns and operates one LNG Carrier Raahi.
- (B) India LNG Transport Company No. 3 Ltd. is the 3<sup>rd</sup> joint venture company which owns and operates one LNG Carrier Aseem. The company is promoted by the Corporation and three Japanese partners viz. MOL, NYK Lines, K Line along with M/S Qatar Gas

## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Transport Company (QGTC), Qatar and M/s Petronet LNG Limited (PLL), India who are the other partners. SCI and MOL are the largest shareholders with 26% share each, while NYK, K Line, QGTC and PLL hold 16.67%, 8.33%, 20% and 3% respectively. The Shares held by the Corporation and other partners in the joint venture company have been pledged against loans provided by lender banks to this company.

- (C) India LNG Transport Company (No. 4) Pvt. Ltd. is the 4th Joint Venture Company is promoted by the Corporation and three Japanese partners viz NYK, MOL and K Line along with PLL, India. SCI, NYK and PLL are the largest shareholders with 26% share each, while MOL and Kline hold 15.67% and 6.33% respectively. The Shares held by the Corporation and other partners in the joint venture company have been pledged against loans provided by lender banks to this company. India LNG Transport Company (No. 4) Pvt. Ltd owns and operates one LNG Carrier Prachi.

### Note 7: Financial assets

#### Note 7 (a): Non-current investments

Particulars	Face value	31 March 2021		31 March 2020	
		No. of shares/Units	Rupees in lakhs	No. of shares/Units	Rupees in lakhs
<b>Investment in equity instruments (fully paid-up)</b>					
<b>Unquoted</b>					
<b>(i) Investment carried at fair value through Profit or loss</b>					
Sethusamudram Corp. Ltd.	₹10	50000000	5,000	50000000	5,000
Less: Loss allowance			5,000		5,000
			-		-
Scindia Steam Navigation Company Ltd., fully paid (₹ 0.30 lakhs; Prev. yr. ₹ 0.30 lakhs)	₹ 20	3438	-	3438	-
Less: Loss allowance			-		-
			-		-
Woodland Speciality Hospital Ltd.	₹ 10	60000	349	60000	362
<b>Total (equity instruments)</b>			<b>349</b>		<b>362</b>
<b>Total non-current investments</b>			<b>349</b>		<b>362</b>
Aggregate amount of quoted investments and market value thereof			-		-
Aggregate amount of unquoted investments			5,349		<b>5,362</b>
Aggregate amount of impairment in the value of investments			5,000		<b>5,000</b>
<b>Investments carried at fair value through Profit and Loss</b>			<b>349</b>		<b>362</b>

Sethusamudram Corporation Ltd. (SCL), a Special Purpose Vehicle was incorporated on 06.12.2004 for developing the Sethusamudram Channel Project with Tuticorin Port Trust, Ennore Port Ltd, Visakhapatnam Port trust, Chennai Port Trust, Dredging Corporation of India Ltd., Shipping Corporation of India Ltd. and Paradip Port Trust as the shareholders. SCI participated with an investment of ₹ 5000 lakhs (previous year ₹ 5000 lakhs). The dredging work is suspended from 17.09.2009 consequent upon the direction of the Hon'ble Supreme Court of India. As there is no progress in the project since then, the Management had provided for diminution towards the investment in FY 2012-13.

#### Note 7(b): Loans

Particulars	31 March 2021		31 March 2020	
	Current	Non-Current	Current	Non-Current
<b>Considered good - Secured</b>				
Loans to employees	200	2,361	181	1,896
<b>Considered good - Unsecured</b>				
Loans to related parties*	592	21,507	610	23,512
Less: Unabsorbed losses	-	1,127	-	3,556
	<b>592</b>	<b>20,380</b>	<b>610</b>	<b>19,956</b>
Security Deposits	-	436	-	622
<b>Total loans</b>	<b>792</b>	<b>23,177</b>	<b>791</b>	<b>22,474</b>



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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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\*This includes repayment of ₹ 591.83 lakhs remitted by India LNG Transport Company (No. 1 & 2) Ltd. on 31<sup>st</sup> March 2021, for which credit was received by SCI on 01/04/2021 while ₹ 609.70 lakhs remitted by India LNG Transport Company (No. 4) Pvt. Ltd. on 31<sup>st</sup> March 2020, for which credit was received by SCI on 01/04/2020.

#### Note 7(c): Other financial assets

Particulars	31 March 2021		31 March 2020	
	Current	Non-Current	Current	Non-Current
<b>Financial Assets carried at amortised cost</b>				
Advances recoverable in cash				
<b>From Related Parties (Refer Note no 30 for details)</b>				
- Interest Receivable	249	-	342	-
Income accrued on deposits/investments	1,817	-	1,380	-
Claim Recoverable	1,398	-	7,837	-
Unbilled Revenue (Contract Asset) (Refer Note no 33 for details)	29,810	-	46,752	-
Others	1	7	1	7
<b>Total other financial assets</b>	<b>33,275</b>	<b>7</b>	<b>56,312</b>	<b>7</b>

\*This includes amount of ₹ 25.93 lakhs and ₹ 24.42 lakhs Remitted by India LNG Transport Co. (No. 1 & 2) Ltd. respectively remitted on 31<sup>st</sup> March 2021, for which credit was received by SCI on 01/04/2021 while ₹ 266.94 lakhs and ₹ 8.36 lakhs remitted by India LNG Transport Co. (No. 3) Ltd. & India LNG Transport Company (No. 4) Pvt. Ltd. respectively on 31<sup>st</sup> March 2020 for which credits were received by SCI on 01/04/2020.

#### Note 7(d): Current investments

Particulars	Face value	31 March 2021		31 March 2020	
		No. of Shares/ Units	Rupees in lakhs	No. of Shares/ Units	Rupees in lakhs
<b>Investment carried at fair value through profit or loss</b>					
<b>Unquoted</b>					
<b>(a) Investment in equity instruments (fully paid-up)</b>					
295,029 (Prev. yr. 295,029) shares of 1 USD each fully paid of ISI Maritime Ltd. (Shares are received as a gift from Irano-Hind Shipping Co. Ltd.)	1USD	295,029	-	295,029	-
16 (Prev.yr.16) shares of USD 1 each fully paid up of BHS Maritime (Shares are received as gift from Irano-Hind Shipping Co. (P.J.S)*)	1USD	16	-	16	-
<b>Total(Equity instruments)</b>			-		-
<b>Total current investments</b>	-		-		
Aggregate amount of quoted investments and market value thereof	-		-		
Aggregate amount of unquoted investments	-		-		
Aggregate amount of impairment in the value of investments	-		-		
Investments carried at fair value through Profit and Loss	-		-		

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

## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### Note 7(e): Trade receivables

Particulars	31 March 2021	31 March 2020
Trade Receivable*	85,712	84,132
Less: Allowance for doubtful debts**	22,662	23,509
<b>Total receivables</b>	<b>63,050</b>	<b>60,623</b>
Current Portion	63,050	60,623
Non Current Portion	-	-

#### Break of above details

Particulars	31 March 2021	31 March 2020
Considered good - Secured	8,219	7,710
Considered good - Unsecured	63,364	54,766
Trade Receivables which have significant increase in Credit Risk	13,063	19,138
Trade Receivables - credit impaired	1,066	1,058
<b>Total</b>	<b>85,712</b>	<b>82,672</b>
Allowance for doubtful debts	22,662	23,509
<b>Total trade Receivables</b>	<b>63,050</b>	<b>59,163</b>

\*Significant Receivables from related parties (refer note 30)

\*\* Refer Note no. 38 for further details

#### Note 7(f): Cash and cash equivalents

Particulars	31 March 2021	31 March 2020
Balances with banks		
- in current accounts	19,564	21,830
- in deposits account with original maturity of less than three months	2,913	2,648
<b>Total cash and cash equivalents</b>	<b>22,477</b>	<b>24,478</b>

#### Note 7(g): Bank balances other than cash and cash equivalents

Particulars	31 March 2021	31 March 2020
Margin money for Bank Guarantee	-	-
Other Deposits with banks*	81,113	69,304
<b>Total Bank balances other than cash and cash equivalents</b>	<b>81,113</b>	<b>69,304</b>

\*Refer Note 35 for Deposits pledged with banks for Borrowings

\*Fixed deposit includes unutilised funds of FPO as on 31<sup>st</sup> March 2021 is ₹13385 lakhs (as on 31<sup>st</sup> March 2020 is ₹ 13385 lakhs).

#### Note 8: Income Tax Assets(net)

Particulars	31 March 2021		31 March 2020	
	Current	Non-Current	Current	Non-Current
Income Tax Assets (Net of Provision) *	-	19,477	-	20,112
<b>Income Tax Assets (Net)</b>	<b>-</b>	<b>19,477</b>	<b>-</b>	<b>20,112</b>

\* Refer Note no. 29 for further details



## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### Note 9: Other Current Assets

Particulars	31 March 2021		31 March 2020	
	Current	Non-Current	Current	Non-Current
<b>(a) Advances other than Capital Advances</b>				
Advances to employees				
i) Secured, Considered Good	-	-	-	-
ii) Unsecured, Considered Good	458	-	495	-
	458		495	
Less : Provision for Doubtful Advances	-	-	205	-
	458		290	
Advances to Others				
i) Unsecured, Considered Good	11,201	-	8,952	-
ii) Unsecured, Considered Doubtful	1,657	-	1,519	-
	12,858	-	10,471	-
Less : Provision for Doubtful Advances	1,657		1,519	
	11,201	-	8,952	-
<b>(b) Others</b>				
Excess - Gratuity Fund	-	6,305	-	4,573
Balances with statutory authorities				
- Cenvat Credit Receivables	-	96	-	95
- Service tax paid under Protest	-	3,160	-	3,122
- GST Receivable*	8,757	-	9,706	-
- Predeposit with Income Tax Department	-	974	-	974
	8,757	4,230	9,706	4,191
Subsidy for Passenger service (Myanmar)**	467	-	467	-
Less : Provision for Doubtful Advances	467	-	467	-
	-	-	-	-
Prepaid Expenses	375	-	503	-
Others	-35	706	1	966
<b>Total other current assets</b>	<b>20,756</b>	<b>11,241</b>	<b>19,452</b>	<b>9,730</b>

\*As a prudent practice, the Group is taking Goods and Service Tax Credit in the Electronic Credit Ledger upon payment of the liabilities. Hence, there is a difference in the amount of credit appearing in books of accounts and the Electronic Credit Ledger of the respective states. Therefore, the balance in Input Tax Credit ledgers as on 31<sup>st</sup> March, 2020 will be progressively reviewed and availed for discharge of Goods and Service Tax liability payable by the Corporation.

\*\* This pertains to India Myanmar Service started on 02.10. 2014 on the directions of Ministry of Shipping. The service was completed on Nov 2016.

#### Note 10: Inventories

Particulars	31 March 2021	31 March 2020
Fuel Oil*	8,769	13,138
<b>Total inventories</b>	<b>8,769</b>	<b>13,138</b>

\*Write down inventories carried at NRV of ₹ 829.14 lakhs as on 31.03.2020 and recognised as expense.

Valuation of inventories are done as per point no 1. 8 of significant accounting policies (Note - 1)

**The Shipping Corporation of India Limited**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
 (All amounts in INR lakhs, unless otherwise stated)

**Note 11: Assets classified as held for sale**

Particulars	31 March 2021	31 March 2020
Fleet and Container held for Sale	1	90
Less: Impairment loss allowance	(1)	(90)
	-	-
<b>Investment held for Sale</b>		
1,00,000 (Prev. yr. 1,00,000) shares of ₹ 10 each fully paid up of SAIL SCI Shipping Company Pvt. Ltd.	10	10
Less: Impairment loss allowance	(3)	(3)
	7	7
Irano Hind Shipping Co. Ltd.	39	39
Less: Impairment loss allowance	(39)	(39)
	-	-
Advance to Irano Hind Shipping Co. Ltd.	23	23
Less: Provision for Doubtful advances	(23)	(23)
	-	-
<b>Total assets held for sale</b>	<b>7</b>	<b>7</b>

- a) The Government of India in meeting of cabinet held on 02.04.2013 approved the proposal for dissolution of Irano Hind Shipping Company (IHSC) and splitting the assets/liabilities of IHSC between Joint Venture partners shall be undertaken. The Company holds 49% in IHSC, a joint venture company incorporated in Iran on which sanction has been imposed by United Nations Organisation (UN). Substantive efforts are made to eventually dissolve the JV which is depending on geo political environment and sanctions imposed by UN which is completely beyond SCI's control. SCI shall remain committed by the decision of cabinet and therefore is making all efforts for dissolution of JV. Further, Government of India vide letter dated 08<sup>th</sup> May 2018 has advised SCI to go ahead with the dissolution of IHSC. Under Ind AS, investment in Irano Hind has been written off during FY 16-17 to reflect its fair value.
- b) The Company entered into a joint venture agreement with Steel Authority of India Ltd. with participation interest in the ratio of 50:50 and promoted a jointly controlled entity SAIL SCI Shipping Pvt. Ltd. (SSSPL). The said company was incorporated on 19.05.2010 with an authorised share capital of ₹ 1000 lakhs. The Company has subscribed equity capital of 100000 shares of ₹ 10 each amounting to ₹ 10 lakhs. It has been decided by the joint venture partners to wind up this company. Under Ind AS, investment in SSSPL has been written down during FY 15-16 to reflect its fair value.

**Non-recurring fair value measurements**

Investments classified as held for sale during the reporting period is measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification, resulting in the recognition of a write down of ₹ 42 (Previous year ₹ 3) as impairment loss in the statement of profit and loss in FY 2016-17. The fair value of the investments were determined using the book value approach. This is a level 3 measurement as per the fair value hierarchy as set out in fair value measurement disclosures (refer note 37).

**Note 12: Equity Share capital**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Authorised</b>		
1,00,00,00,000 [31 March 2020: 1,00,00,00,000] Equity Shares of INR ₹ 10 each	100,000	100,000
<b>Issued, subscribed and fully paid up</b>		
46,57,99,010 [31 March 2020: 46,57,99,010] Equity Shares of INR ₹ 10 each	46,580	46,580
	<b>46,580</b>	<b>46,580</b>



## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### a) Reconciliation of number of shares

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
<b>Equity Shares :</b>				
Balance as at the beginning of the year	465,799,010	4,657,990,100	465,799,010	4,657,990,100
Add: Bonus shares issued during the year				
Less: Shares bought back during the year				
<b>Balance as at the end of the year</b>	<b>465,799,010</b>	<b>4,657,990,100</b>	<b>465,799,010</b>	<b>4,657,990,100</b>

#### b) Details of equity shares held by shareholders holding more than 5% of the aggregate shares

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% of share holding	Number of shares	% of share holding
<b>Equity shares</b>				
1. President of India	296,942,977	63.75	296,942,977	63.75
2. Life Insurance Corporation of India	36,739,641	7.89	48,077,895	10.32
	333,682,618	71.64	345,020,872	74.07

- c) For the period of five years immediately preceding the date as at which the Balance Sheet is prepared, no shares have been issued for consideration other than cash, no shares have been issued as bonus shares & no shares have been bought back.
- d) Rights/Preference/Restriction attached to Equity Shares: The Group has only one class of Equity shares having par value of ₹ 10. Each shareholder of equity shares is entitled to one vote per share. In the event of liquidation of the Group, the holder of equity shares will be entitled to receive the remaining assets of the Group after distribution of all preferential allotment in proportion to their shareholding. The dividend whenever proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- e) The Group does not have holding company.
- f) There are no shares reserved for issue under option and contract/ commitment for the sale of shares/ disinvestment.

#### Note 13: Other Equity

##### Surplus

Particulars	As at 31 March 2021	As at 31 March 2020
(i) Capital reserve	15,205	15,205
(ii) Securities premium	52,177	52,177
(iii) General reserve	553,527	553,527
(iv) Tonnage Tax Reserve	12,450	2,100
(v) Retained Earnings	142,877	85,043
<b>Total surplus</b>	<b>776,236</b>	<b>708,052</b>

##### (i) Capital reserve

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	15,205	15,205
Add: Transfer from Retained Earnings	-	-
Less: Transferred to general reserve	-	-
<b>Closing Balance</b>	<b>15,205</b>	<b>15,205</b>

##### (ii) Securities premium

# The Shipping Corporation of India Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	52,177	52,177
Add: Premium on shares held in trust for employees under ESOS Scheme	-	-
Add: Liability pertaining to share issue expenses no longer required written back	-	-
<b>Closing Balance</b>	<b>52,177</b>	<b>52,177</b>

### (iii) General reserve

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	553,527	553,527
Add: Transfer from Tonnage Tax Reserve (Utilised)	-	-
<b>Closing Balance</b>	<b>553,527</b>	<b>553,527</b>

### (iv) Tonnage Tax Reserve

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	2,100	-
Less: Transfer to Tonnage Tax Reserve (Utilised)	-	-
Add: Transfer from Surplus in the Statement of Profit or Loss	10,350	2,100
<b>Closing Balance</b>	<b>12,450</b>	<b>2,100</b>

### (v) Retained Earnings

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	85,043	52,033
Add: Profit/(Loss) for the year	61,785	30,234
Items of other comprehensive income recognised directly in retained earnings		
Remeasurements gain/(loss) of defined benefit plans	2,068	1,462
Share of profits of associates and joint ventures, net of tax	7,824	3,414
<i>Adjustments:</i>		
Less: Dividend paid on equity shares	3,493	-
Less: Tonnage Tax Reserve	10,350	2,100
<b>Closing Balance</b>	<b>142,877</b>	<b>85,043</b>

Retained earnings include accumulated OCI {Remeasurements gain/(loss) of defined benefit plans} of ₹ 4544.28 lakhs (Previous year ₹ 2486.28 lakhs)

### Note 13(a): Other Surplus

Particulars	Cash Flow Hedging Reserve	Foreign currency translation reserve	Total other reserves
<b>As at 31 March 2019</b>	(2,086)	887	(1,199)
Share of OCI of associates and joint ventures, net of tax	(6,603)	-	(6,603)
Currency translation differences	-	1,536	1,536
<b>As at 31 March 2020</b>	<b>(8,690)</b>	<b>2,423</b>	<b>(6,266)</b>
Share of OCI of associates and joint ventures, net of tax	3,832	-	3,832
Currency translation differences	-	(3,629)	(3,629)
<b>As at 31 March 2021</b>	<b>(4,858)</b>	<b>(1,206)</b>	<b>(6,064)</b>

### Nature and Purpose of other reserves

Capital Reserve: The amount of sales proceeds in excess of original cost of ships sold by the Group. This is not available for distribution of dividend but can be utilised for issuing bonus shares.

Securities Premium: The amount received in excess of face value of the equity shares is recognised in Share Premium Reserve. This is not



## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

available for distribution of dividend but can be utilised for issuing bonus shares.

General Reserve: General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

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

Retained Earnings: Retained Earnings represents surplus/accumulated earnings of the Corporation and are available for distribution to shareholders.

Other comprehensive income (OCI): OCI comprises items of income and expenses (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by Indian Accounting Standards. The components of OCI include: re-measurements of defined benefit plans, gains and losses arising from translating the financial statements of a foreign operation etc.

#### Note 14(a): Long-term borrowings

Particulars		31 March 2021		31 March 2020	
		Non Current	Current*	Non Current	Current*
<b>Secured</b>					
<b>Term Loans:</b>					
Rupee loans from banks	A	-	-	-	-
Foreign currency loans from banks	B	122,687	24,815	111,198	107,739
<b>Total</b>	C	122,687	24,815	111,198	107,739
<b>Unsecured</b>					
<b>Term Loans:</b>					
Rupee loans from banks	A	-	-	-	-
Foreign currency loans from banks	B	143,691	31,980	56,540	-
<b>Total</b>	C	143,691	31,980	56,540	-
Long-term borrowings #		266,378	56,795	167,738	107,739

#### Details of Borrowings

Name of facility	Amount of Loan (₹ In Lakhs)	Rate of interest	Repayment Terms	Maturity Date	Security Mortgaged
<b>Secured</b>					
Standard Chartered Gift City 41.456 million	28,949	Six Month USD LIBOR plus 1.60%	Half yearly	Aug-27	Secured Against Vessels
SBI London 40.495 million	29,766	Six Month USD LIBOR plus 1.55%	Half yearly	Nov-25	Secured Against Vessels
SBI Mumbai Term Loan ₹ 160 cr - Fcnr	12,006	Six Month USD LIBOR plus 1.95%	Quarterly	Mar-27	Secured Against Vessels
SBI Mumbai Term Loan ₹ 495 cr - Fcnr	27,931	Six Month USD LIBOR plus 1.95%	Quarterly	Jun-27	Secured Against Vessels
Exim Bank Loan 75 million	49,616	Six Month USD LIBOR plus 1.35%	Quarterly	Jul-25	Secured Against Vessels
<b>Unsecured</b>					
Exim Bank Loan 75 million	55,129	Six Month USD LIBOR plus 1.35%	Quarterly	Jan-28	Unsecured
Bank of India 164 million	120,548	Six Month USD LIBOR plus 1.40%	Half yearly	Mar-26	Unsecured
<b>TOTAL</b>	<b>323,943</b>				

## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### Maturity Profile

	1-2 years	2-3 years	3-4 years	Beyond 4 years
Secured Loans	26,307	27,804	27,804	40,772
Unsecured Loans	31,985	31,985	31,985	47,736

\* Represents current maturities of Long term borrowings included in "Other Current Financial Liabilities"

The carrying amounts of financial and non-financial assets pledged as security are disclosed in note 35.

# Includes ₹ (770) lakhs of Unamortised Upfront fees

#### Note 14(b): Other financial liabilities

Particulars	31 March 2021		31 March 2020	
	Current	Non Current	Current	Non-Current
Lease Liabilities	2,243	219	2,395	209
<b>Total Lease Liabilities</b>	<b>2,243</b>	<b>219</b>	<b>2,395</b>	<b>209</b>

#### Note 14(c): Other financial liabilities

Particulars	31 March 2021		31 March 2020	
	Current	Non Current	Current	Non-Current
<b>Financial Liabilities at amortised cost</b>				
Security Deposits	1,068	33	1,013	25
Current maturities of long-term debt	56,795	-	107,739	-
Interest accrued but not due on borrowings	680	-	2,511	-
Unpaid Dividend	7	-	-	-
<b>Others</b>				
Other Deposits payable	244	-	252	-
Employee related Liabilities	14,015	-	9,197	-
Others*	5,039	-	8,684	-
<b>Total other financial liabilities</b>	<b>77,848</b>	<b>33</b>	<b>129,396</b>	<b>25</b>

\* Includes book overdraft of ₹ 4278 lakhs (Previous year ₹ 7907 lakhs) for which reconciliation has been done.

#### Note 14(d): Current borrowings

Particulars	31 March 2021	31 March 2020
<b>Unsecured</b>		
from Banks repayable on demand		
Rupee loans from banks	-	-
Foreign currency loans from banks	42,265	198,642
<b>Total current borrowings</b>	<b>42,265</b>	<b>198,642</b>



## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Statement of changes in liabilities for which cash flows have been classified as Financing Activities

Particulars	Liabilities from Financing Activities		
	Long Term borrowings	Short Term borrowings	Total
<b>Net debt as at 1<sup>st</sup> April 2020</b>	277,988	198,642	476,630
Cash flows	(67,646)	(31,662)	(99,307)
Foreign Exchange adjustments	(3,355)	(6,016)	(9,372)
Transfer of Loan from Short Term to Long term	118,699	(118,699)	-
Interest expense	7,076	3,598	10,674
Interest Paid	(8,909)	(3,598)	(12,507)
<b>Net debt as at 31<sup>st</sup> March 2021</b>	<b>323,853</b>	<b>42,265</b>	<b>366,118</b>

#### Note 14(e): Trade payables

Particulars	31 March 2021	31 March 2020
Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises; and	692	629
(b) total outstanding dues of creditors other than micro enterprises and small enterprises*	82,558	94,931
<b>Total trade payables</b>	<b>83,250</b>	<b>95,560</b>

\* Significant Payable from related parties (refer note 30)

#### Disclosure requirement under MSMED Act, 2006

Particulars	31 March 2021	31 March 2020
(a) (i) the principal amount remaining unpaid to any supplier at the end of each accounting year;	692	629
(ii) the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	1	3
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	1	3
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	1	3

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 Group.

#### Note 15: Provisions

Particulars	31 March 2021		31 March 2020	
	Current	Non-Current	Current	Non-Current
<b>Employee Benefit Obligations</b>				
Provision for leave encashment	180	4,971	263	5,159
Post Retirement Medical Scheme	213	1,364	240	1,315
	<b>393</b>	<b>6,335</b>	<b>503</b>	<b>6,474</b>
<b>Other Provisions</b>				
Insurance & cargo claims	498	-	527	-
	<b>498</b>	<b>-</b>	<b>527</b>	<b>-</b>
<b>Total</b>	<b>891</b>	<b>6,335</b>	<b>1,030</b>	<b>6,474</b>

# The Shipping Corporation of India Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Short term provision	As at 31 <sup>st</sup> March 2020	Provided during the year	Utilised during the year	Amount reversed	As at 31 <sup>st</sup> March 2021
<b>Other Provisions</b>					
Insurance & cargo claims*	527	174	203	-	498
<b>Total</b>	<b>527</b>	<b>174</b>	<b>203</b>	<b>-</b>	<b>498</b>

\* Represents provision of amount payable/born by the Group against Insurance & cargo claims

### Note 16: Deferred Tax Liabilities

Particulars	31 March 2021	31 March 2020
Deferred tax -upward valuation of PPE	5,502	7,450
Deferred tax -upward valuation of Financial Asset	78	81
<b>Deferred Tax Liabilities(Net)</b>	<b>5,580</b>	<b>7,531</b>

### Note 17: Other current liabilities

Particulars	31 March 2021		31 March 2020	
	Current	Non Current	Current	Non-Current
Deferred Trade Receivable (Contract Liability) (Refer Note no 33 for details)	2,029	-	1,238	-
Advances and Deposits	8,960	-	7,967	-
Others				
Employee Related Liabilities	-	-	-	-
Statutory dues	4,389	-	2,896	-
Others Current Liabilities	22	-	47	-
Subsidy for Bangladesh-Myanmar & Srilanka*	-	-	-	-
Subsidy for Maldives Service*	1,283	-	-	-
<b>Total other current liabilities</b>	<b>16,683</b>	<b>-</b>	<b>12,148</b>	<b>-</b>

\*On 10<sup>th</sup> August 2020, Ministry of Shipping had sanctioned a subsidy of ₹ 21.10 crores as assistance for running cargo shipping service between India and Maldives. The Male service was flagged off on 21<sup>st</sup> September 2020. The net expenditure incurred (Expenses less Income earned) pertaining to this service is booked against the Subsidy for Maldives Service. The balance amount is placed in Fixed Deposit and Interest earned against such deposit will be remitted to the Consolidated Fund of India after finalisation of account.

### Note 18: Liabilities directly associated with assets classified as held for sale

Particulars	31 March 2021	31 March 2020
Other current liabilities*	21,788	22,346
<b>Total Liabilities of disposal held for sale</b>	<b>21,788</b>	<b>22,346</b>

\*Refer Note no. 11(a) for further details

### Note 19: Revenue from operations

Particulars	31 March 2021	31 March 2020
Freight	251,519	318,540
Charter Hire	83,224	82,445
Demurrage	18,185	17,126
Contract Revenue:		
Core shipping activities	371	102
Incidental activities	6,824	9,170
Reimbursement of expenses	8,949	10,639
<b>Total</b>	<b>369,072</b>	<b>438,022</b>



## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### Note 20: Other Operating Revenue

Particulars	31 March 2021	31 March 2020
Training & Consultancy fee	956	2,512
Sundry Receipts (Core)	1	327
Sundry Receipts (Incidental)	18	65
Recovery of Insurance & PI Claims	282	1,618
<b>Total</b>	<b>1,257</b>	<b>4,522</b>

#### Note 21: Other Income

Particulars	31 March 2021	31 March 2020
<b>Interest on financial assets carried at amortised cost</b>		
a) Fixed Deposits with Banks	4,572	5,755
b) Loans to Employees	146	218
c) Loans to Joint Venture (Refer Note no. 30)	1,034	1,365
d) Others	809	780
Dividend From Mutual Fund	-	185
Dividend From Joint Venture Companies	2,911	-
<b>Other non operating income</b>		
Profit on Sale of Fixed Assets		
a) Sale of Ships (Net)	(37)	9,314
b) Sale of Other Fixed Assets	75	22
Profit on sale of investments	449	226
Profit on sale of bunker	69	153
Gain or Loss on Fair valuation of investment	-	12
Excess Provisions & Unclaimed Credit Written Back	157	6,212
Net Gain on Foreign Currency Transaction / Translation	2,322	-
Other Miscellaneous Income	49	53
<b>Total</b>	<b>12,556</b>	<b>24,295</b>

#### Note 22: Cost of services rendered

Particulars	31 March 2021	31 March 2020
<b>Direct Operating Expenses :</b>		
Agency Fees	1,018	1,164
Brokerage	2,644	1,281
Commission	429	236
Stevedoring, Dunnage, Cargo Expenses Etc. & Slot Expenses On Joint Sector Container Services (Net)	17,652	17,198
Marine, Light And Canal Dues	41,696	42,224
Fuel Oil (Net)	71,326	112,125
Water Charges	406	347
Manning expenses	40	143
Honorarium & Training expenses	190	434
<b>Hire Of Chartered Steamers</b>	<b>22,987</b>	<b>42,300</b>
<b>Other Indirect Operating Expenses</b>		
Transfer And Repatriation And Other Benefits	91	218
Stores & Spares	18,210	17,952
Sundry Steamer Expenses	1,973	2,615
Repairs And Maintenance and Survey Expenses	13,308	9,701
Insurance And Protection, Indemnity Club Fees & Insurance Franchise	7,961	7,887
<b>Total</b>	<b>199,931</b>	<b>255,825</b>

# The Shipping Corporation of India Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (All amounts in INR lakhs, unless otherwise stated)

### Note 23: Employee benefit expense

Particulars	31 March 2021	31 March 2020
<b>A) Floating staff</b>		
Wages, Bonus And Other Expenses On Floating Staff	25,412	25,736
Gratuity*	372	783
Contribution To Provident Fund	498	312
Staff Welfare Expenses	30	284
<b>B) Shore Staff</b>		
Salaries, Wages, Bonus etc	18,866	17,812
Gratuity*	29	102
Contribution To Provident Fund	1,064	1,086
Contribution To Pension	1,073	1,096
Staff Welfare Expenses**	(221)	144
<b>C) Remuneration to Directors</b>	255	299
<b>Total</b>	<b>47,378</b>	<b>47,654</b>

\*Refer Note no. 31 for further details.

\*\*Includes amount of ₹ (226.62) lakhs (Previous Year ₹ 129.03 lakhs) amortisation of deferred employee cost as employee loans are measured at amortised cost.

### Note 24: Finance costs

Particulars	31 March 2021	31 March 2020
Interest on:		
- Rupee loans	-	28
- Foreign currency loans	9,355	19,567
- Lease Liability	225	249
- Others	-	-
Exchange differences regarded as an adjustment to borrowing costs	(8,563)	15,476
Other borrowing costs*	1,094	1,093
<b>Total</b>	<b>2,111</b>	<b>36,413</b>

\* Includes amount of ₹ 1057.35 lakhs (Previous Year ₹ 995.92 lakhs) amortisation of upfront fee for borrowings taken over the tenure of the borrowing by applying the effective interest rate method.

### Note 25: Depreciation and amortisation expense

Particulars	31 March 2021	31 March 2020
Depreciation on Property, plant and equipment	62,383	66,725
Depreciation on Right of Use Assets*	302	293
Amortisation of Intangible Assets	109	109
<b>Total</b>	<b>62,794</b>	<b>67,127</b>

\*Refer Note no. 5 for further details.

### Note 26: Other expenses

Particulars	31 March 2021	31 March 2020
<b>Other Expenses</b>		
Power & Fuel	275	441
Rent	23	7
Repairs and Maintenance		
- Building	523	514



## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (All amounts in INR lakhs, unless otherwise stated)

Particulars	31 March 2021	31 March 2020
- Others	1,108	1,345
Insurance, Rates and Taxes	214	187
Auditors' Remuneration (Detail in Note no 26(a))	59	61
Establishment Charges	1,828	2,165
Advertisement & Publicity	39	60
Legal & professional	131	183
Postage, Telephone Telegram & Telex	81	64
Printing & stationery	40	104
Training, Seminar & Conference Fee	6	23
Travel & Conveyance	21	360
Directors' Sitting Fees	15	15
Directors' Travel Expenses	1	22
Debts / Advances written off	184	2,782
Interest and Penalties	26	4
Bank Charges	67	255
Service tax ineligible for CENVAT	-	48
GST ineligible ITC	569	485
CSR Expenditure (Detail in Note no 26(b))	213	336
Net loss on Foreign Currency Transaction / Translation	-	14,720
Loss on Fair valuation of investment	13	-
Loss on Sale of Assets	484	242
<b>Provisions</b>		
Provision for Doubtful Debts and Advances	1,281	622
Foreign Taxation	25	30
Provision of Asset held for sale	(7)	(5)
<b>Total</b>	<b>7,219</b>	<b>25,070</b>

#### Note 26(a): Details of payments to auditors

Particulars	31 March 2021	31 March 2020
<b>Payment to auditors</b>		
<b>Statutory auditors</b>		
a) Audit fees	32	32
b) Certification Work	27	27
c) Travelling & Out of Pocket Expenses	-	2
<b>Total</b>	<b>59</b>	<b>61</b>

#### Note 26(b): Corporate social responsibility expenditure

Particulars	31 March 2021	31 March 2020
(i) Gross amount required to be spent by the Company during the year	195	88
(ii) Amount spent and paid during the year on ;		
(a) Construction/acquisition of any asset	63	109
(b) On purpose other than (a) above	150	227
<b>Total</b>	<b>213</b>	<b>336</b>

# The Shipping Corporation of India Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

### Note 27: Earnings per share

Particulars	31 March 2021	31 March 2020
<b>(a) Basic and diluted earnings per share</b>		
Profit attributable to the equity holders of the company (A)	69,609	33,648
<b>(b) Weighted average number of shares used as the denominator</b>		
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share (B)	465,799,010	465,799,010
Basic and Diluted earnings per share attributable to the equity holders of the group (A/B) (in ₹)	14.94	7.22

### Note 28: Contingent Liabilities and Commitments

#### (a) Contingent Liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
I. Claims against the company not acknowledged as debts		
a) State Governments/ Local Authorities	2,036	2,001
b) CPSEs	1,473	1,437
c) Central Government Departments *		
a) Income Tax	27,790	27,790
b) Service Tax @	184,031	157,939
c) Sales Tax & VAT	131	46
d) Others #	7,788	7,154
II. Guarantees given by the Banks		
On behalf of the company	4,531	5,571
On behalf of Joint Venture to the extent of the company's share	5,265	5,399
III. Undertaking cum Indemnity given by Company	6,516	6,516
IV. Bonds/Undertakings given by the Company to Customs Authorities	41,098	38,187
V. Corporate Guarantees/Undertakings		
a) In respect of Joint ventures	Nil	Nil
b) Others	3,028	3,684

#### (b) Contingent Assets

Particulars	As at 31 March 2021	As at 31 March 2020
I. Claims by the Company not acknowledged as asset		
a) State Governments/ Local Authorities	Nil	Nil
b) CPSEs	Nil	Nil
c) Central Government Departments	150	150
d) Others	358	358

#### (c) Commitments

Particulars	As at 31 March 2021	As at 31 March 2020
I. Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for	8016	4457
II. Uncalled liability on shares and other investments partly paid	Nil	Nil
III. Other Commitments in the form of equity share with JVS	Nil	Nil

\* The contingent Liability includes cases decided in favour of SCI amounting to ₹ 14800 lakhs. Thereafter, department have gone in appeal.

@ includes a sum of ₹ 88,239 lakhs as interest (previous year ₹ 71,282 lakhs).

#### # Details of other Cases



## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Sl. No	PARTICULARS	Brief Description	As at 31 <sup>st</sup> March, 2020	Addition	Deletion	As at 31 <sup>st</sup> March, 2021
1	S Venkiteswaran - Chokhani Intl Ltd New Delhi-drydock of Dadabhai Naoroji	MT. D.B. Naoroji stemmed for drydock repairs with M/s. Chokhani International, Chennai during July 1997 with quoted repair period of 45 days and stemmed cost of INR ₹ 792.16 lakhs. The shipyard took total of 229 days i.e. 184 days in excess of quoted period. Since there were additional repairs which cropped up, after opening of machineries during drydock period, SCI allowed additional 66 days i.e. from SCI side total repair period is to be 111 days. Yard submitted invoices for INR ₹ 1736.56 lakhs in March 1998. Yard unwilling to accept delay in completion of repairs and relevant penalty due to delayed repair completion.	5,038	173		5,211
2	Mercuria v/s SCI MT Maharshi Parashuram	M.T Maharshi Parashuram was fixed on voyage charter on account of Mercuria Energy Trading Pte Ltd via C/P dated 20.01.2012. Vessel loaded cargo of Fuel Oil (380 CST). Vessel completed cargo loading on 12 <sup>th</sup> February 2012 and sailed for discharge port on 13 <sup>th</sup> February 2012. During loading at Vadinar (Essar Terminal), it was observed that main cargo leaked into slop tank (Starboard). The reason for the same as advised by Master was due to failure of mechanical Valve between Cargo Tanks and Slops Tank (Starboard).	38	(1)		37
3	M.V. Vishva Shakti (1995 case M/s. S.S. Jain vs SCI Ltd defendant)	M.V. Vishva Shakti - refund of EMD claimant has requested of EMD of ₹ 7 lakhs with interest at 24% p.a. which was forfeited by SCI for not fulfilling the terms & conditions of the tender.	25	0		25
4	M.V. Samrat Ashok (1997 case M/s. Chaudhary Ind vs SCI Ltd defendant)	M.V. Samrat Ashok - refund of EMD. The claimant had requested for refund of their EMD of ₹ 10 lakhs with interest thereon @ 16% p.a or at the highest rate on deposits by a Nationalised bank. The EMD was forfeited by SCI for not fulfilling the terms & conditions of tender.	33	1		34
5	M.T. C V Raman (2013 case SYMCOM IMPEX claimant directed SCI to show cause as to why the loss to Symcom leviable on SCI should not be recovered/demanded)	M.T. C V RAMAN show cause notice from SYMCOM IPEX PVT. LTD. MUMBAI The claimant had directed SCI to show causes as to why the LOSS TO SYMCOM leviable on the SCI should not be recovered / demanded.	80			80
6	Safesea Group	Safesea Group		380		380
7	M/S N K Traders (2002 case)	Money claim against SCI for non-payment of party's bills of ₹ 29,91,871/- and the security deposit of ₹ 1,25,000/	88	2		90

## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Sl. No	PARTICULARS	Brief Description	As at 31 <sup>st</sup> March, 2020	Addition	Deletion	As at 31 <sup>st</sup> March, 2021
8	Rabirun Vinimay vs A.L. Logistics & Ors. (SCI respondent no. 2) 2015 case	M/s. Rabirun Vinimay pvt ltd, had imported used plant & machinery from UK to Haldia as containerized shipments (SOC) through several shipping lines in Nov 2011. However consignee could not take delivery of cargo immediately as they could not obtain necessary clearance / permission from customs. Since the containers are SOC boxes, SCI's responsibility was only till landing of the containers at Haldia. A legal notice dated 09.04.2015 from the lawyers of M/s Rabirun Vinimay pvt.ltd in this context.	100			100
9	BL Transport & BL Shipping agencies & United India Ins Co Ltd	Towards Repair cost of pay loader used for loading of barytee powder	48	2		50
10	Mr. Joseph Arputhanath	This case was closed on 30.11.2009 as the petition was disposed by the High Court, Chennai on 30.11.2009 directing the Petitioner (please fill up name & relation to SCI) to approach the National Maritime Board (NMB). As directed by the Hon'ble High Court, Petitioner has filed a petition against NMB-Rehabilitation Centre, which has declared that the petitioner is entitled to compensation amounting to ₹ 1,25,000/-.	10			10
11	S. Rajasekaran ERR-2 CDC NO	Seaman S. Rajasekaran signed Article on 20.09.1996 and was declared permanently unfit for sea service on 20.06.1997 after being diagnosed for Diabetes Mellitus with Parkinson by SCI Medical officer. The Seaman had challenged above decision and filed a Writ Petition 20941/2001 before Madras High Court.	22			22
12	Gopal Selvamani - vs - SCI	Shri Gopal Selvamani, ERPO-III was relieved of service after his sickness and diagnosis of cancerous tumor by our Medical Officer, which was challenged by him and Commissioner for Workman Compensation-II had awarded compensation of ₹ 55,251/-.	1			1
13	Mrs.Periyammal w/o late Narayana Muthuraja 2.Mallika D/O late Narayan	Narayana Muthuraja had travelled in SCI's passenger vessel m.v. Chidambaram, which arrived in Chennai on or about 12.02.1985. Vessel met with fire accident and in the accident Narayana Muthuraja died and SCI paid compensation of ₹ 10,000/- to the passenger's family on 29.04.1985 on humanitarian grounds. Later Mrs. Periammal, W/o Narayana Muthuraja and daughter Mallika filed a Civil Suit 1250 of 1988 claiming a sum of ₹ 1,30,000/- as death compensation.	10			10
14	Canteen Workers Lal Bavta	Lal Bavta Case (absorption of canteen contract worker)	720	75		795
15	Mr. Abdul Aziz Ibrahim Makani	Mr Abdul had claim against the insurance company and SCI. And court had ordered that 50% should be given by insurance company and 50% by SCI the claim amount. Insurance company had paid the full amount to Mr Abdul and they had to claim 50 percent from SCI. But till date insurance company has not asked about the money.	1		1	-



## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Sl. No	PARTICULARS	Brief Description	As at 31 <sup>st</sup> March, 2020	Addition	Deletion	As at 31 <sup>st</sup> March, 2021
16	Kolkata Technical Fleet Personnel	Compensation related Fleet personnel cases	199	22	12	209
17	OSV	Compensation cases of OSV fleet personnel	266			266
18	Disability cases - Officers	Disability compensation of Fleet personnel (Officer) cases.	23		-	23
19	Disability - Crew	Disability compensation of Fleet personnel (Crew) cases.	53		17	36
20	Death Cases	Death compensation cases of Fleet personnel	110	0		110
21	Misc	Fleet personnel miscellaneous cases	240	15		255
22	PF and Gratuity Cases	Compensation cases of wages, PF & Gratuity	29			29
23	Manning agent (Wage / PF / Gratuity)	Manning agent cases on wages, PF & Gratuity	19		5	14
<b>Total</b>			<b>7,154</b>	<b>670</b>	<b>36</b>	<b>7,788</b>

- (a) The Company's pending litigations comprise claims against the Company and proceedings pending with Tax / Statutory/ Government Authorities. After review of all its pending litigations and proceedings, the Company has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position. Future cash outflows in respect of the above are determinable only on receipt of judgments/ decisions pending with various forums/ authorities.
- (b) A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. During the normal course of business, several unresolved claims are currently outstanding. The inflow of economic benefits, in respect of such claims cannot be measured due to uncertainties that surround the related events and circumstances.
- (c) The company issued bonds of ₹ 41,098 lakhs to custom authorities [a(IV)] is mainly for duty free movement of Import/Export containers.

**The movement of contingent liabilities from [I (a)] to [I (d)] under various categories is tabulated below.**

Categories	As at 31 <sup>st</sup> March, 2020	Addition	Deletion	As at 31 <sup>st</sup> March, 2021
a) State Governments/ Local Authorities	2,001	128	93.29	2,036
b) CPSEs	1,437	36		1,473
c) Central Government Departments				
a) Income Tax	27,790			27,790
b) Service Tax	157,939	26,092		184,031
c) Sales Tax & VAT	46	84.64		131
d) Others	7,154	670	36	7,788
<b>Total</b>	<b>196,367</b>	<b>27,011</b>	<b>129</b>	<b>223,249</b>

#### Note 29: Income taxes

The major components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are:

##### (a) Deferred Tax

Particulars	31 March 2021	31 March 2020
<b>Deferred tax relates to the following:</b>		
Upward fair valuation of PPE	5,502	7,450
Deferred tax-upward valuation of Financial Asset	78	81
<b>Net Deferred Tax Liabilities</b>	<b>5,580</b>	<b>7,531</b>

## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### (b) Movement in deferred tax liabilities

Particulars	31 March 2021	31 March 2020
Opening balance as of April 1	7,531	9,153
Tax income/(expense) during the period recognised in profit or loss	(1,951)	(1,622)
<b>Closing balance as at March 31</b>	<b>5,580</b>	<b>7,531</b>

#### (c) Income tax recognised in profit or loss

Particulars	31 March 2021	31 March 2020
<b>Income tax expense</b>		
<i>Current tax</i>		
Current tax on profits for the year	3,611	4,850
Tax pertaining to earlier years	7	154
<i>Deferred tax</i>	(1,951)	(1,622)
MAT Credit Entitlement	-	1,134
<b>Income tax expense</b>	<b>1,667</b>	<b>4,516</b>

#### (d) The reconciliation of tax expense and the accounting profit multiplied by tax rate:

Particulars	31 March 2021	31 March 2020
Profit before income tax expense	63,452	34,750
Tax Rate	25.17%	25.17%
Tax on Profit before Tax	<b>15,971</b>	<b>8,747</b>
Less: Tax effect of income that are not taxable in determining taxable profit	(12,322)	(2,227)
Less: Tax effect of Dividend Income that are not taxable in determining taxable profit	(733)	-
Add: Impact of tonnage tax scheme	694	723
Less: Difference in tax gains and book gains (Capital gains)	(6)	(2,346)
Less: Reversal of DTL	(1,951)	(1,622)
Add: Excess provision - current tax	1	-
Add: Tax pertaining to earlier years	7	154
Add: Tax effect on Loss of subsidiary	6	(47)
Less: Exempt income - Dividend from mutual funds	-	-
Add: MAT credit utilised for the year (Written off)	-	1,134
<b>Income tax expense</b>	<b>1,667</b>	<b>4,516</b>

#### Basis of applicable tax rate :

Normal Tax rate	22%	22%
Surcharge	10%	10%
Health and Education Cess	4%	4%
<b>Applicable Tax rate</b>	<b>25.17%</b>	<b>25.17%</b>

#### (e) Current tax liabilities

Particulars	31 March 2021	31 March 2020
Opening balance	-	-
Add: Current tax payable for the year	3,611	4,850
Less: Taxes paid	(3,611)	(4,850)
<b>Closing balance</b>	<b>-</b>	<b>-</b>



## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### Note 30: Related party transactions

##### (a) Control

Government of India enterprises controlled by Central Government

##### (b) Joint Venture Companies

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

##### (c) Key Management Personnel

###### Whole Time Directors

1. Capt Anoop Kumar Sharma (ceased to be on the Board of SCI w.e.f 12.09.2019)
2. Smt. H. K. Joshi (CMD w.e.f. 12.09.2019 and Director[Finance] additional charge)
3. Shri S. V. Kher (ceased to be on the Board of SCI w.e.f. 01.10.2019)
4. Shri. Rajesh Sood (joined SCI Board w.e.f. 29.12.2017)
5. Smt Sangeeta Sharma (ceased to be on Board w.e.f. 01.12.2020)
6. Shri Surinder Pal Singh Jaggi (ceased to be on Board w.e.f. 01.12.2020)
7. Shri Atul Ubale (joined SCI Board w.e.f 05.12.2019)
8. Shri B.K. Tyagi (joined SCI Board w.e.f. 07.01.2021)

###### **Executive Director (Legal Affairs & Company Secretary)**

1. Shri Dipankar Haldar

###### **Chief Financial Officer**

1. Shri L C Serrao (w.e.f 05.02.2020)

###### **Non Executive Director**

1. Shri Shambhu Singh (ceased to be on the Board of SCI w.e.f 28.01.2020)
2. Shri Sanjay Kumar (joined SCI Board w.e.f 28.01.2020)
3. Shri Satinder Pal Singh (ceased to be on the Board of SCI w.e.f 25.11.2020)
4. Shri Arun Balakrishnan (reappointed on the Board of SCI w.e.f 21.03.2019 and completed his tenure on 20.03.2020)
5. Shri Gautam Sinha (completed his tenure on 28.09.2020)
6. Shri P. Kanagasabapathi (completed his tenure on 19.11.2020)
7. Shri Raj Kishore Tewari (completed his tenure on 28.09.2020)
8. Shri Mavji Bhikhabhai Sorathia (joined SCI Board on 17.12.2018)
9. Shri Vijay Tulshiramji Jadhao (joined SCI Board on 03.07.2018)
10. Pramod Kumar Panda (joined SCI Board on 18.10.2019)

## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### Key management personnel compensation

Name	Short-term employee benefits		Post-employment benefits		Long-term employee benefits		Employee share-based payment	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
1. Shri A.K.Sharma	-	26	-	11	-	-	-	-
2. Smt H.K Joshi	43	48	9	9	-	-	-	-
3. Shri S.V Kher	-	43	-	4	-	-	-	-
4. Shri Rajesh Sood	40	44	8	7	-	-	-	-
5. Smt. Sangeeta Sharma	40	47	5	7	-	-	-	-
6. Shri Surinder Pal Singh Jaggi	52	37	5	7	-	-	-	-
7. Shri Atul Ubale	34	13	7	3	-	-	-	-
8. Shri B.K. Tyagi	15	-	2	-	-	-	-	-
9. Shri Dipankar Halder	40	39	8	8	-	-	-	-
10. Shri L C Serrao	39	6	7	1	-	-	-	-
<b>Total</b>	<b>303</b>	<b>303</b>	<b>51</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note:-** As the liabilities for gratuity and leave encashment are provided on actuarial basis for the company as a whole the amounts pertaining to Key management personnel compensation are not included in the above table.

#### Other transactions with related parties

The following transactions occurred with related parties:

Nature of Transactions	31 March 2021	31 March 2020
Sitting Fees	14.8	14.8

CMD is a Director on the Board of The Standard Club Ltd. where the club pays director sitting fee to SCI. A fees of ₹ 25 lakhs pertaining to FY 20-21, ₹ 16 lakhs FY 19-20 and ₹ 13 lakhs in FY 18-19 was received by SCI, this amount was waived by CMD in favour of SCI and is not included in KMP remuneration.

#### (d) Transactions with JVS and Outstanding Balances are as follows:

Nature of Transactions	31 March 2021	31 March 2020
1) Interest Income during the year	1,034	1,365
2) Expenses Reimbursed during the year	112	50
3) Management & Accounting fees earned during the year	2,065	1,917
4) Guarantee fees received during the year	42	41
5) Investment made during the year	-	-
6) Loans realised during the year	2,022	991
7) Interest amount compounded in to principal during the year	-	1,094
8) Dividend received	2,911	-

Outstanding Balances	31 March 2021	31 March 2020
1) Investments	7,408	7,408
2) Loan Balances	22,100	24,122
3) Other Receivable	-	23
4) Payable on account of Ship	21,788	22,346
5) Guarantees Given for JVS	5,265	5,399
6) Interest receivable	249	342
7) Expenses recoverable from JVs	38	10



## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### (e) Transactions with Government related entities

##### (1) Significant Transactions

Government related entities along with description of relationship wherein significant amount of transaction carried out:

Name of related party	Relation	Nature of transaction	31 March 2021	31 March 2020
Indian Oil Corporation Limited	Central PSU	Revenue from Freight/Charter Hire/Demurrage etc.	35,837	45,585
Hindustan Petroleum Corporation Limited	Central PSU	Revenue from Freight/Charter Hire/Demurrage etc.	70,645	84,703
Bharat Petroleum Corporation Limited	Central PSU	Revenue from Freight/Charter Hire/Demurrage etc.	30,955	51,185
Oil And Natural Gas Corporation Limited	Central PSU	Revenue from Freight/Charter Hire/Demurrage etc.	20,013	20,247
Mangalore Refinery and Petrochemicals Limited	Central PSU	Revenue from Freight/Charter Hire/Demurrage etc.	20,499	26,455
Chennai Petroleum Corporation Limited	Central PSU	Revenue from Freight/Charter Hire/Demurrage etc.	12,075	14,086
Steel Authority Of India Ltd	Central PSU	Revenue from Freight/Charter Hire/Demurrage etc.	12,589	19,257
Indian Oil Corporation Limited	Central PSU	Purchases of Bunker, Oil etc	14,840	27,168
Hindustan Petroleum Corporation Limited	Central PSU	Purchases of Bunker, Oil etc	907	5,919
Cochin Shipyard	Central PSU	Repair/Drydock of vessel	11,498	10,953
The Oriental Insurance Co. Ltd	Central PSU	Insurance etc.	8,907	9,580
Oil And Natural Gas Corporation Limited	Central PSU	Recovery of Reimbursable expenses	21,554	27,916
Andaman & Nicobar Administration	A&N Admin	Recovery of Reimbursable expenses	16,676	16,962
Ministry of Earth Sciences	Ministry of Earth Sciences	Recovery of Reimbursable expenses	3,474	6,106
Geological Survey Of India	Ministry of Mines	Recovery of Reimbursable expenses	4,874	5,615

Government related entities along with description of relationship wherein significant amount of balance receivable/payable from/to related parties are as follows:

Name of related party	Relation	Nature of transaction	31 March 2021	31 March 2020
Hindustan Petroleum Corporation Ltd.	Central PSU	Trade Receivable/(Advance from customer)	9,907	9,092
Oil And Natural Gas Corporation Ltd.	Central PSU	Trade Receivable/(Advance from customer)	3,328	1,946
Bharat Petroleum Corporation Ltd.	Central PSU	Trade Receivable/(Advance from customer)	5,711	6,125
Indian Oil Corporation Ltd.	Central PSU	Trade Receivable/(Advance from customer)	6,531	5,458
Geological Survey Of India	Ministry of Mines	Trade Receivable/(Advance from customer)	(1,804)	1,534
Department of Fertilizers	Ministry of Fertilizers	Trade Receivable/(Advance from customer)	190	(162)
Nuclear Power Corporation	Central PSU	Trade Receivable/(Advance from customer)	-	131
Andaman Lakshdeep Harbour works	Ministry of Surface transport	Trade Receivable/(Advance from customer)	(0)	2
Cochin Shipyard Limited	Central PSU	Trade Payable/(Advance to vendor)	10,067	9,974
Indian Oil Corporation Limited	Central PSU	Trade Payable/(Advance to vendor)	485	3,514

## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Name of related party	Relation	Nature of transaction	31 March 2021	31 March 2020
Cochin Port Trust	Trust under MPT Act	Trade Payable/(Advance to vendor)	1	(288)
Vizag Port Trust	Trust under MPT Act	Trade Payable/(Advance to vendor)	(855)	(652)
Kolkata Port Trust	Trust under MPT Act	Trade Payable/(Advance to vendor)	(111)	(433)
Paradeep Port Trust	Trust under MPT Act	Trade Payable/(Advance to vendor)	(141)	(362)
Balmer & Lawrie & Co. Ltd	Central PSU	Trade Payable/(Advance to vendor)	1	2
The Chairman CHPT	Trust under MPT Act	Trade Payable/(Advance to vendor)	(139)	(105)
The Oriental Insurance Co Ltd.	Central PSU	Trade Payable/(Advance to vendor)	(126)	28

#### (2) Other than Significant Transactions

Other than significant transactions carried out are as follows:

Particulars	31 March 2021	31 March 2020
Revenue	27,721	34,665
Purchases/services	23,023	34,481
Recovery of Reimbursable expenses	3,450	4,809

Other than significant amount of balance receivable/payable from/to related parties are as follows:

Particulars	31 March 2021	31 March 2020
Trade Receivable/(Advance from customers)	15,820	23,795
Trade Payable/(Advance to vendors)	(2,414)	3,569

#### Transactions with other government-related entities

Apart from the transactions disclosed in (e) above, the Company also conducts business with other government related entities. The Company has bank deposits, borrowings and other general banking relations with PSU banks. Other than the substantial amount of bank balances, bank borrowings and the facilities with these banks, transactions with other government related entities are individually insignificant.

#### (f) Trust

Transactions with Post Retirement Plans managed through separate trust wherein SCI having control:

Name of the related party	Nature of transaction	31 March 2021	31 March 2020
1. Shipping Corporation of India Employees Gratuity Fund	-	-	-
2. Post Retirement Medical Scheme for the Shore employees of The Shipping Corporation of India Limited	-	-	-
3. Provident Fund for the employees of The Shipping Corporation of India Limited	Employer's Contribution	1,418	1,249
4. SCI Employee Superannuation Trust	Employer's Contribution	1,067	1,090
5. Provident Fund for The Crew Non CDC holders of The Shipping Corporation of India Limited	-	-	-

#### Note 31: Employee Benefit Obligations

##### (A) Description of type of employee benefits

- a) The Company offers to its employee's defined benefits plans in the form of Gratuity, leave encashment and Post Retirement Medical Scheme



## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

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

**b) The Company offers to its employees defined contribution plan in the form of provident fund, post retirement medical scheme (New w.e.f. 01.01.2007) and pension contribution**

The details of the plan are as follows:-

i.	Provident Fund	It is a contribution made on monthly basis @ 12% of monthly Basic and DA to the PF Trust who credits annual interest on PF balances. The corpus accumulated is paid on retirement of the employee.
ii.	Post Retirement Medical Scheme (New w.e.f. 01.01.2007)	It is a contribution @ 4% of monthly Basic and DA towards provision of employees' medical expenses incurred after retirement.
iii.	Pension contribution	It is a contribution @ 12% of monthly Basic and DA towards provision of annuity after retirement of employees.

**(B) Gratuity**

**Balance sheet amount (Gratuity Plan)**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>01-Apr-19</b>	12,446	15,711	(3,265)
Current service cost	757	-	757
Interest expense/(income)	916	1,137	(221)
<b>Total amount recognised in profit and loss</b>	<b>1,673</b>	<b>1,137</b>	<b>536</b>
<i>Remeasurements</i>			
Return on plan assets, excluding amount included in interest expense/(income)	-	(243)	243
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	553	-	553
Experience (gains)/losses	(2,640)	-	(2,640)
(i) Amount recognised in other comprehensive income	<b>(2,087)</b>	<b>(243)</b>	<b>(1,844)</b>
Employer contributions			-
Benefit payments	(1,644)	(1,644)	-
Unrecognised Asset due to Limit in Para 64(b)	-	-	-
<b>(ii) 31 March 2020</b>	<b>10,388</b>	<b>14,961</b>	<b>(4,573)</b>
(iii) Unrecognised Asset at the beginning of the period	-	-	-
(iv) Asset recognised during the year (Asset Ceiling)	-	-	-

## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
(v) Unrecognised Asset due to Limit in Para 64(b) - Change in Asset Ceiling [(iii)-(iv)]	-	-	-
<b>Total amount recognised in other comprehensive income [(i) &amp; (v)]</b>	<b>(2,087)</b>	<b>(243)</b>	<b>(1,844)</b>
<b>Closing Balance Sheet (Asset) / Liability as on 31 March 2020 [(ii) + (iii) + (v)]</b>			<b>(4,573)</b>

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>31-Mar-20</b>	10,388	14,961	(4,573)
Current service cost	595	-	595
Past service cost			-
Interest expense/(income)	669	1,001	(332)
<b>Total amount recognised in profit and loss</b>	<b>1,264</b>	<b>1,001</b>	<b>263</b>
<i>Remeasurements</i>			
Return on plan assets, excluding amount included in interest expense/(income)	-	1,050	(1,050)
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	(142)	-	(142)
Experience (gains)/losses	(802)	-	(802)
(i) Amount recognised in other comprehensive income	(944)	1,050	(1,994)
Employer contributions			
Benefit payments	(1,111)	(1,111)	-
Unrecognised Asset due to Limit in Para 64(b)	-	-	
<b>(ii) 31 March 2021</b>	<b>9,596</b>	<b>15,901</b>	<b>(6,305)</b>
(iii) Unrecognised Asset at the beginning of the period			
(iv) Asset recognised during the year (Asset Ceiling)			
(v) Unrecognised Asset due to Limit in Para 64(b) - Change in Asset Ceiling [(iii)-(iv)]			
<b>Total amount recognised in other comprehensive income [(i) &amp; (v)]</b>	<b>(944)</b>	<b>1,050</b>	<b>(1,994)</b>
<b>Closing Balance Sheet (Asset) / Liability as on 31 March 2021 [(ii) + (iii) + (v)]</b>			<b>(6,305)</b>

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

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	31-Mar-21	31-Mar-20
Present value of funded obligations	9,596	10,388
Fair value of plan assets	15,901	14,961
<b>Deficit of funded plan</b>	<b>(6,305)</b>	<b>(4,573)</b>
Unfunded plans	-	-
Unrecognised Asset due to Limit in Para 64(b)		
<b>Deficit of gratuity plan</b>	<b>(6,305)</b>	<b>(4,573)</b>

#### Significant estimates: Actuarial assumptions

The significant actuarial assumptions were as follows:



## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Principal Assumptions at the balance sheet date:		
Financial Assumptions	31-Mar-21	31-Mar-20
Discount Rate	6.90%	6.69%
Salary Escalation Rate-Shore Staff	7.80%	7.80%
Salary Escalation Rate-Floating Staff	9.00%	9.00%
Expected Return on Assets	6.90%	6.69%
Demographic Assumptions	31-Mar-21	31-Mar-20
Mortality Table	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.
Withdrawal Rate	IALM (2012-14) Ultimate 0.50%	IALM (2012-14) Ultimate 0.50%
Retirement Age	60 years	60 years
Timing Related Assumptions		
Time of Retirement	Immediately on achieving normal retirement	
Salary Increase frequency	Once a year	

#### Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	31-Mar-21		31-Mar-20	
<b>Defined Benefit Obligation (Base)</b>	9596		10388	
Sensitivity Analysis	31-Mar-21		31-Mar-20	
Table 14: Sensitivity Analysis	Decrease	Increase	Decrease	Increase
<b>Discount Rate</b>				
Impact of increase/decrease in 50 bps on DBO	344	(296)	320	372
<b>Salary Growth Rate</b>				
Impact of increase/decrease in 50 bps on DBO	(289)	328	313	355

Change in the Unrecognised Asset due to the Asset Ceiling During the Period	31-Mar-20 to 31-Mar-21	31-Mar-19 to 31-Mar-20
Unrecognised Asset, Beginning of Period	-	-
Asset recognised during the year	-	-
Unrecognised Asset, End of Period	-	-

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

Major category of plan assets are as follows:-

Particulars	31-Mar-21				31-Mar-20			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
<b>Government of India Securities</b>	9,668		9,668	61%	9,895	-	9,895	66%
<b>Debt instruments</b>								
Investment in Bonds	400		400	3%	400	-	400	3%
<b>Other Assets including accrued interest</b>	1,015.00	216	1,231	8%	707	226	933	6%
<b>Investment in Deposits including Bank Balance</b>	-	4,603	4,603	29%	-	3,733	3,733	25%
<b>Total</b>	<b>11,083</b>	<b>4,819</b>	<b>15,902</b>	<b>100%</b>	<b>11,002</b>	<b>3,959</b>	<b>14,961</b>	<b>100%</b>

## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

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

The expected rate of return on plan assets has been estimated on the basis of actual returns of the trust in the past years. The 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.

Actual Return on plan assets ₹ 2051.22 lakh (Prev. period ₹ 894 lakhs)

Through its defined benefit plans, the group is exposed to a number of risks, the most significant of which are detailed below:

**Asset volatility:** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. The Company intends to maintain the above investment mix in the continuing years.

**Changes in bond yields:**

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

**Life expectancy:**

The gratuity plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Contribution expected to be paid in the next year is NIL.

The weighted average duration of the defined benefit obligation is 11.02 years (2020 – 11.24 years).

#### (C) Leave Encashment (Unfunded)

##### Balance sheet amount (Leave Encashment)

Particulars	Present value of obligation
<b>01-Apr-19</b>	<b>5,843</b>
Current service cost	450
Interest expense/(income)	452
Actuarial (Gain )/loss from change in financial assumptions	507
Actuarial (Gain )/loss from change in demographic assumptions	-
Actuarial - Experience (gains)/losses	593
<b>Total amount recognised in profit and loss</b>	<b>2,002</b>
Benefit payments*	(2,423)
<b>31-Mar-20</b>	<b>5,422</b>

\* For leave encashment, the benefits paid are debited to the statement of Profit and Loss.

Particulars	Present value of obligation
<b>31-Mar-20</b>	<b>5,422</b>
Current service cost	431
Interest expense/(income)	368
Actuarial (Gain )/loss from change in financial assumptions	(42)
Actuarial (Gain )/loss from change in demographic assumptions	-
Actuarial - Experience (gains)/losses	112
<b>Total amount recognised in profit and loss</b>	<b>868</b>
Employer contributions	
Benefit payments*	(1,140)
<b>31-Mar-21</b>	<b>5,150</b>

\* For leave encashment, the benefits paid are debited to the statement of Profit and Loss.

The net liability disclosed above relates to unfunded plan are as follows:

Particulars	31-Mar-21	31-Mar-20
Present value of unfunded obligations	5,150	5,422
<b>Deficit of leave encashment plan</b>	<b>5,150</b>	<b>5,422</b>



## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### Significant estimates: Actuarial assumptions

The significant actuarial assumptions were as follows:

Principal Assumptions at the balance sheet date:		
Financial Assumptions	31-Mar-21	31-Mar-20
Discount Rate	6.90%	6.69%
Salary Escalation Rate-Shore Staff	7.80%	7.80%
Salary Escalation Rate-Floating Staff	9.00%	9.00%
Demographic Assumptions	31-Mar-21	31-Mar-20
Mortality Table	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.
Withdrawal Rate	IALM (2012-14) Ultimate 0.50%	IALM (2012-14) Ultimate 0.50%
Retirement Age	60 years	60 years
Timing Related Assumptions		
Time of Retirement	Immediately on achieving normal retirement	
Salary Increase frequency	Once a year	

#### Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	31-Mar-21		31-Mar-20	
Defined Benefit Obligation (Base)	5,150		5,422	
Sensitivity Analysis	31-Mar-21		31-Mar-20	
	Decrease	Increase	Decrease	Increase
Discount Rate Impact of increase/decrease in 50 bps on DBO	200	(169)	211	178
Salary Growth Rate Impact of increase/decrease in 50 bps on DBO	(209)	219	231	220

The weighted average duration of the defined benefit obligation is 11.02 years (2020 - 11.24 years).

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

#### (D) Post Retirement Medical Benefit Scheme

##### Balance sheet amount (Post Retirement Medical Benefit Scheme)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>01-Apr-19</b>	2,083	971	1,112
Past service cost	(17)		(17)
Interest expense/(income)	151	74	77
<b>Total amount recognised in profit and loss</b>	134	74	60
<b>Remeasurements</b>			
Return on plan assets, excluding amount included in interest expense/(income)			-
(Gain)/loss from change in demographic assumptions			
(Gain)/loss from change in financial assumptions	202		202
Experience (gains)/losses	75	(105)	180

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>Total amount recognised in other comprehensive income</b>	277	(105)	382
Employer contributions	-	-	-
Benefit payments	(230)	(230)	-
<b>31-Mar-20</b>	<b>2,264</b>	<b>710</b>	<b>1,554</b>

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>31-Mar-20</b>	2,264	710	1,554
Past service cost	-	-	-
Interest expense/(income)	143	48	96
<b>Total amount recognised in profit and loss</b>	143	48	96
<i>Remeasurements</i>			
Return on plan assets, excluding amount included in interest expense/(income)			-
(Gain)/loss from change in demographic assumptions			
(Gain)/loss from change in financial assumptions	(31)		(31)
Experience (gains)/losses	(7)	36	(43)
<b>Total amount recognised in other comprehensive income</b>	(38)	36	(74)
Employer contributions	-	-	-
Benefit payments	(136)	(136)	-
<b>31-Mar-21</b>	<b>2,234</b>	<b>658</b>	<b>1,576</b>

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	31-Mar-21	31-Mar-20
Present value of funded obligations	2,234	2,264
Fair value of plan assets	658	710
<b>Deficit of funded plan</b>	<b>1,576</b>	<b>1,554</b>
<b>Deficit of Post Retirement Medical Benefit Scheme plan</b>	<b>1,576</b>	<b>1,554</b>

#### Significant estimates: Actuarial assumptions

The significant actuarial assumptions were as follows:

Financial Assumptions	31-Mar-21	31-Mar-20
Discount Rate	6.90%	6.69%
Expected Return on Assets	6.90%	6.69%
Demographic Assumptions	31-Mar-21	31-Mar-20
Mortality Table	LIC (1996-98) Ult (Annuitant)	LIC (1996-98) Ult (Annuitant)
Timing Related Assumptions		
Time of Retirement	Immediately on achieving normal retirement	



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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Sensitivity Analysis	31-Mar-21		31-Mar-20	
Defined Benefit Obligation (Base)	2,234		2,264	
Table 12 : Sensitivity Analysis	31-Mar-21		31-Mar-20	
	Decrease	Increase	Decrease	Increase
Discount Rate Impact of increase/decrease in 50 bps on DBO	85	-75	86	-76

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

Major category of plan assets are as follows:-

	31-Mar-21			
	Quoted	Unquoted	Total	in %
Investment in Deposits including Bank Balance	-	616	616.00	94%
Other Assets including accrued interest	-	42	42	6%
<b>Total</b>	-	<b>658</b>	<b>658</b>	<b>100%</b>

Major category of plan assets are as follows:-

	31-Mar-20			
	Quoted	Unquoted	Total	in %
Investment in Deposits including Bank Balance	-	670	670	94%
Other Assets including accrued interest	-	40	40	6%
<b>Total</b>	-	<b>710</b>	<b>710</b>	<b>100%</b>

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

The expected rate of return on plan assets has been estimated on the basis of actual returns of the trust in the past years. The 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.

#### Defined benefit liability and employer contributions :

Contribution expected to be paid in the next year is **NIL**.

The weighted average duration of the defined benefit obligation is 10.21 years (2020 – 10.76 years).

The expected future cash flows as at 31.03.2021 are as follows :

Projected benefits payable in future years from the date of reporting

Expected Contribution	Gratuity	Leave Encashment	PRMS
1 <sup>st</sup> following year	1,148	186	219
2 <sup>nd</sup> following year	764	336	243
3 <sup>rd</sup> following year	914	602	274
4 <sup>th</sup> following year	526	413	316
5 <sup>th</sup> following year	783	517	364
Years 6 to 10	3,236	2,662	1,274

The expected future cash flows as at 31.03.2020 are as follows:

Projected benefits payable in future years from the date of reporting

## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Expected Contribution	Gratuity	Leave Encashment	PRMS
1 <sup>st</sup> following year	1,426	272	247
2 <sup>nd</sup> following year	749	322	273
3 <sup>rd</sup> following year	777	454	308
4 <sup>th</sup> following year	950	666	355
5 <sup>th</sup> following year	534	366	410
Years 6 to 10	3,451	2,608	1,432

#### Note 32: Segment information

##### (a) Business Segments

The Group is managed by the Board which is the chief decision maker. The Board has determined the operating segments based on the pattern of vessels deployed by the Group, for the purposes of allocating resources and assessing performance. With effect from 1st October 2020, the passenger and research vessels managed under the L&PS Division has been transferred to T&OS Division for better synergy of this function with the T&OS Division and good governance thereon.

##### (I) Liner

Liner segment includes break-bulk, container transport.

##### (II) Bulk

Bulk Carriers include dry bulk carriers.

##### (III) Tanker

Tankers segment includes both crude and product carriers, gas carriers.

##### (III) T&OS

Technical & Offshore services segment includes company owned offshore vessels, offshore vessels managed on behalf of other organisations, income from technical consultancy and passenger vessels & research vessels managed on behalf of other organisations.

##### (IV) Others

Others segment include income earned from Maritime Training Institute.

##### (V) Unallocated

Unallocable items and interest income/expenses are disclosed separately.

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.

##### (b) Geographical Segments

Presently, the Group's operations are predominantly confined in India.

##### (c) Adjusted Earnings before Interest & Tax (EBIT)

Adjusted EBIT excludes discontinued operations and the effects of significant items of income and expenditure which may have an impact on the quality of earnings such as restructuring costs, impairments when the impairment is the result of an isolated, non-recurring event. It also excludes the effects of gains or losses on financial instruments.

Interest income is not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

EBIT	31 March 2021	31 March 2020
Liner	7,595	(13,134)
Bulk	1,128	(1,276)
Tanker	50,770	73,667
T&OS	(4,928)	7,415
Others	(869)	188
Unallocated	13,130	(400)
<b>Total adjusted EBIT</b>	<b>66,826</b>	<b>66,460</b>



## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

**Adjusted EBIT reconciles to profit before income tax as follows:**

Particulars	31 March 2021	31 March 2020
<b>Total adjusted EBIT</b>	66,826	66,460
Finance costs :		
Liner	5	3
Bulk	1,748	3,718
Tanker	1,268	5,894
T&OS	474	2,051
Others	-	-
Unallocated	(1,384)	24,747
<b>Total Finance costs</b>	2,111	36,413
Interest income from investments	6,561	8,117
<b>Profit before income tax from continuing operations</b>	<b>71,276</b>	<b>38,164</b>

**Depreciation included in adjusted EBIT**

Particulars	31 March 2021	31 March 2020
Liner	1,882	1,855
Bulk	11,389	11,256
Tanker	42,585	46,679
T&OS	6,875	7,277
Others	63	61
Unallocated	-	(1)
<b>Total Depreciation included in adjusted EBIT</b>	<b>62,794</b>	<b>67,127</b>

#### (d) Segment revenue

The segment revenue is measured in the same way as in the statement of profit or loss.

Segment	31 March 2021			31 March 2020		
	Total segment revenue	Inter segment revenue	Revenue from external customers	Total segment revenue	Inter segment revenue	Revenue from external customers
Liner	60,166	-	60,166	53,519	-	53,519
Bulk	52,646	-	52,646	57,034	-	57,034
Tanker	230,926	-	230,926	295,819	-	295,819
T&OS	26,494	-	26,494	39,675	-	39,675
Others	485	-	485	1,886	-	1,886
<b>Total Segment Revenue</b>	<b>370,717</b>	<b>-</b>	<b>370,717</b>	<b>447,933</b>	<b>-</b>	<b>447,933</b>
Unallocated	5,607	-	5,607	10,789	-	10,789
<b>Total segment revenue as per Profit and Loss</b>	<b>376,324</b>	<b>-</b>	<b>376,324</b>	<b>458,722</b>	<b>-</b>	<b>458,722</b>

**Information about major customers**

## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Revenue to specific customers exceeding 10% of total revenue for the year ended 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2020 were as follows:

Revenue from external customers	31 March 2021			31 March 2020		
	Tanker segment	Liner Segment	Total	Tanker segment	Liner Segment	Total
Bharat Petroleum Corporation Ltd.	-	-	-	51,185	-	51,185
Hindustan Petroleum Corporation Ltd.	70,645	-	70,645	84,703	-	84,703
Indian Oil Corporation Ltd	-	-	-	44,699	885	45,584

The Group is domiciled in India. The amount of its revenue from external customers (exceeding 4%) broken down by location of the customers is shown in the table below:

Revenue from external customers	31 March 2021	31 March 2020
India	307,226	373,996
Singapore	27,063	26,757
Other Countries	36,428	47,180
<b>Total</b>	<b>370,717</b>	<b>447,933</b>

#### (e) Segment assets

Segment	31 March 2021		31 March 2020	
	Segment assets	Addition to non-current assets	Segment assets	Addition to non-current assets
Liner	51,204	-	51,063	-
Bulk	158,394	-	172,212	-
Tanker	547,999	-	599,972	-
T & OS	138,508	-	138,576	-
Others	861	-	1,227	-
<b>Total segment assets</b>	<b>896,966</b>	<b>-</b>	<b>963,050</b>	<b>-</b>
Unallocated	443,300	-	428,810	-
<b>Total assets as per the balance sheet</b>	<b>1,340,266</b>	<b>-</b>	<b>1,391,860</b>	<b>-</b>

#### (f) Segment liabilities

Segment	31 March 2021	31 March 2020
Liner	90,731	55,188
Bulk	55,573	73,172
Tanker	60,194	113,145
T & OS	53,892	60,805
Others	328	474
<b>Total segment liabilities</b>	<b>260,718</b>	<b>302,784</b>
Unallocated	262,795	340,710
<b>Total liabilities as per the balance sheet</b>	<b>523,513</b>	<b>643,494</b>

#### Note 33: Revenue from Contract with customers

The revenue from contracts with customers to the amounts disclosed as total revenue are as under:



## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	31 March 2021	31 March 2020
Revenue from Contract with Customers	286,808	375,853
Revenue from Other Sources		
Charter hire (lease)	84,550	82,445
Other income	11,527	8,541
<b>Total Revenue</b>	<b>382,885</b>	<b>466,839</b>

The disaggregation of Revenue from Contract with Customers is as under:

#### (A) Revenue from Contract with Customers - Segmentwise

Particulars	31 March 2021	31 March 2020
Liner	58,754	53,517
Bulk	31,076	38,552
Tanker	181,520	249,498
T&OS	14,077	22,034
Others	485	1,886
Unallocated	892	10,366
<b>Total Revenue from Contract with Customers - Segmentwise</b>	<b>286,804</b>	<b>375,853</b>

#### (B) Revenue from Contract with Customers – Geographical Location

Particulars	31 March 2021			
	India	Singapore	Others	Total
Liner	47,468	(57)	11,343	58,754
Bulk	31,175	(170)	71	31,076
Tanker	153,107	10,562	17,851	181,520
T&OS	14,198	(27)	(93)	14,077
Others	485	-	-	485
Unallocated	907	-	(15)	892
<b>Total Revenue</b>	<b>247,339</b>	<b>10,308</b>	<b>29,157</b>	<b>286,804</b>

Particulars	31 March 2020			
	India	Singapore	Others	Total
Liner	46,919	355	6,243	53,517
Bulk	36,595	126	1,831	38,552
Tanker	218,650	8,047	22,801	249,498
T&OS	22,034	-	-	22,034
Others	1,886	-	-	1,886
Unallocated	355	22	9,989	10,366
<b>Total Revenue</b>	<b>326,439</b>	<b>8,550</b>	<b>40,864</b>	<b>375,853</b>

#### (C) On the basis of Timing of Revenue Recognition:

Particulars	31 March 2021		
	At Point in time	At Point over time	Total
Liner	29	58,725	58,754
Bulk	828	30,248	31,076
Tanker	19,286	162,234	181,520

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Particulars	31 March 2021		
	At Point in time	At Point over time	Total
T&OS	1	14,076	14,077
Others	8	477	485
Unallocated	926	(35)	891
<b>Total Revenue</b>	<b>21,078</b>	<b>265,725</b>	<b>286,804</b>

Particulars	31 March 2020		
	At Point in time	At Point over time	Total
Liner	145	53,373	53,518
Bulk	2,219	36,333	38,552
Tanker	19,507	229,991	249,498
T&OS	4,654	17,381	22,034
Others	45	1,841	1,886
Unallocated	11,084	(718)	10,365
<b>Total Revenue</b>	<b>37,654</b>	<b>338,199</b>	<b>375,853</b>

#### Contract Asset

Particulars	31 March 2021	31 March 2020
Opening Balance of Contract Asset	46,752	33,968
Opening Balance reclassified as Trade Receivable in current period	46,576	33,701
Current year Contract Asset	29,633	46,485
<b>Closing Balance of Contract Asset</b>	<b>29,810</b>	<b>46,752</b>

#### Contract Liability

Particulars	31 March 2021	31 March 2020
Opening Balance of Contract Liability	1,238	688
Revenue Recognised from the opening balance of Contract Liability	1,238	688
Current year Contract liability - Carried Forward	2,029	1,238
<b>Closing Balance of Contract Liability</b>	<b>2,029</b>	<b>1,238</b>

The nature of services and its disclosure of timing of satisfaction of performance obligation is mentioned in para 1.19 of Note No. 1.

Contract Assets in the balance sheet constitutes unbilled amounts to customers representing the Group's right to consideration for the services transferred to date. Any amount previously recognised as Contract Assets is reclassified to trade receivables at the time it is invoiced to the customer.

Contract Liabilities in the balance sheet constitutes advance payments and billings in excess of revenue recognised. The Group expects to recognise such revenue in the subsequent financial years.

There were no significant changes in contract assets and contract liabilities during the reporting period except amount as mentioned in the table and explanation given above.

Trade receivables as disclosed in note no 7(e) includes contract balances. Impairment losses as disclosed in Note 38 includes receivables arising from contracts with customers.

Under the payment terms generally applicable to the Group's revenue generating activities, prepayments are received only to a limited extent. Typically, payment is due upon or after completion of the services.

The Group generates revenue from shipping activities. Revenue from a voyage charter is recognised over time, which is determined on a percentage of voyage completion method. The Group has recognised revenue over a period of time basis following output method. Since, the Group can track the progress toward completion of the contract by measuring days to date relative to total estimated days needed to satisfy the performance obligation, the percentage of voyage completion method/ straight-line basis over the period of the charter i.e. output method provide a faithful depiction of transfer of goods or services.



## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### Note 34: LEASE

The Group as lessee has agreements/contracts relating to charter in of vessel on time basis, land, building, Cars, Photocopier machine etc. The Group as lessor has entered into agreements/contracts of out charter of vessel on time, etc. The right-of-use and lease liability are disclosed in the financial statements at note no 5 & 14 (b) respectively. The Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

The following table shows the effects of Leases in the Statement of the Profit and Loss in financial year 2020-21:

Amounts recognised in profit and loss	31 March 2021	31 March 2020
Depreciation cost on right-of-use assets	302	293
Interest expenses (included in finance costs)	225	249
Expenses relating to service elements of leases	-	-
Expenses relating to short-term leases	6,007	7,489
Expenses relating to variable lease payments	-	-
Expenses relating to leases of low-value assets	-	-
<b>Total recognised in operating costs</b>	<b>6,534</b>	<b>8,031</b>

Total cash outflow impact for leases for the year 2020-21 was ₹ 367 lakhs, of which ₹ 225 lakhs relates to interest expense.

#### OPERATING LEASE COMMITMENTS

##### (1) As a Lessee - Payments

At the balance sheet date, the Group has the following contractual committed future minimum lease payables under non-cancellable operating leases from time - charter contracts, land, building, Cars, Photocopier machine etc in the aggregate and each of the following periods:

Particulars	31 March 2021*	31 March 2020
Not later than 1 year	1,853	3,125
Later than 1 year and not later than 5 years	1,370	1,369
Later than 5 Years	2,026	2,392

\*The lease payables include both interest and principal cash flows.

The lease has varying terms and renewal rights. The Group's operating lease for vessels have terms ranging from less than 1 year to 5 years. Vessels on time charter hire are considered as operating lease.

##### (2) As a Lessor - Receipts

At the balance sheet date, the Group has the following contractual committed future minimum lease receivable under non-cancellable operating leases from time - charter contracts in the aggregate and each of the following periods:

Particulars	31 March 2021	31 March 2020
Not later than 1 year	36,187	19,777
Later than 1 year and not later than 5 years	4,373	9,485
Later than 5 Years	-	-

The Group's operating lease for vessels have terms ranging from less than 1 year to 5 years. Certain of the leases have varying terms and renewal rights.

Vessels on time charter hire are considered as operating lease.

#### Note 35: Assets pledged as security

Particulars	Notes	31 March 2021	31 March 2020
<b>Current</b>			
<b>Financial Assets</b>			
Other bank balances	7(g)	5,271	8,553
<b>Total current assets pledged as security</b>		<b>5,271</b>	<b>8,553</b>

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Particulars	Notes	31 March 2021	31 March 2020
<b>Non-current</b>			
<b>Financial Assets</b>			
Non-current investments	6(a)	7,359	7,359
<b>Non Financial Assets</b>			
Property, Plant and Equipment	3	602,514	656,439
<b>Total non-current assets pledged as security</b>		<b>609,873</b>	<b>663,798</b>
<b>Total assets pledged as security</b>		<b>615,144</b>	<b>672,351</b>

### Note 36: Offsetting Financial Assets and Financial Liabilities

The following table presents the recognised financial instruments that are offset and other agreements but not offset, as at March 31, 2021 and March 31, 2020. The column 'net amount' shows the impact on the Group's Balance Sheet if all set-off rights were exercised.

Particulars	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amount	Gross amounts set off in the balance sheet	Net amount presented in the balance sheet	Amounts subjects to master netting arrangements	Financial instruments collateral	Net amount
<b>March 31, 2021</b>						
<b>Financial assets</b>						
i. Investments	35,421	-	35,421	-	-	35,421
ii. Trade receivables	63,050	-	63,050	-	-	63,050
iii. Cash and cash equivalents	22,477	-	22,477	-	-	22,477
iv. Bank balances other than (iii) above	81,113	-	81,113	-	5,271	75,842
v. Loans	23,969	-	23,969	-	-	23,969
vi. Other financial assets	33,282	-	33,282	-	-	33,282
<b>Total</b>	<b>259,312</b>	<b>-</b>	<b>259,312</b>	<b>-</b>	<b>5,271</b>	<b>254,041</b>
<b>Financial liabilities</b>						
i. Borrowings	308,643	-	308,643	-	-	308,643
ii. Lease Liabilities	2,462	-	2,462	-	-	2,462
iii. Trade payables	-	-	-	-	-	-
Micro, Small and Medium Enterprises	692	-	692	-	-	692
Others	82,558	-	82,558	-	-	82,558
iv. Other financial liabilities	77,881	-	77,881	-	-	77,881
<b>Total</b>	<b>472,236</b>	<b>-</b>	<b>472,236</b>	<b>-</b>	<b>-</b>	<b>472,236</b>
<b>March 31, 2020</b>						
<b>Financial assets</b>						
i. Investments	29,835	-	29,835	-	-	29,835
ii. Trade receivables	60,623	-	60,623	-	-	60,623
iii. Cash and cash equivalents	24,478	-	24,478	-	-	24,478
iv. Bank balances other than (iii) above	69,304	-	69,304	-	8,553	60,751
v. Loans	23,265	-	23,265	-	-	23,265
vi. Other financial assets	56,319	-	56,319	-	-	56,319
<b>Total</b>	<b>263,824</b>	<b>-</b>	<b>263,824</b>	<b>-</b>	<b>8,553</b>	<b>255,271</b>
<b>Financial liabilities</b>						
i. Borrowings	366,380	-	366,380	-	-	366,380
ii. Lease Liabilities	2,604	-	2,604	-	-	2,604
iii. Trade payables	-	-	-	-	-	-
Micro, Small and Medium Enterprises	629	-	629	-	-	629
Others	94,931	-	94,931	-	-	94,931
iv. Other financial liabilities	129,421	-	129,421	-	-	129,421
<b>Total</b>	<b>593,965</b>	<b>-</b>	<b>593,965</b>	<b>-</b>	<b>-</b>	<b>593,965</b>



## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### Note 37: Fair value measurements

##### Financial instruments by category

Particulars	31 March 2021			31 March 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets</b>						
Investments						
- Equity instruments	349	-	-	362	-	-
- Mutual funds	-	-	-	-	-	-
Loans	-	-	23,969	-	-	23,265
Trade receivables	-	-	63,050	-	-	60,623
Cash and cash equivalents	-	-	22,477	-	-	24,478
Other bank balances	-	-	81,113	-	-	69,304
Bank deposits with more than 12 months maturity	-	-	-	-	-	-
Other financial assets	-	-	33,282	-	-	56,319
<b>Total financial assets</b>	<b>349</b>	<b>-</b>	<b>223,891</b>	<b>362</b>	<b>-</b>	<b>233,989</b>
<b>Financial liabilities</b>						
Borrowings	-	-	308,643	-	-	366,380
Lease Liabilities	-	-	2,462	-	-	2,604
Trade payables	-	-	83,250	-	-	95,560
Current maturities of long term debt	-	-	56,795	-	-	107,739
Other financial liabilities	-	-	21,086	-	-	21,682
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>472,236</b>	<b>-</b>	<b>-</b>	<b>593,965</b>

#### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under Ind AS 113. An explanation of each level follows underneath the table.

Financial assets measured at fair value - recurring fair value measurements At 31 March 2021		Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>						
Financial Investments at FVTPL						
Mutual funds - Growth plan		7(d)	-	-	-	-
Mutual funds - Dividend plan		7(d)	-	-	-	-
Unquoted equity instruments -Woodland Speciality Hospital Ltd		7(a)	-	-	349	349
<b>Total financial assets</b>			<b>-</b>	<b>-</b>	<b>349</b>	<b>349</b>
Assets and liabilities which are measured at amortised cost for which fair values are disclosed At 31 March 2021		Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>						
Loans to related parties		7(b)	-	-	21,507	21,507
Loans to others		7(b)	-	-	2,361	2,361
Bank deposits		7(c)	-	-	-	-
<b>Total financial assets</b>			<b>-</b>	<b>-</b>	<b>23,868</b>	<b>23,868</b>

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Financial assets measured at fair value - recurring fair value measurements At 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Liabilities</b>					
Borrowings	14(a)	-	323,173	-	323,173
Security deposits	14(c)	-	-	33	33
<b>Total financial liabilities</b>		-	<b>323,173</b>	<b>33</b>	<b>323,206</b>
<b>Financial assets measured at fair value - recurring fair value measurements At 31 March 2020</b>	<b>Notes</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>					
Financial Investments at FVTPL					
Mutual funds - Growth plan	7(d)	-	-	-	-
Mutual funds - Dividend plan	7(d)	-	-	-	-
Unquoted equity instruments -Woodland Speciality Hospital Ltd	7(a)	-	-	362	362
<b>Total financial assets</b>		-	-	<b>362</b>	<b>362</b>
<b>Assets and liabilities which are measured at amortised cost for which fair values are disclosed At 31 March 2020</b>	<b>Notes</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>					
Investments					
Loans to related parties	7(b)	-	-	23,512	23,512
Loans to others	7(b)	-	-	1,896	1,896
Bank deposits	7(c)	-	-	-	-
<b>Total financial assets</b>		-	-	<b>25,408</b>	<b>25,408</b>
<b>Financial Liabilities</b>					
Borrowings	14(a)	-	275,477	-	275,477
Security deposits	14(c)	-	-	25	25
<b>Total financial liabilities</b>		-	<b>275,477</b>	<b>25</b>	<b>275,502</b>

The fair value of financial instruments referred above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). The categories used are as follows:

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have a quoted price. The mutual funds are valued using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities which are included in level.

There were no transfers between any levels during the year.

#### (ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of closing NAV for investment in mutual funds.
- the use of book values for investment in unlisted equity securities.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 1 and 2 except for unlisted equity securities, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

#### (iii) Fair value measurements using significant unobservable inputs (level 3)



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The following table presents the changes in level 3 items for the periods ended 31 March 2021 and 31 March 2020:

Particulars	Unlisted Equity Securities
<b>As at 31 March 2019</b>	<b>350</b>
Gains(losses) recognised in Statement of profit or loss	12
<b>As at 31 March 2020</b>	<b>362</b>
Gains(losses) recognised in Statement of profit or loss	(13)
<b>As at 31 March 2021</b>	<b>349</b>

Particulars	Fair Value as at		Significant unobservable inputs	Sensitivity	
	31 March 2021	31 March 2020		2021	2020
Valuation inputs and relationship to fair value - Investment in Equity Securities held for sale (non recurring)	7	7	Net book values	Not applicable	
Valuation inputs and relationship to fair value - Unlisted Equity Securities (recurring)*	349	362	Net book values	increase (decrease) in the book value would result in increase (decrease) in fair value	

\* Net book value as on 31<sup>st</sup> March, 2021 is calculated based on latest available Financial Statements (i.e. 31<sup>st</sup> March 2020)

#### (iv) Valuation processes

The finance department of the Group includes a team that along with treasury function performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Director(finance).

The main level 3 inputs used by the Group are derived and evaluated as follows:

For unlisted equity securities, their fair values are estimated based on the book values of the investee companies.

#### (v) Fair value of financial assets and liabilities measured at amortised cost

Particulars	31 March 2021		31 March 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Loans to related parties	21,507	21,507	23,512	23,512
Loans to employee	2,361	2,361	1,896	1,896
Bank deposits	-	-	-	-
<b>Total financial assets</b>	<b>23,868</b>	<b>23,868</b>	<b>25,408</b>	<b>25,408</b>
<b>Financial Liabilities</b>				
Borrowings	266,378	323,173	167,738	167,738
Security deposits	33	33	25	25
<b>Total financial liabilities</b>	<b>266,411</b>	<b>323,206</b>	<b>167,763</b>	<b>167,763</b>

The carrying amounts of trade receivables, trade payables, short term security deposits, bank deposits with more than 12 months maturity, cash and cash equivalents including other bank balances and other current financial assets and liabilities are considered to be the same as their fair values. Hence the current financial assets & liabilities have not been considered for Fair value hierarchy above.

The fair values of non-current borrowings (with floating rate of interest) is not impacted due to interest rate changes and will not be significantly different from their carrying amount as there is no significant change in the underlying credit risk of the Group's borrowings.

The fair values of non-current borrowings (with fixed rate of interest) are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy due to the use of observable inputs.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

#### Note 38: Financial risk management

The Group has exposure to the Credit risk, Liquidity risk and Market risk.

The Group's Board of Directors has overall responsibility for the establishment and supervision of the Group's risk management framework. The Board of Directors has established the Risk Management Committee (RMC), which is responsible for developing and monitoring the Group's risk management policies. The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

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#### (A) Credit Risk:

(i) Credit risk is the risk of financial loss to the Group if a customer to a financial instrument fails to meet its contractual obligations. Group's exposure to credit risk primarily arises on account of its Trade receivables. Trade receivables consist of a large number of customers spread across diverse geographical areas. A default on a trade receivable is considered when the customer fails to make contractual payments within the credit period. This credit period has been determined by considering the business environment in which the Group operates.

The Group considers dealing with creditworthy customers and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The credit risk due to above is periodically monitored. Based on the periodical analyses, the credit risk is managed by continuous review and follow-up.

#### (ii) Provision for expected credit losses (ECL) :

The Group provides for expected credit loss on trade receivables based on a provision matrix. This matrix is a simplified basis of recognition of expected credit losses in case of trade receivables. The model uses historical credit loss experience for trade receivables i.e. this model uses aging analysis of trade receivables as at the reporting date and is based on the number of days that a trade receivables is past due. The aging has been done for bracket of 90 days over a period of last 3 years. Receivables that are more than 3 years old are considered uncollectible. Further, customers declaring bankruptcy or failing to engage in repayment plan with the Group, provisioning is made on case to case basis i.e. such customers do not form part of this impairment exercise and provided for separately.

#### (iii) Reconciliation of Trade receivables:

Particulars	31 March 2021	31 March 2020
Gross carrying amount of trade receivables	85,712	84,132
Less : Expected credit losses	9,649	9,930
Less : Provision made separately for bankrupt/terminated agents	2,629	1,059
Less : Other Provision(i.e. Off Hire, Demurrage, others)	10,384	12,520
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>63,050</b>	<b>60,623</b>

#### (iv) Reconciliation of loss allowance provision (ECL) - Trade receivables :

Particulars	Amount
<b>Loss allowance on 31<sup>st</sup> March 2019</b>	<b>10,940</b>
Changes in loss allowance	(2,471)
<b>Loss allowance on 31<sup>st</sup> March 2020</b>	<b>8,469</b>
Changes in loss allowance	(281)
<b>Loss allowance on 31<sup>st</sup> March 2021</b>	<b>8,188</b>

#### (B) Liquidity risk

(i) Prudent liquidity risk management refers to the management of the Group's short term and long term funding and liquidity management requirements. The Group's treasury maintains flexibility in funding by maintaining availability of funds under committed credit lines.

Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

#### (ii) Maturities of financial liabilities

The tables below analyse the Group's non-derivative financial liabilities into relevant maturity groupings based on their contractual maturities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. In the table below, borrowings include both interest and principal cash flows. To the extent that interest rates are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

Contractual maturities of financial liabilities 31 March 2021	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Borrowings	105,126	247,168	31,674	383,968
Trade payables	83,250	-	-	83,250
Lease Liabilities	1,853	1,370	2,026	5,249
Security and other deposits	1,068	33	-	1,101
Others financial liabilities	19,985	-	-	19,985
<b>Total liabilities</b>	<b>211,282</b>	<b>248,571</b>	<b>33,700</b>	<b>493,553</b>



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(All amounts in INR lakhs, unless otherwise stated)

Contractual maturities of financial liabilities 31 March 2020	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Borrowings	318,900	139,088	45,820	503,808
Trade payables	95,560	-	-	95,560
Lease Liabilities	3,125	1,369	2,392	6,886
Security and other deposits	1,013	25	-	1,038
Others financial liabilities	20,644	-	-	20,644
<b>Total liabilities</b>	<b>439,242</b>	<b>140,482</b>	<b>48,212</b>	<b>627,936</b>

#### (C) Market risk

Market risk is the risk that changes in market indicators such foreign exchange rates, interest rates and commodity prices will affect the Group's income or the value of its financial instruments. The Group's activities mainly expose it to risks arising from changes in foreign exchange rate and interest rate and freight/charter hire rates.

##### (i) Foreign currency risk

The Group operates vessels in foreign waters, earns revenues and incurs expenditure in foreign currencies, primarily with respect to USD, EURO and certain other foreign currencies. Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (INR).

Considering the business environment in which Group operates, exposure to foreign exchange rate risk is largely managed by collection of income in foreign currencies in short term bank accounts abroad.

##### (a) Foreign currency risk exposure:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	31 March 2021			31 March 2020		
	USD	EUR	Others	USD	EUR	Others
<b>Financial assets</b>						
Non Current Loans & Advances	21,507	-	-	23,512	-	-
Current assets	3,472	-	47	2,440	-	79
Current Loans & Advances	592	-	-	610	-	-
Cash and cash equivalents	332	1,838	2,161	801	748	1,290
Other Bank Balances	-	-	-	-	-	-
Trade Receivables	18,159	6,229	6,437	14,952	6,625	6,336
<b>Exposure to foreign currency risk (assets)</b>	<b>44,062</b>	<b>8,067</b>	<b>8,645</b>	<b>42,315</b>	<b>7,373</b>	<b>7,705</b>
<b>Financial liabilities</b>						
Long Term (Non-Current) Borrowings	266,378	-	-	167,738	-	-
Other current Liabilities	62,356	77	377	119,758	334	(69)
Short Term Borrowings	42,265	-	-	198,642	-	-
Trade Payables	16,939	6,721	7,472	21,315	5,494	8,941
<b>Exposure to foreign currency risk (liabilities)</b>	<b>387,938</b>	<b>6,798</b>	<b>7,849</b>	<b>507,453</b>	<b>5,828</b>	<b>8,872</b>
Liabilities directly associated with assets classified as held for sale	21,788	-	-	22,346	-	-
<b>Total exposure to foreign currency risk (liabilities)</b>	<b>409,726</b>	<b>6,798</b>	<b>7,849</b>	<b>529,799</b>	<b>5,828</b>	<b>8,872</b>

##### (b) Sensitivity

The following table details the Group's sensitivity to a 3% increase/ decrease in INR as against USD and 3% increase / decrease in INR as against EUR. The sensitivity analysis includes only foreign currency denominated monetary items.

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(All amounts in INR lakhs, unless otherwise stated)

Particulars	Impact on profit after tax	
	31 March 2021	31 March 2020
<b>USD sensitivity</b>		
INR/USD -Increase by 3% (31 March 2020- 3%)	(10,970)	(14,625)
INR/USD -Decrease by 3% (31 March 2020- 3%)	10,970	14,625
<b>EUR sensitivity</b>		
INR/EUR -Increase by 3% (31 March 2020- 4%)	38	62
INR/EUR -Decrease by 3% (31 March 2020- 4%)	(38)	(62)

#### (ii) Interest rate risk

Interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk.

The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group manages its interest rate risk by regularly monitoring the interest rate movement and deciding on type of interest rate i.e. fixed or fluctuating.

#### (a) Interest rate risk exposure

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	31 March 2021	31 March 2020
Variable rate borrowings	366,208	475,282
<b>Total borrowings at variable rate</b>	<b>366,208</b>	<b>475,282</b>

#### (b) Sensitivity

The sensitivity analysis has been determined based on the exposure to interest rate risk on the borrowings outstanding as at the end of the reporting period. The analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year with a 100 basis point increase or decrease.

Particulars	Impact on profit after tax	
	31 March 2021	31 March 2020
Interest rates – increase by 100 basis points (100 bps)	(3,662)	(4,753)
Interest rates – decrease by 100 basis points (100 bps)	3,662	4,753

#### (iii) Freight/Charter hire risk

Shipping industry is governed by various national and international economic and geopolitical developments. Local and international demand and supply determine freight and charter hire rates. Since Group's vessels ply in international waters, it is affected by such developments. Also, bunker cost is major component of Group's cost structure and bunker prices are highly volatile.

### Note 39: Capital management

#### (a) Risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the debt equity ratio. This ratio is calculated as debt divided by total equity. Debt is calculated as Long Term Borrowings (including current portion of Long Term borrowings as shown in the Balance Sheet).



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Particulars	31 March 2021	31 March 2020
Net Debt	323,173	275,477
Total Equity	816,753	748,366
<b>Net debt to equity ratio</b>	<b>0.40</b>	<b>0.37</b>

#### (b) Loan covenants

The company has 2 ECB Loan Agreements with two banks and both banks are having financial covenant of Debt Service Coverage Ratio (DSCR). The Corporation has two ECB loan agreements with the banks. The Corporation is comfortably meeting all the financial loan covenants for both the banks for the Financial Year 2020-21.

#### Note 40

On the basis of review of residual value of vessels there is no change in FY 2020-21, while in FY 2019-20, 2 PSV and 5 AHTS vessels were estimated to be having scrap value less than 5% of original cost. Therefore, residual value of 2 PSV and 5 AHTS vessels was reduced accordingly. Due to this change, depreciation for the for the year ended 31<sup>st</sup> March 2020 was higher by ₹ 19.19 lakhs and profit for the FY 2019-20 is lower by ₹ 19.19 lakhs.

#### Note 41

As per the guidelines dated 27.5.2016 issued by Department of Investment and Public Asset Management (DIPAM), MOF, GOI in respect of dividend, bonus shares, etc. the Company has an obligation to comply with these guidelines. However, the company shall take in to consideration and be guided by the provisions of the Companies Act 2013, Companies (Declaration and Payment of Dividend) Rules, 2014 and Guidance Note on Dividend & Secretarial Standard 3 (SS3) for taking necessary action appropriate and deemed fit in the circumstances.

#### Note 42

The matter of payment of Performance Related Pay (PRP) of ₹ 1,103 lakhs vis-à-vis DPE guidelines w.r.t. computation of profits from core activities and non-observance of "Bell Curve" is continued since the FY 2014-15. The ATNs furnished by the Ministry of Ports, Shipping and Waterways (MoPSW) are yet to be examined by Committee of Public Undertakings. The Company is pursuing the matter with the aforesaid Ministry and awaiting their further instructions for resolution and final decision in the matter to take appropriate action.

#### Note 43

The impact of second wave of the COVID-19 pandemic continued in Q4 2020-21 with the spike in cases. Crew change continues to be a challenging job in view of travel restrictions imposed by governments worldwide. Though the Liner freight rates have gone up, while impact of Covid on crude oil demand and its associated market dynamics has adversely impacted the Tanker market. In T&OS segment there is improvement in activities in Q4. However, the demand remains less as compared to Pre-COVID-19 situation. The Company has assessed the current scenario basis internal and external information and believes that there is no impact in its ability to continue operations.

#### Note 44

In connection with the proposed strategic disinvestment of SCI, Department of Investment and Public Asset Management (DIPAM) with the engagement of necessary advisors are proceeding in the matter. A Preliminary Information Memorandum (PIM) for inviting expression of interest for disinvestment of the Government's entire shareholding in the Company (63.75%) along with the handing over of its management control was released on 22<sup>nd</sup> December, 2020. Ministry of Ports, Shipping and Waterways (MoPSW) has issued letter dated 28<sup>th</sup> September, 2020 directing the Company to appoint a consultant for the work related to demerger/hiving off its non-core assets. The Consultant has since been appointed by the Company and work is progressing.

#### Note 45

The Company has the practice of seeking confirmations of balances from all the parties in respect of the Trade Receivables, Trade Payables and Deposits. During the year, the Company has sent letters to all such parties seeking confirmations of balances. There are fewer responses to the confirmation requests. The company is in the process of following up with the parties for the purpose of recovery/payment of dues. In case of Trade Receivables, 62% (majority) of the Total Trade receivables pertains to Government and Public Sector Undertaking Customers. While the reconciliation is an on-going process, the management does not expect any material difference affecting the financial statements due to the same.

## The Shipping Corporation of India Limited

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR lakhs, unless otherwise stated)

#### Note 46

The Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13<sup>th</sup> November 2020 and has invited suggestion from stakeholders. The Central Government on 30<sup>th</sup> March 2021 has deferred the implementation of the said Code and the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will account for the same once the Code becomes effective.

#### Note 47

The Board of Directors recommended a dividend of ₹ 0.25/- per equity share of face value of ₹ 10/- each. The outgo on this account will be approximately ₹ 1,164 Lakhs, subject to the approval of members at the ensuing Annual General Meeting.

#### Note 48:

On March 24, 2021, The Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendment has revised Division I, II, and III of Schedule III and are applicable from April 1, 2021. The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

#### Note 49:

The company has paid ₹ 100 lakhs to its subsidiary Inland & Coastal Shipping Ltd. (ICSL) towards share application money against the rights issue of the subsidiary during the quarter. The shares are pending for allotment as at 31<sup>st</sup> March 2021. The subsidiary has commenced operations in the Quarter - 4 of the current Financial Year.

#### Note 50:

The figures of previous year have been regrouped or rearranged wherever necessary to confirm to current year's presentation as per Schedule III (Division II) to the Companies Act 2013.

#### Note 51: Companies considered for consolidation

The following joint ventures/subsidiary have been considered for the purpose of consolidation:-

Name	Nature of Interest	Description of Interest	Country of Incorporation	Percentage of Interest As on 31.03.21 (As on 31.03.20)
1. India LNG Transport Company (No. 1) Ltd.	Joint venture	Equity	Malta	29.08%(29.08%)
2. India LNG Transport Company (No. 2) Ltd.	Joint venture	Equity	Malta	29.08%(29.08%)
3. India LNG Transport Company (No. 3) Ltd.	Joint venture	Equity	Malta	26.00%(26.00%)
4. India LNG Transport Company (No. 4) Pvt Ltd.	Joint venture	Equity	Singapore	26.00% (26.00%)
5. Inland & Coastal Shipping Limited	Subsidiary	Equity	India	100.00% (100%)

The Government of India in meeting of cabinet held on 02.04.2013 approved the proposal for dissolution of Irano Hind Shipping Company (IHSC) and splitting the assets/liabilities of IHSC between Joint Venture partners shall be undertaken. IHSC is a joint venture company incorporated in Iran on which sanction has been imposed by United Nations Organisation (UN). Substantive efforts are made to eventually dissolve the JV which is depending on geo political environment and sanctions imposed by UN which is completely beyond SCI's control. SCI shall remain committed by the decision of cabinet and therefore is making all efforts for dissolution of JV. Further, Government of India vide letter dated 08<sup>th</sup> May 2018 has advised SCI to go ahead with the dissolution of IHSC. Therefore IHSC has been excluded from the consolidation.

SAIL SCI Shipping Pvt Ltd. has been excluded from the consolidation procedures as the joint venture is held for disposal.

#### Note 52: Interest in Other Entities

##### (a) Information about subsidiaries

The Group has the following investments in subsidiaries:



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(All amounts in INR lakhs, unless otherwise stated)

S N	Name of the subsidiary	Principal place of business	Principal activities	Proportion (%) of ownership	
				As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
1	INLAND & COASTAL SHIPPING LTD	India	Inland Waterways	100%	100%

#### (b) Interest in associate and joint ventures

(i) Set out below are the associates and joint ventures of the Group as at 31 March 2021 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

S N	Name of the entity	Principal place of business	Principal activities	Proportion (%) of ownership		Carrying Value	
				As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
1	India LNG Transport Co. (No. 1) Ltd.	Malta	LNG Carriers	29.08%	29.08%	13,919	11,644
2	India LNG Transport Co. (No. 2) Ltd.	Malta	LNG Carriers	29.08%	29.08%	14,319	11,543
3	India LNG Transport Co. (No. 3) Ltd.	Malta	LNG Carriers	26.00%	26.00%	-	-
4	India LNG Transport Co. (No. 4) Pvt Ltd.	Singapore	LNG Carriers	26.00%	26.00%	6,834	6,286
5	Irano Hind Shipping Co. Ltd.	Iran	Shipping	49.00%	49.00%	-	-
6	Sail SCI Pvt. Ltd	India	Shipping	50.00%	50.00%	7	7

#### (ii) Summarised financial information for associates and joint ventures

The table below provide summarised financial statements for those joint ventures and associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not SCI's share of those amounts.

Summarised Balance Sheet	ILT 1		ILT 2		ILT 3		ILT 4	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Current Assets								
Cash and Cash Equivalents	16,934	13,807	14,475	11,581	12,519	10,949	11,517	16,761
Other Assets	8,977	5,680	5,402	3,727	3,324	4,607	2,389	2,454
<b>Total Current Assets</b>	<b>25,911</b>	<b>19,487</b>	<b>19,877</b>	<b>15,308</b>	<b>15,843</b>	<b>15,556</b>	<b>13,906</b>	<b>19,215</b>
<b>Total Non - Current Assets</b>	<b>79,353</b>	<b>86,315</b>	<b>85,000</b>	<b>92,321</b>	<b>130,555</b>	<b>139,022</b>	<b>141,283</b>	<b>149,357</b>
Current Liabilities								
Financial Liabilities (excl. trade payables)	11,945	13,425	11,981	13,365	146,884	81,251	4,461	4,275
Other Liabilities	5,753	3,655	1,656	3,088	3,851	6,278	3,207	4,083
<b>Total Current Liabilities</b>	<b>17,698</b>	<b>17,080</b>	<b>13,637</b>	<b>16,453</b>	<b>150,735</b>	<b>87,529</b>	<b>7,668</b>	<b>8,358</b>

## The Shipping Corporation of India Limited

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(All amounts in INR lakhs, unless otherwise stated)

Summarised Balance Sheet	ILT 1		ILT 2		ILT 3		ILT 4	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Non- Current Liabilities								
Financial Liabilities (excl. trade payables)	38,012	45,471	40,203	48,094	-	78,317	107,530	114,864
Other Liabilities	1,698	3,209	1,796	3,394	-	2,412	13,709	21,171
<b>Total Non Current Liabilities</b>	<b>39,710</b>	<b>48,680</b>	<b>41,999</b>	<b>51,488</b>	<b>-</b>	<b>80,729</b>	<b>121,239</b>	<b>136,035</b>
<b>NET ASSETS</b>	<b>47,856</b>	<b>40,042</b>	<b>49,241</b>	<b>39,688</b>	<b>(4,337)</b>	<b>(13,680)</b>	<b>26,282</b>	<b>24,179</b>

#### (iii) Unrecognised losses of joint ventures carried forward

Particulars	Accumulated as on 31.03.2021		For Year Ended 31.03.2021		Accumulated as on 31.03.2020		For Year Ended 31.03.2020	
	Loss/(Profit)	OCI	Loss/(Profit)	OCI	Loss/(Profit)	OCI	Loss/(Profit)	OCI
India LNG Transport Co. (No. 1) Ltd.	-	-	-	-	-	-	-	-
India LNG Transport Co. (No. 2) Ltd.	-	-	-	-	-	-	-	-
India LNG Transport Co. (No. 3) Ltd.	-	-	-	-	-	-	-	-
India LNG Transport Co. (No. 4) Pvt Ltd.	-	-	-	-	-	-	-	-

Negative amount reflect previous year losses recognised during the year due to profit earned or further investment in the joint venture.

#### (iv) Reconciliation to carrying amounts

Particulars	ILT 1		ILT 2		ILT 3		ILT 4	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Opening Net assets	40,042	34,145	39,688	34,075	(13,680)	(13,391)	24,179	29,737
Profit for the year	7,537	6,747	9,206	6,701	5,562	653	5,803	4,654
Other Comprehensive Income	277	(850)	347	(1,090)	3,781	(941)	(3,700)	(10,213)
Share capital issued during the year								-
<b>Closing Net Assets</b>	<b>47,856</b>	<b>40,042</b>	<b>49,241</b>	<b>39,688</b>	<b>(4,336)</b>	<b>(13,680)</b>	<b>26,282</b>	<b>24,179</b>
<b>Groups share in %</b>	<b>29.08%</b>	<b>29.08%</b>	<b>29.08%</b>	<b>29.08%</b>	<b>26.00%</b>	<b>26.00%</b>	<b>26.00%</b>	<b>26.00%</b>
<b>Groups share in INR</b>	<b>13,919</b>	<b>11,644</b>	<b>14,319</b>	<b>11,543</b>	<b>(1,127)</b>	<b>(3,557)</b>	<b>6,834</b>	<b>6,286</b>
<b>Carrying Amount*</b>	<b>13,919</b>	<b>11,644</b>	<b>14,319</b>	<b>11,543</b>	<b>-</b>	<b>-</b>	<b>6,834</b>	<b>6,286</b>

\* As per Ind AS 28 losses are recognised to the extent of investment made.

#### (v) Summarised statement of profit and loss



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(All amounts in INR lakhs, unless otherwise stated)

Particulars	ILT 1		ILT 2		ILT 3		ILT 4	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Revenue	18604	17375	19803	17107	20911	18673	21211	18884
Other Income	246	89	0	100	1795	18	0	0
Depreciation and Amortisation	4855	4670	4926	4912	5095	5150	8095	8085
Interest Expense	2477	2806	2580	2886	7982	8958	7083	7128
Income tax expense	0	0	0	0	0	0	0	0
Other Expense	3981	3242	3091	2707	4066	3930	230	-983
<b>Profit for the year</b>	<b>7537</b>	<b>6747</b>	<b>9206</b>	<b>6701</b>	<b>5562</b>	<b>653</b>	<b>5803</b>	<b>4654</b>
Other Comprehensive Income	277	(850)	347	(1,090)	3,781	(941)	(3,700)	(10,213)
<b>Total Comprehensive Income</b>	<b>7814</b>	<b>5897</b>	<b>9553</b>	<b>5611</b>	<b>9,344</b>	<b>-288</b>	<b>2,104</b>	<b>-5558</b>

Note 53: Additional Information required by Schedule III (Division II)

Information under Companies Act 2013	Net Assets (total assets minus total liabilities)		Share in profit/loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ in lacs)	As % of consolidated profit/loss	Amount (₹ in lacs)	As % of consolidated other comprehensive income	Amount (₹ in lacs)	As % of consolidated total comprehensive income	Amount (₹ in lacs)
<b>Parent</b>								
<b>The Shipping Corporation of India Ltd.</b>								
31 <sup>st</sup> March 2021	96%	782,738	89%	61,810	91%	2,068	89%	63,878
31 <sup>st</sup> March 2020	97%	722,454	90%	30,235	-41%	1,462	106%	31,697
<b>Joint Ventures</b>								
<b>(Investment as per equity method)</b>								
<b>India LNG Transport Co. (No. 1) Ltd.</b>								
31 <sup>st</sup> March 2021	2%	13,919	3%	2,192	4%	81	3%	2,272
31 <sup>st</sup> March 2020	2%	11,644	6%	1,962	7%	(247)	6%	1,715
<b>India LNG Transport Co. (No. 2) Ltd.</b>								
31 <sup>st</sup> March 2021	2%	14,319	4%	2,677	4%	101	4%	2,778

# The Shipping Corporation of India Limited

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(All amounts in INR lakhs, unless otherwise stated)

Information under Companies Act 2013	Net Assets (total assets minus total liabilities)		Share in profit/loss		Share in other comprehensive income		Share in total comprehensive income	
Particulars	As % of consolidated net assets	Amount (₹ in lacs)	As % of consolidated profit/loss	Amount (₹ in lacs)	As % of consolidated other comprehensive income	Amount (₹ in lacs)	As % of consolidated total comprehensive income	Amount (₹ in lacs)
31 <sup>st</sup> March 2020	2%	11,542	6%	1,949	9%	(317)	5%	1,632
<b>India LNG Transport Co. (No. 3) Ltd.</b>								
31 <sup>st</sup> March 2021	0%	(1,127)	2%	1,446	43%	983	3%	2,429
31 <sup>st</sup> March 2020	0%	(3,557)	-5%	(1,708)	51%	(1,849)	-12%	(3,557)
<b>India LNG Transport Co. (No. 4) Ltd.</b>								
31 <sup>st</sup> March 2021	1%	6,834	2%	1,509	-42%	(962)	1%	547
31 <sup>st</sup> March 2020	1%	6,287	4%	1,210	74%	(2,655)	-5%	(1,445)
<b>Subsidiary</b>								
<b>INLAND &amp; COASTAL SHIPPING LTD</b>								
31 <sup>st</sup> March 2021	0%	70	0%	(25)	0%	-	0%	(25)
31 <sup>st</sup> March 2020	0%	(5)	0%	-	0%	-	0%	-
<b>TOTAL</b>								
<b>31<sup>st</sup> March 2021</b>	<b>100%</b>	<b>816,753</b>	<b>100%</b>	<b>69,609</b>	<b>100%</b>	<b>2,271</b>	<b>100%</b>	<b>71,880</b>
<b>31<sup>st</sup> March 2020</b>	<b>100%</b>	<b>748,366</b>	<b>100%</b>	<b>33,648</b>	<b>100%</b>	<b>-3,606</b>	<b>100%</b>	<b>30,041</b>

For Note no. 1 to 53 of Consolidated Financial Statements

As per our report of even date attached hereto.

For V. Sankar Aiyar & Co.,  
Chartered Accountants  
FR. No. 109208W  
CA G Sankar  
Partner  
Membership No. 046050

For Chokshi & Chokshi LLP,  
Chartered Accountants  
FR. No. 101872W/W100045  
CA Dhananajay Jaiswal  
Partner  
Membership No. 187686

For and on behalf of the Board of Directors,  
Mr. Dipankar Halder  
ED (LA & Company Secretary)  
Mr. L. C. Serrao  
Chief Financial Officer

Mrs. H. K. Joshi  
Chairperson & Managing Director &  
Director (Finance) Addl. Charge  
DIN - 07085755

Mumbai, Dated the 13<sup>th</sup> May, 2021

Mumbai, Dated the 13<sup>th</sup> May, 2021



## GLOSSARY

### **Aboard**

Referring to cargo being put, or laden, onto a means of conveyance.

### **Act of God**

An act beyond human control, such as lightning, flood or earthquake.

### **ATD**

Actual Time of Departure.

### **Ad Valorem**

In proportion to the value: A phrase applied to certain freight or customs duties levied on goods, property, etc. set as a percentage of their value.

### **Aircraft Container**

A unit load device (ULD) which links directly with the airplane cargo handling and restraint system.

### **Aframax Tanker**

A vessel of 70,000 to 120,000 DWT capacity. The largest tanker size in the AFRA (average freight rate assessment) tanker rate system.

### **Contract of Affreightment**

An agreement by an ocean carrier to provide cargo space on a vessel at a specified time and for a specified price to accommodate an exporter or importer.

### **Aft**

Movement toward the stern (back end) of a ship.

### **Agency Tariff**

A tariff published by an agent on behalf of several carriers.

### **Agent**

A person authorized to transact business for and in the name of another person or company. Types of agents are: (1) brokers (2) commission merchants (3) resident buyers (4) sales agents (5) manufacturer's representatives.

### **AFRA : Average Freight Rate Assessment**

AFRA was commissioned originally by one of the oil majors as a sophisticated indicator of freighting values for its affiliated companies, AFRA results have been published by the London Tanker Brokers' Panel continuously since 1954. They are unique in being the only assessments of their kind to be recognised by taxation authorities as an acceptable method of charging freight between affiliated companies of multi-national groups. AFRA results are also used by oil traders and government agencies to assess the freight element in various types of oil sale agreements. AFRA results are published on the first business day of each month and cover five deadweight groups:

Medium range- 25,000 - 44,999 (long) tons dwt

Large range 1- 45,000 - 79,999 (long) tons dwt

Large range 2- 80,000 - 159,999 (long) tons dwt

VLCC- 160,000 - 319,999 (long) tons dwt

ULCC- 320,000-549,999 (long) tons dwt

In each of the five groups, tonnage is divided into three categories:

Long term charters

Short term charters

Single voyage charters

### **AHTSV : Anchor Handling, Towing & Supply Vessel**

AHTSV's are mainly built to handle anchors for oil rigs, tow them to location, anchor them up and, in a few cases, serve as an Emergency Rescue and Recovery Vessel (ERRV). They are also used to transport supplies to and from offshore drilling rigs.

### **All In**

The total price to move cargo from origin to destination, inclusive of all charges.

### **Alongside**

A phrase referring to the side of a ship. Goods delivered "alongside" are to be placed on the dock or barge within reach of the transport ship's tackle so that they can be loaded.

### **All Risk**

All Risks Coverage, a type of marine insurance, is the broadest kind of standard coverage, but excludes damage caused by war, strikes, and riots.

### **Allotment**

A term used to describe blocked space by airlines on behalf of forwarders/shippers.

### **Assignment**

A term commonly used in connection with a bill of lading. It involves the transfer of rights, title and interest in order to assign goods by endorsing the bill of lading.

### **Astern**

Behind a vessel— Move in a reverse direction.

### **ATDNSHINC**

Any time Day or Night Sundays & Holidays Included. A chartering term referring to when a vessel will work.

### **Athwartships**

A direction across the width of a vessel.

### **Automated Identification System (AIS)**

It is a system used by ships and Vessel Traffic Service (VTS) principally for the identification and the locating of vessels. AIS provides a means for ships to electronically exchange ship data including: identification, position, course, and speed, with other nearby ships and VTS stations.

### **BAF (Bunker Adjustment Factor)**

An adjustment in shipping charges to offset price fluctuations in the cost of bunker fuel.

### **Bill of Lading (B/L)**

Bills of lading are contracts between the owner of the goods and the carrier. There are two types. A straight bill of lading is non-negotiable. A negotiable or shipper's order bill of lading can be bought, sold, or traded while goods are in transit and is used for many types of financing transactions. The customer usually needs the original or a copy as proof of ownership to take possession of the goods.

### **Barrel (BBL)**

A term of measure referring to 42 gallons of liquid at 600 degrees.

### **Baltic Dry Index**

The Baltic Dry Index (BDI) is a number (in USD) issued daily by the London-based Baltic Exchange. Not restricted to Baltic Sea countries, the index provides "an assessment of the price of moving the major raw materials by sea. Taking in 23 shipping routes measured on a time charter basis, the index covers Handysize, Supramax, Panamax and Capesize bulk carriers carrying a range of commodities including coal, iron ore and grain.

### **Beam**

The width of a ship.

### **BIMCO**

The Baltic and International Maritime Council, the world's largest private shipping organization.

### **Bonded Warehouse**

The Customs Service authorizes bonded warehouses for storage or manufacture of goods on which payment of duties is deferred until the goods enter the Customs Territory. The goods are not subject to duties if re-shipped to foreign points.

### **Bow**

The front of a vessel.

### **Break Bulk (B/B)**

For consolidated air freight, it is moved under one MAWB and each consignment designated to specific consignee or recipient is under one HAWB. When freight forwarder receives the consolidated cargo from carrier, they will break the consolidation apart per HAWB then proceed



## GLOSSARY

customs clearance along with associated shipping and import documents. Such Break-Bulk is normally handled by airlines or their contracted ground handling agent.

### **Breakbulk Vessel**

A general cargo vessel designed to efficiently handle un-containerised cargo. Vessels are usually self-sustaining in that they have their own loading and unloading machinery.

### **Bulker**

A bulk carrier, bulk freighter, or bulker is a merchant ship specially designed to transport unpackaged bulk cargo, such as grains, coal, and cement, in its cargo holds.

### **Bunkering**

The act or process of supplying a ship with fuel. Bunker quality is highly variable across the world and LR provides ship operators and managers with independent verification of fuel quality.

### **Cabotage**

Water transportation term applicable to shipments between ports of a nation; commonly refers to coastwise or intercoastal navigation or trade. Many nations, including the United States, have cabotage laws which require national flag vessels to provide domestic interport service.

### **CAF (Currency Adjustment Factor)**

A freight surcharge or adjustment factor imposed by an international carrier to offset foreign currency fluctuations. In some cases an emergency currency adjustment factor (ECA) may be applied when a charge or rate has been originally published in a currency that is experiencing sustained or rapid decline. The CAF is charged as a percentage of the freight.

### **Capesize Vessel**

A dry bulk vessel above 80,000dwt or whose beam precludes passage via the Panama Canal and thus forces them to pass around Cape Horn or the Cape of Good Hope.

### **Clean Bill of Lading**

A receipt for goods issued by a carrier with an indication that the goods were received in apparent good order and condition, without damages or other irregularities.

### **Classification**

The development, implementation and maintenance of standards (Rules) for the design, construction and operation of ships and offshore units. Compliance with these standards ensures assignment and maintenance of class.

### **Classification Society**

An organization maintained for the surveying and classing of ships so that insurance underwriters and others may know the quality and condition of the vessels offered for insurance or employment.

### **Commercial Invoice**

The commercial invoice is a bill for the goods from the seller to the buyer. These invoices are often used by governments to determine the true value of goods for the assessment of customs duties and are also used to prepare consular documentation. Governments using the commercial invoice to control imports often specify its form, content, number of copies, language to be used, and other characteristics.

### **Consignee**

The person or firm named in a freight contract to whom goods have been consigned or turned over. For export control purposes, the documentation differentiates between an intermediate consignee and an ultimate consignee.

### **Consignment**

Delivery of merchandise from an exporter (the consignor) to an agent (the consignee) under agreement that the agent sell the merchandise for the account of the exporter. The consignor retains title to the goods until sold.

The consignee sells the goods for commission and remits the net proceeds to the consignor.

### **Consolidation**

In order to handle small lot of consignment efficiently and competitively, freight forwarder usually put many consignments into one lot then tender to carrier for forwarding. In this case, each consignment will be shipped with one HAWB respectively and all of them will be under one master AWB.

### **Container**

A truck trailer body that can be detached from the chassis for loading into a vessel, a rail car or stacked in a container depot. Containers may be ventilated, insulated, refrigerated, flat rack, vehicle rack, open top, bulk liquid or equipped with interior devices. A container may be 20 feet, 40 feet, 45 feet, 48 feet or 53 feet in length, 8'0" or 8'6" in width, and 8'6" or 9'6" in height.

### **Cost and Freight (C&F)**

Cost and Freight (CFR) to a named overseas port of import. Under this term, the seller quotes a price for the goods that includes the cost of transportation to the named point of debarkation. The cost of insurance is left to the buyer's account. (Typically used for ocean shipments only. CPT, or carriage paid to, is a term used for shipment by modes other than water.) Also, a method of import valuation that includes insurance and freight charges with the merchandise values.

### **Cost, Insurance and Freight (CIF)**

Cost, insurance, and freight (CIF) to a named overseas port of import. Under this term, the seller quotes a price for the goods (including insurance), all transportation, and miscellaneous charges to the point of debarkation for the vessel. (Typically used for ocean shipments only. CIP, or carriage and insurance paid to, is a term used for shipment by modes other than water.)

### **Dangerous Goods**

Commodities classified by IATA according to its nature and characteristic in terms of the effect of its danger to carrier's flying safety.

### **\*Deadweight Tonnage (DWT)**

The maximum weight of cargo and stores that a ship can carry.

### **Deadweight Tonnage (DWT)**

The number of tons of 2,240 pounds that a vessel can transport of cargo, stores and bunker fuel. It is the difference between the number of tons of water a vessel displaces "light" and the number of tons it displaces when submerged to the "load line." An approximate conversion ratio is 1NT = 1.7GT and 1GT = 1.5DWT.

### **Demurrage**

A penalty charge against shippers or consignees for delaying the carrier's equipment or vessel beyond the allowed free time. The free time and demurrage charges are set forth in the charter party or freight tariff.

### **Despatch**

An incentive payment paid by the vessel to the charterer for loading and unloading the cargo faster than agreed. Usually negotiated only in charter parties. Also called "dispatch."

### **Directorate General of Shipping (DGS)**

The role of Indian Maritime Administration has been well brought out in the Indian Merchant Shipping 1958. The Merchant Shipping Act is the legislation in India for maritime development and effective enforcement of standards. The Directorate General of Shipping as the executive arm fully administers this legislation.

### **Dimensional Weight**

Also called measurement weight. This is the size of consignment calculated by total square feet by 6000. Carrier charge for freight based on the dimensional weight or actual gross weight whichever is higher.

### **Direct Ship**



## GLOSSARY

Ship without consolidation and under one MAWB ie non-consolidation.

### **D.O.E : Direct Operating Expenses:**

Direct Operating Expenses are voyage related expenses. Whenever a vessel undertakes a voyage, steaming from one port to another port, expenses incurred such as Bunker (fuel), Port Dues, Fresh water, stevedoring Charges, Agency fees and other voyage related expenses are called Direct Operating Expenses.

### **G.O.P. (Gross Operating Profit)**

**G.O.P.** = Earnings/(Freight) – D.O.E

**N.O.P. (Net Operating Profit)** = G.O.P. – I.O.E.

### **ETA**

Estimated Time of Arrival. It normally takes 3 hours for carriers to Break Bulk then ready to be picked up by forwarders along with customs release notification.

### **ETD**

Estimated Time of Departure. The cut-off time for carriers' cargo ramp handling is normally two hours ahead of ETD. However, the freight forwarders' consolidation cut-off time may vary depending on each forwarder's operations respectively.

### **FCL or CY**

Full Container Load, also known as CY. CY is the abbreviation of Container Yard. When the term CY to CY, it means full container load all the way from origin to destination.

### **Federal Maritime Commission**

The FMC is an independent agency which regulates ocean borne transportation in the foreign commerce and in the domestic offshore trade of the United States.

### **Flat Rack Containers**

Especially for heavy loads and over-dimensional cargo. Containers do not have sides or a top. This allows easy fork-lift and crane access.

### **Fore and Aft**

The direction on a vessel parallel to the center line.

### **Forty-Foot Equivalent Unit (FEU)**

FEU is a measure of a ship's cargo-carrying capacity. One FEU measures forty feet by eight feet by eight feet -- the dimensions of a standard forty-foot container. An FEU equals two TEUs.

### **Free Alongside Ship**

Free Alongside Ship, FAS, at a named port of export. Under FAS, the seller quotes a price for the goods that includes charges for delivery of the goods alongside a vessel at the port of departure. The seller handles the cost of unloading and wharfage; loading, ocean transportation, and insurance are left to the buyer. FAS is also a method of export and import valuation.

### **Free Carrier (FCA)**

Free Carrier, FCA, to a named place. This term replaces the former "FOB named inland port" to designate the seller's responsibility for the cost of loading goods at the named shipping point. It may be used for multimodal transport, container stations, and any mode of transport, including air.

### **Free On Board (FOB)**

Common price term used in international trade meaning seller's responsible for the cost of goods is to the point of loading it to the vessel deck or aircraft loading deck. The risk of loss of or damage to the goods is transferred from the seller to the buyer when the goods have been so delivered. FOB normally comes with port of loading either airport or sea port.

### **Freight Carriage ... and Insurance paid to**

This term is the same as "Freight/Carriage Paid to ..." but with the addition that the seller has to procure transport insurance against the risk of loss of damage to the goods during the carriage. The seller contracts with the insurer and pays the insurance premium.

### **Freight Carriage ... paid to**

Like C & F, "Freight/Carriage paid to ..." means that the seller pays the freight for the carriage of the goods to the named destination. However, the risk of loss of or damage to the goods, as well as of any cost increases, is transferred from the seller to the buyer when the goods have been delivered into the custody of the first carrier and not at the ship's rail. The term can be used for all modes of transport including multi-modal operations and container or "roll on-roll off" traffic by trailer and ferries. When the seller has to furnish a bill of lading, waybill or carrier's receipt, he duly fulfills this obligation by presenting such a document issued by the person with whom he has contracted for carriage to the named destination. (Also see incoterms)

### **Freight Forwarder**

An independent business which handles export shipments for compensation. At the request of the shipper, the forwarder makes the actual arrangements and provides the necessary services for expediting the shipment to its overseas destination. The forwarder takes care of all documentation needed to move the shipment from origin to destination, making up and assembling the necessary documentation for submission to the bank in the exporter's name. The forwarder arranges for cargo insurance, makes the necessary overseas communications, and advises the shipper on overseas requirements of marking and labelling.

### **Freight for All Kinds (FAK)**

FAK is a shipping classification. Goods classified FAK are usually charged higher rates than those marked with a specific classification and are frequently in a container which includes various classes of cargo.

### **\*Gross Tonnage (GT)**

Gross tonnage is a function of the moulded volume of all enclosed spaces of the ship. It forms the basis on which manning rules and safety regulations are applied, and registration fees determined.

### **Gross Tonnage (GT)**

Applies to vessels, not to cargo,  $(0.2 + 0.02 \log 10V)$  where V is the volume in cubic meters of all enclosed spaces on the vessel. Since 1994, it replaces "Gross Registered Tonnage." An approximate conversion ratio is 1NT = 1.7GT and 1GT = 1.5DWT.

### **Handysize**

Most usually refers to a dry bulk vessel with deadweight of up to 50,000 tonnes. This allows the ships to enter smaller ports to pick up cargoes. Vessels of deadweight of above 35,000 tonnes are referred to as Handymax bulkers (typically 35,000 - 50,000 tons deadweight).

Handymax and Supramax are naval architecture terms for a bulk carrier, in a series that is called Handysize class. Handysize class consists of Supramax (50,000 to 60,000 DWT), Handymax (40,000 to 50,000 DWT), and Handy (<40,000 DWT). The ships are used for less voluminous cargoes, even allowing for combining different cargoes in different holds.

### **I.M.D.G. Code**

International Maritime Dangerous Goods Code. The regulations published by the IMO for transporting hazardous materials internationally.

### **Incoterms**

Maintained by the International Chamber of Commerce (ICC), this codification of terms is used in foreign trade contracts to define which parties incur the costs and at what specific point the costs are incurred.

### **I.O.E : Indirect Operating Expenses**

Indirect Operating Expenses are those expenses incurred by the owner of the vessel towards and includes maintenance, stores, spares, repairs, insurance, victualling and other management overheads.

### **Indian Register of Shipping (IRS)**

The Indian Register of Shipping (IRS) is an internationally recognized, independent ship classification society which was founded in India in 1975.

## GLOSSARY

In 1991, the IRS was admitted as an Associate Member of the International Association of Classification Societies (IACS) which is the major international body of classification societies. It is managed by a Committee of Management which has representatives from each of the industry segments that use its services. These include representatives from the maritime industries, underwriters, general engineering, government agencies and defense services. They are further supported by sub-committees such as the Technical Committee, the Classification Sub-committee, the Quality Sub-committee and the Research Advisory Sub-committee for all operational aspects of IRS which cover marine, offshore and industrial services.

### **Intermediate Consignee**

An intermediate consignee is the bank, forwarding agent, or other intermediary (if any) that acts in a foreign country as an agent for the exporter, the purchaser, or the ultimate consignee, for the purpose of effecting delivery of the export to the ultimate consignee.

### **Intermodal**

Movement of goods by more than one mode of transport, ie. airplane, truck, railroad and ship.

### **International Association of Classification Societies (IACS)**

A membership organisation that contributes to maritime safety and regulation through technical support, compliance verification and research and development. More than 90% of the world's cargo-carrying tonnage is covered by the classification rules and standards set by the 13 member societies of IACS.

### **International Maritime Organisation (IMO)**

The specialised agency of the United Nations with responsibility for safety and security at sea and the prevention of marine pollution from ships. Established in 1948, IMO first met in 1959 and is the only United Nations agency with its headquarters in London.

### **International Ship and Port Security Code (ISPS)**

It is an amendment to the Safety of Life at Sea (SOLAS) Convention (1974/1988) on minimum security arrangements for ships, ports and government agencies. Having come into force in 2004, it prescribes responsibilities to governments, shipping companies, shipboard personnel, and port / facility personnel to "detect security threats and take preventative measures against security incidents affecting ships or port facilities used in international trade."

### **Irrevocable Letter of Credit**

A letter of credit in which the specified payment is guaranteed by the issuing bank if all terms and conditions are met by the drawee. It is as good as the issuing bank.

### **ISO (International Organization for Standardization)**

An independent, non-governmental standard-setting body composed of representatives from 165 national standards organisations. International standards give world-class specifications for products, services and systems to ensure quality, safety and efficiency. They are instrumental in facilitating international trade.

### **ISO 9001**

The international management systems standard concerned with quality management – what an organisation does to ensure customer need and expectations and applicable regulatory requirements, and continually to improve its quality performance.

### **Kamsarmax**

A Kamsarmax type bulk carrier is basically a 82,000 dwt Panamax with an increased LOA = 229 m (for Port Kamsar in Equatorial Guinea).

### **LCL**

Less than Container Load, consolidated container load.

### **LDT (Light Displacement Tonnage)**

Light Displacement Ton (Tonnage). It is also called Displacement Light Weight of the vessel without stores, bunker, fresh water, cargo and passengers. Usually used for vessels for scrapping.

### **\*LNG (Liquefied Natural Gas)**

Natural gas changes to a liquid at – 162C, creating LNG. When liquefied, the gas is reduced to 1/600<sup>th</sup> of its original volume making it economic to transport in specially designed

### **LNG (Liquefied Natural Gas)**

Natural gas will liquefy at a temperature of approximately -259 F or -160 C at atmospheric pressure. One cubic foot of liquefied gas will expand to approximately 600 cubic feet of gas at atmospheric pressure.

### **LNGC**

(LNG Carrier) An ocean-going ship specially constructed to carry LNG in tanks at -160 C. Current average carrying capacity of LNGs is 125,000 cubic metres. Many LNGCs presently under construction or on order are in the 210,000 – 215,000 cubic metre range.

### **Liquefied Petroleum Gas (LPG)**

Not to be confused with LNG, LPG is often called 'propane' as it is made of various mixtures of propane and other similar types of hydrocarbon gases. These hydrocarbons are gases at room temperature, but turn to liquid when they are compressed. LPG is stored in special tanks that keep it under pressure, so it stays a liquid. While the room distribution of LNG requires heavy infrastructure investments, LPG is more easily transported.

### **Load Line**

The waterline corresponding to the maximum draft to which a vessel is permitted to load, either by freeboard regulations, the conditions of classification, or the conditions of service.

### **Marine Cargo Insurance**

Broadly, insurance covering loss of, or damage to, goods at sea. Marine insurance typically compensates the owner of merchandise for losses in excess of those which can be legally recovered from the carrier that are sustained from fire, shipwreck, piracy, and various other causes. Three of the most common types of marine insurance coverage are "free of particular average" (f.p.a.), "with average" (w.a.), and "All Risks Coverage."

### **Maritime Labour Convention**

The international Labour Organization's Convention, known as 'MLC, 2006' came into force in August 2013, effectively becoming binding in international law. It is currently ratified by 56 ILO member states responsible for regulating conditions for seafarers on more than 80% of the world's gross tonnage of ships. It establishes minimum working and living standards on those ships.

**MR:** Medium Range Tanker, mostly refers to the product tanker with DWT in the range between 25000-54999 tons.

### **Net Tonnage (NT)**

The replacement, since 1994, for "Net Register Tonnage." Theoretically the cargo capacity of the ship. Sometimes used to charge fees or taxes on a vessel. The formula is  $(0.2 + 0.02 \log_{10}(V_c)) V_c (4d/3D)^2$ , where  $V_c$  is the volume of cargo holds,  $D$  is the distance between ship's bottom and the uppermost deck,  $d$  is the draught) "Ton" is figured as a 100 cubic foot ton. An approximate conversion ratio is 1NT = 1.7GT and 1GT = 1.5DWT.

### **Non-Vessel Operating Common Carrier (NVOCC)**

A cargo consolidator in ocean trades who will buy space from a carrier and sub-sell it to smaller shippers. The NVOCC issues bills of lading, publishes tariffs and otherwise conducts itself as an ocean common carrier, except that it will not provide the actual ocean or intermodal service.

### **O.E.C.D.**

Organization of Economic Cooperation and Development, headquartered in Paris with membership consisting of the world's developed nations.

### **On Board**



## GLOSSARY

A notation on a bill of lading that cargo has been loaded on board a vessel. Used to satisfy the requirements of a letter of credit, in the absence of an express requirement to the contrary.

### **On Deck**

A notation on a bill of lading that the cargo has been stowed on the open deck of the ship.

### **P&I**

Abbreviation for "Protection and Indemnity," an insurance term.

### **Panamax Vessel**

The largest size vessel that can traverse the Panama Canal. Current maximum dimensions are: Length 294.1 meters (965 feet); width 32.3 meters (106 feet); draft 12.0 meters (39.5 feet) in tropical fresh water; height 57.91 meters (190 feet) above the water.

### **POD**

Proof Of Delivery, or a cargo/package receipt with the signature of recipient. This term has been widely used in courier and express industry and also gaining more attention and implementation at air cargo industry.

### **Packing List**

A shipping document issued by shipper to carrier, Customs and consignee serving the purposes of identifying detail information of package count, products count, measurement of each package, weight of each package, etc.

### **Port –**

Harbor with piers or docks. – Left side of a ship when facing forward.

### **Port state control**

The inspection of foreign ships in national ports to verify that the condition of the ship and its equipment complies with the requirements of international conventions and that the ship is manned and operated in compliance with these rules.

### **Pro Forma Invoice**

An invoice provided by a supplier prior to the shipment of merchandise, informing the buyer of the kinds and quantities of goods to be sent, their value, and important specifications (weight, size, and similar characteristics). When an importer applies for Letter of Credit as the means of payment, a Pro Forma Invoice from the beneficiary of such Letter of Credit, usually the exporter, is required by the L/C issuing bank.

### **Project Cargo**

This is a term normal referred to when shipping cargo air or sea, which does not fall within standard methods. i.e. over-height, or oversize cargo which requires special equipment and handle.

### **PSV**

A Platform supply vessel (often abbreviated as PSV) is a ship specially designed to supply offshore oil platforms. These ships range from 20 to 100 meters in length and accomplish a variety of tasks. The primary function for most of these vessels is transportation of goods and personnel to and from offshore oil platforms and other offshore structures

### **Roll-on, Roll-off (RORO)**

A type of ship designed to load and discharge cargo which rolls on wheels or tracks.

### **Shipping Mark**

The letters, numbers or other symbols placed on the outside of cargo to facilitate identification.

### **Shipping Weight**

Shipping weight represents the gross weight in kilograms of shipments, including the weight of moisture content, wrappings, crates, boxes, and containers (other than cargo vans and similar substantial outer containers).

### **Starboard**

The right side of a ship when facing the bow.

### **Stern**

The end of a vessel. Opposite of bow.

### **Stevedore**

Individual or firm that employs longshoremen and who contracts to load or unload the ship.

### **Suezmax Tanker**

Suezmax is a naval architecture term for the largest ship measurements capable of transiting the Suez canal in a laden condition, and is almost exclusively used in reference to tankers. Since the canal has no locks, the only serious limiting factors are draft (maximum depth below waterline) and height due to the Suez Canal Bridge. The current channel depth of the canal allows for a maximum of 20.1 m (66 ft) of draft. The typical deadweight of a Suezmax ship is about 160,000 tons.

### **Supramax**

Bulk carriers with a capacity between 50,000 and 60,000 dwt. These 'bulk carriers' are well suited for small ports with length and draught restrictions, or ports lacking transshipment infrastructure.

### **Tare Weight**

The weight of a ULD and tie down materials without the weight of the goods it contains.

### **Through Bill of Lading**

A single bill of lading covering receipt of the cargo at the point of origin for delivery to the ultimate consignee, using two or more modes of transportation.

### **Time Charter (TC)**

A time charter is the hiring of a vessel for a specific period of time; the owner still manages the vessel but the charterer selects the ports and directs the vessel where to go. The charterer pays for all fuel the vessel consumes, port charges, commissions, and a daily hire to the owner of the vessel.

### **Transshipment**

Transshipment refers to the act of sending an exported product through an intermediate country before routing it to the country intended to be its final destination.

### **\*Twenty-Foot Equivalent Unit (TEU)**

The measure used for container capacity, a teu is a volume measurement equal to one standard 20 ft (length 6.1 meter; approximately 39 cubic meters) container.

### **Twenty-Foot Equivalent Unit (TEU)**

TEU is a measure of a ship's cargo-carrying capacity. One TEU measures twenty feet by eight feet by eight feet -- the dimensions of a standard twenty-foot container. An FEU equals two TEUs.

### **Ultimate Consignee**

The ultimate consignee is the person located abroad who is the true party in interest, receiving the export for the designated end-use.

### **ULCC**

Ultra Large Crude Carrier. A tanker in excess of 320,000dwt.

### **VLCC**

Very Large Crude Carrier. A tanker of 200,000 to 319,000dwt. It can carry about 2 million barrels of crude oil.

### **Wharfage**

A charge assessed by a pier or dock owner for handling incoming or outgoing cargo.

### **Worldscale**

Worldscale is a unified system of establishing payment of freight rate for a given oil tanker's cargo. Worldscale was established in November 1952 by London Tanker Brokers' Panel on the request of British Petroleum and Shell as an average total cost of shipping oil from one port to another by ship. A large table was created for this purpose.



## CERTIFICATE OF APPROVAL

Issued by Indian Register Quality Systems  
(A Division of IRCLASS Systems and Solutions Private Limited)

This is to certify that the Integrated Management System  
Across the Establishments & Fleet of

Organisation: The Shipping Corporation of India Limited

Address: H.O.: "Shipping House",  
245, Madame Cama Road  
Nariman Point, Mumbai - 400 021

Support Locations & Scope: Refer Annexure

has been assessed as Integrated Management System and found  
conforming to the following requirement

Standard: ISO 9001:2015  
ISO 14001:2015  
ISO 45001:2018

Scope:

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

Certificate No.: IRQS/ 201200318

This Certificate Supersedes our Previous Certificate no.  
IRQS/18101546, IRQS/18301547 & IRQS/18401548 dated 21<sup>st</sup> December 2018

Original Certification Date: 23/12/2015

Current Date of Granting: 12/06/2020

Expiry Date: 21/12/2021



Shashi Nath Mishra  
Head IRQS

This approval is subject to continued satisfactory maintenance of the Integrated Management Systems of the organization to the above standard which will be monitored by IRQS. The use of the Accreditation mark indicates accreditation with respect to activities covered by the certificate with accreditation no. C071. Condition Overleaf

COA/IRQS/NABCB/IMS/Rev 00

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



**Annexure to Certificate No. IRQS/201200318  
with respect to the following scope:  
Sites/Support Functions & Locations which support  
M/s. The Shipping Corporation of India Limited**

Location	Scope
SCI -Chennai Regional Office Jawahar Building, Rajaji Salai, Chennai - 600 001	Co-ordination, Liason with Head Office & Fleet Management
SCI - Kolkata Regional Office Shipping House, 13 Strand Road, Kolkata - 700 001	Co-ordination, Liason with Head Office & Fleet Management
SCI- Delhi Regional Office Chandralok, 1 <sup>st</sup> Floor, 36, Janpath, New Delhi - 110 001	Liasoning with Internal & External Agencies
SCI - Port Blair Regional Office Gati Coast to Coast Building, No:99, J.L. Nehru Road, P.B. No: 310, Delanipur, Port Blair - 744 101	Co-ordination with Kolkata & HO and Technical Management of A&N ships
Maritime Institutes MTI- Powai, Adi Shankaracharya Marg, Powai - 400 072, Mumbai, Maharashtra, India	Maritime Training Services
Entire Fleet	Shipboard Operations



**Shashi Nath Mishra**  
Head IRQS

## CSR ACTIVITIES

### 1. Project for Elimination of Disability from Clubfoot in Children

SCI has supported for treatment facility to 100 children with clubfoot through clinics developed at six different government hospitals in Maharashtra. The project is undertaken in association with Cure International India Trust (CIIT) strengthening the National Health Mission.

#### Treatment Procedure

The Ponseti Method (Non- surgical) performed by the doctors in these clinics has specific treatment protocol to be followed.

First phase - The first phase of treatment is manipulation and casting wherein the child's feet is manipulated using plaster casting, this process involves 4-6 weeks.

Second Phase - Tenotomy is done, which is a minor surgery of around 5-10 minutes followed by a three week long plaster casting.

Third Phase - The next phase of the treatment is the use of the scientifically developed Foot abduction brace (FAB) that keeps the foot in the corrective position to control relapse. The brace should be worn (night and nap time) by the children for four to five years and is changed frequently along with the growth of the feet. 8 to 10 braces are given on an average to every child during this five year follow up, thening the National Health Mission.



### 2. Project for setting up Smart Classrooms

SCI has supported for setting up of Smart Classrooms at municipal schools under Thane Municipal Corporation, Thane, Maharashtra. The project is undertaken in association with Society for NEED. Four Smart Classrooms have been set up at four municipal schools in consultation to the local administration.

The project aims to invoke interest in education among the students by introducing them to real time e-learning with the help of audios and videos, multimedia, images, PPT presentations, 2d/3d animations etc.

### 3. Project for Provision of Mid-Day Meals

SCI has supported Akshaya Patra Foundation for eradicating classroom hunger and malnutrition amongst children in Uttar Pradesh: Lucknow and Vrindavan by providing hot, nutritious, healthy and unlimited mid-day meals to 3000 children studying in government and government aided schools here.

The project has been promoting the United National Sustainable Development Goals (SDG) of Zero Hunger & Good Health and Well-being and in partnership with the Government of India and respective State Governments implementing the Mid-DAY mea scheme across government and government aided schools.



### 4. Project for Skill Development Training

SCI has associated with Regional Centre for Entrepreneurship Development (RCED) for providing Skill Development training to 150 underprivileged women in apparel sector and other technical fields. The project has been implemented in Nandurbar & Osmanabad, aspirational districts in Maharashtra.

The project aims to provide skill development training to 150 women to make them capable and self-dependent through proper technical training in the field of traditional and technical occupations.



**भारतीय नौवहन निगम लिमिटेड**  
**The Shipping Corporation Of India Ltd.**

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