

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE SHIPPING CORPORATION OF INDIA LTD.

&

MINISTRY OF SHIPPING

GOVERNMENT OF INDIA

FOR THE YEAR

2019-2020

MEMORANDUM OF UNDERSTANDING BETWEEN
THE SHIPPING CORPORATION OF INDIA LTD.
AND
MINISTRY OF SHIPPING
FOR THE YEAR 2019-2020

Mandatory parameters
PART A

Sl. No.	Financial Performance Criteria	Unit	Marks	Current Year (Estimate) 2018-19	Best in 5 years	MoU Target for the year 2019-20					% Improvement
						Excellent 100%	V.Good 80%	Good 60%	Fair 40%	Poor 20%	
1	Turnover Revenue from Operations *	Rs. crore	10	3700	4232	3650	3600	3400	3300	3200	-2.7
2	Operating Profit/Loss CPSEs with operating Loss (Loss/Deficit not taking into account other Incomes, Extraordinary and Exceptional Items):- Reduction in Operating Loss over previous year	%	20	Operating Loss Rs.622.21 Cr.	Operating Profit Rs.624.64 Cr.	100	70	40	30	20	-
3	Return on investment: Profit Earning CPSEs with no accumulated losses: Reduction in Total expenses as a % of Total Income as compared to previous year **	%	20	102 (TE/TI)	81.3 (TE/TI)	5	4	2	1	0.8	-
Total (A)			50								

*Targets would be increased by Rs.5 Crore and Rs.2.5 Crore per month for Ankleshwar and Maharaja Agrasen ships respectively, for the period ships remain with SCI during the year 2019-20

** In case Ratio of total expenses/total income goes up from 102%, the target at Excellent Level will increase so that total expenses/total income will not be more than 100%.

**Other Parameters
(Part-B)**

Sl. No.	Performance Criteria	Unit	Marks	Current year (Estimate)	Best in 5 years	MoU Target for the year 2019-20					%Improvement*
						Excellent 100%	V.Good 80%	Good 60%	Fair 40%	Poor 20%	
1	Capacity Utilization Operating days based on deadweight tonnage of vessel	%	7	87	95	90	88	87	86	85	1.1
2	Exports as a percentage of Revenue from operations	%	5	21.6	28.6	23	22	21	20	19	1.9
3	Technology Upgradation Pulse Lubrication /Ballast Water Management system on board vessels	No. of vessels	5	New initiative		6	5	4	3	2	-
4	CAPEX	Rs.Cr.	3	116	620	80	70	60	50	40	-
5	Trade Receivables (Net) as number of days of Revenue from Operations (gross)	No.of Days	3	72	61	63	64	66	68	70	11.1
6	Reduction in claims against the Company not acknowledged as debt over previous year – Overall(%)	%	8	Rs.Cr. 2137.63	-	15	10	5	3	2	-
7	Human Resource Management Parameters										
(i)	Achievement of HR parameters of continuous nature as per list given below (#)	No.of parameters	4	-		6	5	4	3	2	
(ii)	Conducting an Annual HR Strategy alignment exercise and submitting the implementation status to Board of Directors	Date	3	New Initiative		01.02.20	15.02.20	29.02.20	15.03.20	31.03.20	
(iii)	Capability development programmes for executives to build their technical & managerial competencies for higher positions with special focus on Web learning programs	No. of programs	3	New Initiative		10	8	6	4	2	

Sl. No.	Performance Criteria	Unit	Marks	Current year (Estimate)	Best in 5 years	MoU Target for the year 2019-20					%Improvement*
						Excellent 100%	V.Good 80%	Good 60%	Fair 40%	Poor 20%	
8	Other sector specific result-oriented measurable parameters										
(i)	Delivery of cargo without time overrun	%	5	98	100	100	98	97	96	95	-
(ii)	Reduction in country's foreign currency outgo-towards freight for import of about 20 Million Metric Tons p.a. by securing Contracts of Affreightment (COA) with Oil PSUs	Date	2	New Initiative		31.12.19	15.01.20	31.01.20	15.02.20	29.02.20	-
(iii)	Collaboration with ISRO for improvement in ship routing and weather forecasting	Date	2	New Initiative		30.06.19	15.07.19	31.07.19	15.08.19	31.08.19	-
	Total (B)		50								
	TOTAL (A) + (B)		100								

*Improvement on very Good Target for MoU year over Current year expected actuals.

#

Sr. No.	HR Parameters of continuous nature
(i)	Online submission of ACR/APAR in respect of all executives (E0 and above) along with compliance of prescribed timelines w.r.t writing of ACR/APAR
(ii)	Online Quarterly vigilance clearance updation for senior executives (AGM and above)
(iii)	Updation of succession plan and its approval by Board of Directors
(iv)	Implementation of recommendations of HR Audit
(v)	Regular Updation of Online Human Resource Management System (HRMS)
(vi)	Review & implementation of employee performance on the lines of FR (56) j and submitting a compliance report to Board of Directors at the end of the year.

Footnotes:

1. The targets are based on estimates submitted by the CPSE for the year 2018-19. In case of better performance of the CPSE as per actual results as compared to estimates, the difference may be added to the targets for the year 2019-20 by the IMC. In case figures for the year 2018-19 are recasted/restated in audited accounts, comparison of actual results shall be made based on recasted/restated figures.
2. In working out achievements for the year 2019-20, quantified qualifications of CAG/Statutory Auditors would be adjusted in case of overstatement of Revenue/Profit/Surplus or understatement of Loss/Deficit in addition to the negative marks prescribed in MOU guidelines.
3. At the time of MoU Evaluation, wherever the figures are not verifiable from the Annual Report, verification of the same would be done on the basis of certification by way of resolution, by Board of Directors.
4. The targets decided in MoU are unconditional and no offset will be allowed. Further evaluation would be subject to compliance of additional eligibility criteria as contained in para 14.2 of MoU guidelines dated 17th January 2019.



Chairman & Managing Director

The Shipping Corporation of India Ltd.



Secretary to the Government of India

Ministry of Shipping

Date: 10.5.2019

Place: New Delhi

THE SHIPPING CORPORATION OF INDIA LTD.

Self declaration/certification

It is hereby certified that the targets and actual achievements in respect of financial parameters have been worked out as per MoU Guidelines by adopting the norms and definitions laid down in MoU Guidelines dated 17th January 2019 (subject to such changes as necessitated due to the organization being in the shipping sector). In case, any deviation is found at any point of time, DPE is free to evaluate as per audited accounts as per MoU Guidelines. SCI (CPSE) has no right of claim in this regard.



Chairman & Managing Director

PART A

TREND ANALYSIS (RS. IN CRORES)											
Sr. No.	Evaluation Criteria	Unit	Financial Year							Current Year 18-19	
			2013-14 (Audited)	2014-15 (Audited)	2015-16 IND AS (Audited)	2016-17 Ind AS	2016-17 Restated (Audited)	2017-18 (Audited)	6 Months 2018-19	Estimate 18-19	
i)	Revenue from Operations (Gross)	Rs Crores	4,231.80	4,186.44	4,049.88	3,446.87	3,447.35	3,469.50	1,832.05	3,700.00	
		MOU	Rs Crores	4,240.41	4,475.46	4,401.24	4,100.00	4,100.00	3,900.00		
ii)	a.Profit before Tax	Rs Crores	(221.39)	276.13	789.42	177.24	185.76	29.48	(312.51)	(340.92)	
	b.Other Incomes	Rs Crores	307.20	401.17	164.80	145.23	145.23	148.00	133.13	175.81	
	c.Extraordinary & Exceptional items	Rs Crores	0	0	0	0	0	0	0	0	
	d.Prior Period Items	Rs Crores	(52.91)	(13.71)	-	-	-	-	-	-	
	d.Operating Profit/ Loss (a-b+/-c+/-d)	Actual	Rs Crores	(475.68)	(125.04)	624.62	32.01	40.53	(118.52)	(445.64)	(516.73)
		MOU		(532.17)	(317.75)	(319.33)	250.00	250.00	(212.62)		
	Operating Profit/Loss as a % of revenue from Operations			-11.24%	-2.99%	15.42%	0.93%	1.18%	-3.42%	-24.32%	-13.97%
	% Reduction in Operating loss	MOU									
iii)	a.PAT	Rs Crores	(274.66)	200.93	753.28	135.52	142.28	253.75	(348.50)	(412.92)	
	b.Net Worth at year end	Rs Crores	6339.8	6533.6	6696.9	6873.8	6845.6	7093.0	6756.8	6656.6	
	c.Average Net worth	Rs Crores	6478.0	6436.7	6615.3	6888.9	6771.3	6969.3	6924.9	6874.8	
	d. PAT/Net worth	Actual	%	-4.33%	3.08%	11.25%	1.97%	2.08%	3.58%	-5.16%	-6.20%
	PAT/Average Net worth	Actual	%	-4.24%	3.12%	11.39%	1.97%	2.10%	3.64%	-5.03%	-6.01%
		MOU	%	-8.38%	-6.07%	-5.41%	3.33%	3.33%			
	e.Paid up share capital	Rs Crores	465.80	465.80	465.80	465.80	465.80	465.80	465.80	465.80	
	f. Gol share	%	63.75	63.75	63.75	63.75	63.75	63.75	63.75	63.75	
	g. Reserves and Surplus	Rs Crores	5,874.02	6,067.80	6,257.70	6,401.58	6,366.97	6,631.76	6,296.49	6,296.49	
	h.Surplus/ Average Net worth			-4.24%	3.12%	11.39%	1.97%	2.10%	3.64%	-5.03%	-6.01%
iv)	Total Expenses	Rs Crores	4,707.48	4,297.77	3,425.25	3,414.86	3,406.82	3,587.99	2,277.71	4,216.73	
v)	Total Incomes	Rs Crores	4,539.00	4,587.61	4,214.67	3,592.10	3,592.58	3,617.47	1,965.20	3,875.81	
vi)	Total expenses/Total Incomes	%	104	94	81	95	95	99	116	109	
vii)	Details of other incomes										
	Interest	Rs Crores	103.29	145.89	114.11	106.44	106.44	86.30			
	Dividend	Rs Crores	5.20	6.72	6.25	0.44	0.44	2.05			
	Other Incomes	Rs Crores	198.71	248.56	44.43	38.35	38.35	59.65			
	Total	Rs Crores	307.20	401.17	164.79	145.23	145.23	148.00			

Sr. No.	Evaluation Criteria	Unit	Financial Year						Current Year 18-19		
			2013-14 (Audited)	2014-15 (Audited)	2015-16 IND AS (Audited)	2016-17 Ind AS	2016-17 Restated (Audited)	2017-18 (Audited)	6 Months 2018-19	Estimate 18-19	
viii)	a.Cash and Bank Balance and equivalent	Rs Crores	1,018.93	1,256.16	1,285.46	1,375.66	1,375.65	1,130.12	1051.22*		
	b.Investment in mutual funds	Rs Crores	30.04	76.69	37.46	-	-	56.05			
	c.Investment in shares other than subsidiary/Jvs	Rs Crores	-	-	0.06	0.99	0.99	1.18			
	d.Total (a+b+c)	Rs Crores	1,048.97	1,332.85	1,323.77	1,376.65	1,376.64	1,187.35			
	e.Cash credit/Over-draft loan/Short-term loan	Rs Crores	584.54	35.00	-	974.20	974.20	1,274.41			
	f.Balance in Current account	Rs Crores	171.53	97.32	84.23	80.07	80.07	49.20			
ix)	Dividend paid/ declared for the year, excluding Dividend Tax	Rs Crores	-	-	-	-	-	-			
	Part B-Other Parameters										
i)	Trade Receivables (as per DPE evaluation for FY 2017-18)**	Actual	Rs Crores	1,059.99	787.82	681.83	658.71	658.71	608.58	619.51	730.00
		MOU	Rs Crores	NA	NA	NA	NA	NA			
ii)	Trade Receivables (net) as no. of days of RO (Grc	Actual	no. of days	91.43	68.69	61.45	69.75	69.74	64.02	61.21	72.01
		MOU	no. of days								

*Audited cash and bank balance as on 30.09.2018 (SCI does not have free cash. Entire cash held is either earmarked / Lien or towards compliance of covenants.)

** Trade receivables for FY 13-14, 14-15 is as per 2014-15 and 15-16 Annual Report i.e regrouped

PART - B

TREND ANALYSIS (OTHER PARAMETERS)

Sl. No	Financial Performance Criteria	Unit	Target v/s Actual	2013-14	2014-15	2015-16	2016-17	2017-18	Current Year	
									Actuals	Estimated
1	Capacity Utilization Operating days based on deadweight tonnage of vessel	%	Actual	95	94	91	89	90	87	87
			MoU	Not chosen as a parameter					90	
2	Exports as a % of revenue from Operations	%	Actual	-	-	28.6	23.8	21.1	21.6	21.6
			Mou	Not chosen as a parameter					21	
3	Technology Upgradation Pulse Lubrication/Ballast Water Management on board vessels	No. of vessels	Actual	A new initiative						
			MOU	A new initiative						
4	CAPEX	Rs.Cr.	Actual	291.71	-	14.00	193.36	620.44	116	116
			MoU	Not a parameter			900	300	50	
5	Trade Receivables (Net) as number of days of Revenue from Operations (gross)	%	Actual	91.43	68.69	61.45	69.75	64.02	72	72
			MoU	Not chosen as a parameter					63	70
6	Reduction in claims against the company not acknowledged as debt over previous year (overall)	%	Actual	-5.11	-70.98	-123.20	38	1.36	-	
			MOU	-	-	-	6	5	10	
7	Other sector specific result-oriented measurable parameters									
i.	Delivery of cargo without time overrun	%	Actual	95	98	95	100	100	98	98
			MOU	-	-	-	100	100	100	
ii.	Reduction in foreign currency outgo- towards freight for import of about 20 Million Metric Tons p.a. by securing Contracts of Affreightment (COA) with Oil PSUs	Date	Actual	New Initiative						
			MOU	Not chosen as a parameter						
iii.	Collaboration with Indian Space Research Organisation (ISRO) for improvement in ship routing and weather forecasting	Date	Actual	New Initiative						
			MOU	Not chosen as a parameter						
8	HR Parameters									
i.	Achievement of HR parameters of continuous nature (as per list given below *)	No. of parameters	Actual	Continuous nature						
			MOU	Not chosen as a parameter						
ii.	Conducting an Annual HR Strategy alignment exercise and submitting the implementation status to Board of Directors	Date	Actual	New Initiative						
			MOU	Not chosen as a parameter						
iii.	Capability development programmes for executives to build their technical & managerial competencies for higher positions with special focus on Web learning programs	No. of programmes	Actual	New Initiative						
			MOU	Not chosen as a parameter						

*

Sr. No.	HR Parameters of continuous nature
(i)	Online submission of ACR/APAR in respect of all executives (E0 and above) along with compliance of prescribed timelines w.r.t writing of ACR/APAR
(ii)	Online Quarterly vigilance clearance updation for senior executives (AGM and above)
(iii)	Updation of succession plan and its approval by Board of Directors
(iv)	Implementation of recommendations of HR Audit
(v)	Regular Updation of Online Human Resource Management System (HRMS)
(vi)	Review & implementation of employee performance on the lines of FR (56) j and submitting a compliance report to Board of Directors at the end of the year

Brief about the CPSE

1.	Name of the CPSE	The Shipping Corporation of India Ltd.	
2.	Schedule of the CPSE (Please tick)	A	
3.	Purpose for which CPSE has been setup and the main business now	<p>The Shipping Corporation of India was established on October 2nd, 1961, by the amalgamation of Eastern Shipping Corporation and Western Shipping Corporation for providing shipping services for transportation of goods between India and overseas and thereby promoting EXIM trade.</p> <p>Starting out as a marginal Liner shipping Company with just 19 vessels, the SCI has today evolved into the largest Indian shipping Company catering to various segments of the shipping trade and owns presently the most diversified fleet of 61 vessels of 5.60 mn DWT. SCI operates in three segments viz. Bulk Carrier & Tankers, Liner & Passenger Services and Technical & Offshore and operates in almost all areas of shipping business catering to both national and international trades. In addition to owned vessels, SCI mans/manages 52 vessels of 0.399 Million DWT tonnes and 0.54 million GT on behalf of JVCs, other PSUs and Government departments. It serves India's overseas and coastal seaborne trade and aspires to be an important player in the field of global maritime logistics with focus on:</p> <ul style="list-style-type: none"> • 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. <p>SCI continues to explore possibilities on its own and through strategic alliances to further consolidate its leading position in the maritime world. It continues to explore possible areas for diversification into shipping related activities.</p>	
7.	Number and Name of subsidiary companies along with amount invested and share in its profit during last five years		
	Year*	Name of subsidiary	Share in its profit (Rs. Cr.)
	2013-14	NA	-
	2014-15	NA	-
	2015-16	Inland & Coastal Shipping	-
	2016-17	Ltd. incorporated in	0.05
	2017-18	September 2016	0.05
			-0.09
8.	Number and Name of Joint Venture companies along with amount invested and share in its profit during last five years	Separate sheet attached	
9.	Details of revival plan approved earlier	N.A.	

JOINT VENTURE DETAILS

Particulars	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
(Rs. in lakhs)					
Total Investment	1296	1296	2728	7359	7359
India LNG No.(1)	3	3	3	3	3
India LNG No.(2)	3	3	3	3	3
India LNG No.(3)	1	1	1	1	1
India LNG No.(4)	1289	1289	2721	7352	7352

Particulars	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
(Rs. in lakhs)					
Share in profit	4446	1317	3194	4018	5494
India LNG No.(1)	1265	1232	1098	2011	2126
India LNG No.(2)	1622	698	1453	2184	1731
India LNG No.(3)	1559	-613	643	0	220
India LNG No.(4)	0	0	0	-176	1417

* Excludes Irano Hind Shipping Co. Ltd. & SAIL SCI Shipping Pvt. Ltd. which are held for sale and SCI Forbes which has been sold.

EXTRACT OF THE MOU GUIDELINES (PARA 14.2)

14.2 Score and rating as per para 14.1 would be subject to fulfilling following criteria failing which aggregate MoU score would be reduced by 1 mark for each instance of non-compliance subject to maximum of 5 marks and the rating would be modified accordingly:

- i. Compliance of Provisions of The Companies Act, 2013 or the relevant Act under which they have been regulated (To the extent compliances are within the ambit of CPSEs).
- ii. In case of listed CPSEs, compliance of provisions of Listing Agreement (To the extent compliances are within the ambit of CPSEs).
- iii. Compliance of DPE Guidelines having financial implications.
- iv. No adverse observations by CAG on Annual Accounts pointing out misappropriation of funds of any amount or Over statement of profit/ surplus/ assets or understatement of loss/ deficit/ liabilities amounting to 5% of Revenue from Operation.
- v. Holding of AGM without seeking extension of time.
- vi. Submission of Draft MoU/ MoU evaluation through administrative ministry/ department to DPE by prescribed date.



Page 4 of 17

- vii. Signing of MoU as prescribed without deviation from minutes of the IMC meeting.
- viii. Compliance of Public Procurement Policy for Micro and Small Enterprises issued by M/o Micro Small and Medium Enterprises.
- ix. Compliance of DPE Guidelines issued from time to time for CSR Expenditure by CPSEs.
- x. Compliance of DPE guidelines on Digital India.
- xi. Compliance of DPE guidelines on any policy, issued from time to time, and prescribed specifically in this regard.