

53rd Annual Report 2002-2003

"A priceless treasure from the sea"



The Shipping Corporation Of India Ltd.
(A Government of India Enterprise)

“A priceless treasure from the sea”



*Over the years, SCI has emerged
as a truly significant Indian player in the global shipping arena.
SCI has augmented its value through strategic tie-ups,
fleet expansion, upgradation to world standards in safety and technology.
En route, building a reservoir of high quality manpower.
This year has seen SCI cruising confidently ahead, registering growth
across all important parameters, and enhancing
the intrinsic value of the organization.
This annual report cover captures the shimmering essence
of the ‘pearl’ that SCI is today.*

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BOARD OF DIRECTORS



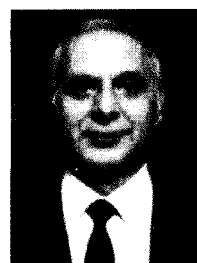
Shri P. K. Srivastava
Chairman & Managing Director



Shri M. G. Bhide



Shri S. Hajara



Capt. T. D. Hazari



Shri K. M. Joseph



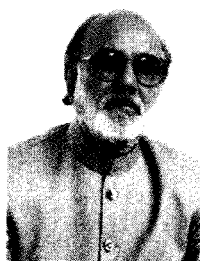
Shri S. H. Khan



Shri K. K. Kothari



Shri A. K. Mohapatra



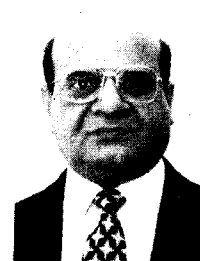
Dr. Pritam Singh



Shri S. S. Rangnekar



Shri Pradip Shah



Shri N. C. Singhal

*Company Secretary &
Legal Incharge:*
Shri Dipankar Halder

Auditors:
Messrs FORD, RHODES, PARKS & CO.
Messrs KARNAVAT & CO.

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

Registered Office: Shipping House, 245, Madam Cama Road, Mumbai 400 021

Registrar & Transfer Agents : M/s. Sharepro Services (Investor Relation Centre)
912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai - 400 021.

Photographs of Directors appear in alphabetical order

BRIEF PROFILE OF THE DIRECTORS OF THE COMPANY

Shri P.K. Srivastava is the Chairman & Managing Director of the Company since February 1996. He holds a Master's degree in Management Studies (MBA), Leeds, U.K. and also holds Honours and Master's Degree in Science, Lucknow. He has about 35 years' experience in the Oil and Shipping industry and has varied and extensive experience in handling every aspect of shipping such as operation of cargo liner services, bulk carriers, tankers, container and Ro-Ro vessels, chartering, marine insurance, legal affairs, technical management and fleet development activities.

Shri M.G. Bhide is a part-time non-official Director inducted on the Board in March 2000 and is also a member of the Audit and Shareholders'/Investors' Grievance Committee of the Board. He is presently Director of Credit Rating Information Services of India Ltd. (CRISIL) and a Director in many prominent companies. He holds a Master's degree in Economics, CAIIB. He was the former Chairman & Managing Director of Bank of India, and had held directorships in various Companies.

Shri S. Hajara is Director (Personnel & Administration) since February 2001 and holds a Bachelor's degree in Science – Chemistry and a Post Graduate Diploma in Management from IIM, Kolkata. He also holds an L.L.B., diploma in Professional Ship Management, Norwegian Shipping Academy, Oslo. He is also experienced in marketing, chartering, import operations, liner conference / bilateral matters, commercial operations in liner, bulk and tanker.

Capt. T.D. Hazari is Director (Technical & Offshore Services) since July 2001 and possesses an extra Master Certificate of Competency from DTP, U.K., and holds Master's degree in Science- Maritime Education and Training from World Maritime University, Sweden. He also possesses knowledge in various fields, viz. Nautical sciences; tanker operations; safety and marine environment protection; Development and implementation of the requirements of ISM Code in the Company and fleet; maritime education and training, etc.

Shri K.M. Joseph is Director (Bulk Carrier & Tankers) since December 1997 and possesses Certificate of MOT First Class (Steam & Motor). He has vast experience and knowledge in management, technical and other allied subjects.

Shri S.H. Khan is a part-time non-official Director of the Company inducted on the Board in March 2000 and is also the Chairman of the Audit Committee of the Board. He is presently the Chairman, Credit Analysis & Research Ltd. (CARE) and Feedback First Urban Infrastructure Development Co. Ltd. and a Director in many prominent companies. He holds a Master's degree in Commerce, and is also an alumnus of IIM, Geneva and has been a Lecturer in Degree College in Jamshedpur. He was also former Chairman & Managing Director of the IDBI.

Shri K.K. Kothari is the Director (Finance) since November 1992 and holds B.Sc.(Hons.)(Physics) degree and also a Post Graduate Diploma in Business Administration, IIM, Ahmedabad. He has expertise in raising of financial resources for ship acquisition projects and also has vast experience and knowledge in finance, accounting and corporate planning functions. He is also a member of the Shareholders'/Investors' Grievance Committee of the Board.

Shri A.K.Mohapatra, Addl. Secretary & Financial Advisor, Ministry of Shipping, an ex-officio part-time Director of the Company was appointed on the Board of Directors in February 2003. He holds Master's degree in Arts from Utkal University, Bhubaneshwar and is M.Phil., Indian Institute of Public Administration (IIPA), New Delhi. He has held Secretary level posts in the Government of Himachal Pradesh and also the post of Joint Secretary & Chief Vigilance Officer in the Ministry of Consumer Affairs & Food and Public Distribution and the Department of Heavy Industry, Government of India.

Dr. Pritam Singh is a part-time non-official Director inducted on the Board in March 2000. He is also a member of the Audit Committee of the Board. He presently occupies the position of Director Management Development Institute, Gurgaon. He holds Master's degree in Commerce and also holds an MBA degree from Indiana University and has done his Ph.D in Management. He was the former Director of the Indian Institute of Management, Lucknow. He has also served as Dean and WCL Chair Professor, ASCI Hyderabad, Professor of O. B. and Dean, IIM, Bangalore.

Shri S.S. Rangnekar is Director (Liner & Passenger Services) since March 1997 and holds a B.Tech. degree in Chemical Engineering from IIT, Mumbai and a Post Graduate Diploma in Business Administration, IIM, Ahmedabad. He has vast experience and knowledge in stevedoring operations, contracting, liner operations, etc.

Shri Pradip Shah is a part-time non-official Director, inducted on the Board in January 2003. He is presently Chairman, IndAsia Fund Advisors Pvt. Ltd. and a Director in many prominent companies. He holds an MBA Degree from Harvard and is a Chartered Accountant and a Costs and Works Accountant. He was the founding Managing Director of CRISIL and assisted in establishment of HDFC Ltd. He has also been a Project Officer of ICICI and served as consultant to USAID, The World Bank and Asian Development Bank.

Shri N.C. Singhal, is a part time non-official Director inducted on the Board in March 2000. He is also a member of the Audit Committee of the Board and is the Chairman of the Shareholders'/Investors' Grievance Committee of the Board. He holds directorships in various companies including among others Chola mandalam Investment & Finance Company Ltd., Shapoorji Pallonji Finance Ltd., Mumbai. He possesses Postgraduate qualifications in Economics, Statistics & Administration and has acquired professional education from IIM, Ahmedabad and Kolkata, IIT, Kanpur and Administrative Staff College, Hyderabad. He was the former Vice Chairman & Managing Director of SCICI Ltd.



NOTICE OF MEETING

NOTICE is hereby given that the 53rd Annual General Meeting of The Shipping Corporation of India Ltd. will be held at the Registered Office of the Company at "Shipping House", 245, Madam Cama Road, Mumbai - 400 021 at 1530 hrs. on Wednesday, the 10th December 2003 to transact the following as:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as on 31st March 2003, Profit & Loss Account for the year ended on that date and Reports of Auditors and Directors thereon.
2. To confirm the declaration and payment of an interim dividend as final dividend.
3. To appoint a Director in place of Shri K. M. Joseph who retires at this meeting and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri K. K. Kothari who retires at this meeting and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri S. S. Rangnekar who retires at this meeting and being eligible, offers himself for re-appointment.
6. To fix remuneration of the Auditors.

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

Dipankar Haldar

Company Secretary & Legal Incharge

Registered Office:

Shipping House,
245, Madam Cama Road,
Mumbai - 400 021

Dated : 16th October 2003

Notes:

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
- b) The Register of Members and the Share Transfer Books of the Company will remain closed from 11.11.2003 to 17.11.2003 (both days inclusive).
- c) Members are requested to notify any change in their address to the Share Transfer Agents of the Company at the following address:

M/s. Sharepro Services (Investor Relation Centre)
912, Raheja Centre, Free Press Journal Road
Nariman Point, Mumbai - 400 021.
- d) Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.

**DETAILS OF THE DIRECTORS SEEKING REAPPOINTMENT
AT THE FORTHCOMING ANNUAL GENERAL MEETING**

Name of the Director	Shri K. M. Joseph	Shri K.K. Kothari	Shri S.S. Rangnekar
Date of Birth	22.03.1944	01.11.1949	03.06.1948
Date of Appointment	05.12.1997	09.11.1992	14.03.1997
Qualifications	MOT First Class (S& M)	B.Sc. (Hons.) (Physics) Post Graduate Diploma in Business Administration, IIM, Ahmedabad.	B. Tech. (Chemical Engineering), IIT, Mumbai Post Graduate Diploma in Business Administration, IIM, Ahmedabad.
Expertise in specific functional areas	Vast experience and knowledge in management, technical and other allied subjects.	Raising of financial resources for ship acquisition projects. Vast experience and knowledge in finance and other allied subjects.	Vast experience and knowledge in stevedoring operations, contracting, liner operations, etc.
List of other public companies in which directorship held (in terms of Clause 49 of the Listing Agreement)	NIL	NIL	NIL
Membership held in Committees of such Boards of other public companies	NIL	NIL	NIL

SALIENT STATISTICS 2002/2003

Authorised Capital	Rs. 450.00 Crores
Subscribed and Paid-up Capital	Rs. 282.30 Crores
Depreciation Provision	Rs. 257.76 Crores
Gross Earnings	Rs. 2443.42 Crores
Gross Investment on Fleet	Rs. 5818.50 Crores
No. of Voyages made	651
No. of Passengers carried (including managed vessels)	2,37,604
No. of Employees (including crew) (As on 1 st October, 2003)	7225
Vessels Owned (As on 1 st October, 2003)	
— Number	88
— Tonnage	2.71 Million GRT
	4.66 Million DWT
Vessels on Order	
— Number	4
— Tonnage	0.48 Million GRT
	0.89 Million DWT

DECADE AT A GLANCE

OPERATIONAL STATISTICS

(FIGURES IN CRORES OF RUPEES)

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Operating Earnings	1,480.3	1,722.0	2,114.0	2,270.0	2,414.5	2,520.8	2,542.8	2,994.8	2,784.7	2,376.5
Other Income	100.1	84.9	134.4	172.0	107.0	61.5	65.2	137.4	121.5	66.9
Total Earnings	1,580.4	1,806.9	2,248.4	2,442.0	2,521.5	2,582.3	2,608.0	3,132.2	2,906.2	2,443.4
Operating Expenses	1,063.2	1,178.3	1,386.7	1,603.4	1,754.3	1,799.4	1,908.1	2,049.0	1,982.3	1,826.1
Other Expenses	105.0	103.4	144.0	129.6	129.7	175.3	150.1	189.3	256.8	156.9
Interest & Finance Charges	83.7	130.3	161.9	200.0	86.5	100.4	72.4	65.7	22.6	*13.8
Depreciation	161.3	193.5	232.4	235.7	249.8	258.9	274.8	273.6	265.2	257.8
Tax Liability	(0.4)	0.0	0.0	40.0	55.0	47.0	41.0	172.0	137.7	(86.0)
Total Expenses	1,412.8	1,605.5	1,925.0	2,208.7	2,275.3	2,381.0	2,446.4	2,749.6	2,664.6	2,168.6
Profit after Tax	167.6	201.4	323.4	233.3	246.2	201.3	161.6	382.6	241.6	274.8

*Net

FINANCIAL HIGHLIGHTS :

	31.03.94	31.03.95	31.03.96	31.03.97	31.03.98	31.03.99	31.03.00	31.03.01	31.03.02	31.03.03
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WHAT THE COMPANY OWNED

Fixed Assets

Gross Block	3,442.7	4,058.9	4,459.3	4,562.0	4,782.3	5,098.3	5,303.0	5,254.3	5,142.0	5,243.2
Less : Depreciation (Cum)	1,244.9	1,414.7	1,593.9	1,796.1	2,014.2	2,223.1	2,477.6	2,559.1	2,679.4	2,871.4
Net Block	2,197.8	2,644.2	2,865.4	2,765.9	2,768.1	2,875.2	2,825.4	2,695.2	2,462.6	2,371.8
Assets under Construction	142.7	95.6	66.0	151.3	239.3	251.9	89.5	303.7	432.3	681.3
Ships Retired from Operation	0.1	0.0	0.3	0.0	0.0	9.8	0.0	0.0	4.9	0.0
Working Capital	285.6	263.0	564.2	463.7	522.5	415.1	434.2	442.8	402.0	561.3
Investments	0.4	0.4	0.4	0.4	0.4	0.4	9.3	21.9	51.0	0.5
	2,626.6	3,003.2	3,496.3	3,381.3	3,530.3	3,552.4	3,358.4	3,463.6	3,352.8	3,614.9

WHAT THE COMPANY OWED

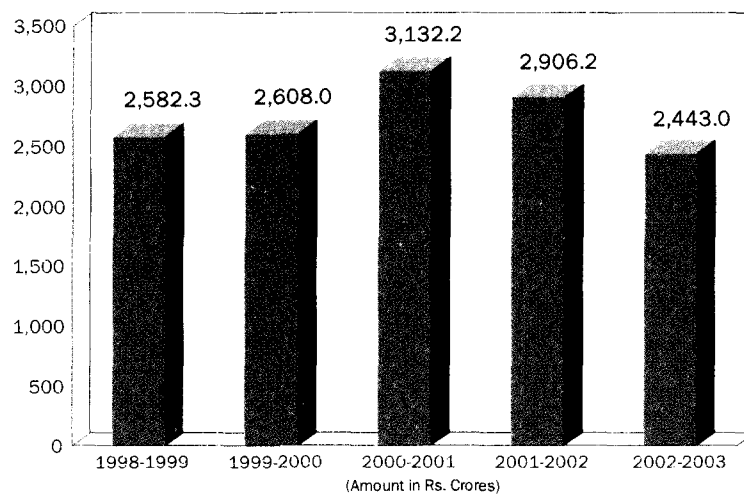
Long Term Funds :

SDFC/Govt. Loans	637.6	610.8	580.9	553.3	498.7	451.9	381.9	308.3	0.0	0.0
Bank Loans	416.0	627.9	638.6	537.0	603.3	1,044.3	1,060.2	948.0	1,031.6	1,112.1
Mumbai Port Trust	0.0	0.0	67.6	67.6	67.6	119.1	0.0	0.0	0.0	0.0
Deferred Credits	731.3	752.5	881.9	783.8	707.0	130.9	0.0	0.0	0.0	0.0
Unsecured Loans	0.0	0.0	54.2	0.0	24.9	41.9	30.8	19.8	6.9	6.9
	1,784.9	1,991.2	2,223.2	1,941.7	1,901.5	1,788.1	1,472.9	1,276.1	1,038.5	1,119.0
Deferred Tax Liability	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	218.7	233.0

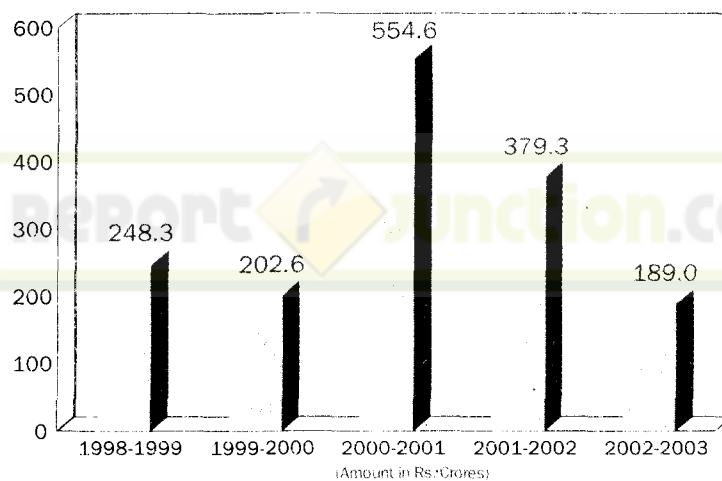
NET WORTH OF THE COMPANY

Share Capital	282.3	282.3	282.3	282.3	282.3	282.3	282.3	282.3	282.3	282.3
Reserve & Surplus	586.2	754.7	1,021.3	1,192.2	1,376.1	1,529.7	1,636.0	1,924.8	1,852.1	2,029.6
Deferred Revenue Expenditure	(26.8)	(25.0)	(30.5)	(34.9)	(29.6)	(47.7)	(32.8)	(19.6)	(38.8)	(49.0)
	841.7	1,012.0	1,273.1	1,439.6	1,628.8	1,764.3	1,885.5	2,187.5	2,095.6	2,262.9
Dividend Paid	42.4	42.4	56.5	56.5	56.5	42.4	45.2	84.7	98.8	84.7
Dividend %	15	15	20	20	20	15	16	30	35	30

TURNOVER



PROFIT BEFORE TAX



COMPOSITION OF SCI FLEET in GRT (%) as on 31st March 2003

