

56 TH ANNUAL REPORT 2005 -2006



Rising beyond the nation's expectations.



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

Rising beyond the nation's expectations:

It has been over five and a half very eventful decades at SCI. Years that saw SCI transform itself into one of the most significant players in the global maritime arena. Possessing a modern fleet and providing efficient, highly effective and total logistics solutions for the transportation of crude and petroleum products, bulk, break-bulk and containerised cargoes and off-shore logistics services - SCI today crisscrosses the globe, delivering precious cargo with unerring reliability and safety.

Propelling this dynamic corporation forward, to even greater levels of performance, achieved is its steadfast commitment and its consuming passion for meeting the country's critical exim needs.

*At SCI, the organisation truly believes in rising beyond the nation's expectations ... sailing those extra miles by **"Transporting goods, Transforming lives"**.*

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BOARD OF DIRECTORS



Shri S. Hajara
Chairman & Managing Director



Shri C. Balakrishnan



Shri M. G. Bhide



Shri P. C. Dhiman



Shri U. C. Grover



Shri Kailash Gupta



Shri S. H. Khan



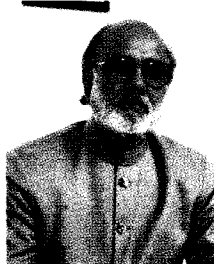
Shri B. K. Mandal



Shri R.K. Mitra



Shri Pradip Shah



Dr. Pritam Singh



Shri S. S. Rangnekar



Shri N. C. Singhal

Shri Dipankar Haldar
*Company Secretary &
Legal Incharge*

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

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

Registered Office: Shipping House, 245, Madam Cama Road, Mumbai 400 021
Registrar & Transfer Agents : M/s. Sharepro Services (India) Pvt. Ltd. (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 S. Hajara is Chairman & Managing Director since September 2006 before which he held the post of Director (Personnel & Administration). He holds a Bachelor's degree in Science - Chemistry and a Post Graduate Diploma in Management from IIM, Kolkata. He also holds a degree in Law, diploma in Professional Ship Management, Norwegian Shipping Academy, Oslo. He is also experienced in marketing, chartering, import operations, liner conference / bilateral matters, commercial operations in liner, bulk and tanker.

Shri C. Balakrishnan, Additional Secretary and Financial Advisor, Ministry of Shipping, Road Transport & Highways, an ex-officio part-time Director of the Company was appointed on Board Directors in September 2005. Shri Balakrishnan, an I.A.S. Officer of the Himachal Pradesh cadre, holds a Masters degree in Business Administration (MBA) from the University of Florida, is an M.P.A. from the Harvard University and an M.Phil. of the Punjab University from the Indian Institute of Public Administration. He held several posts in both the State and Central Governments and was the Joint Secretary (Planning & UNESCO) in the Ministry of Human Resource Development. He was also a District Magistrate of Sirmur District and Divisional Commissioner of Kangra Division.

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 and is CAIIB. He was the former Chairman & Managing Director of Bank of India, and has held directorships in various Companies.

Shri P.C. Dhiman, Joint Secretary (Shipping)-In-charge, Ministry of Shipping, an ex-officio part-time Director of the Company, was appointed on the Board of Directors in May 2006. Shri Dhiman, an I.A.S. Officer, is a graduate in Civil Engineering and is also a post graduate from London School of Economics and Political Science. He also holds an M.Sc. degree in Social Policy and Planning in developing countries. He has held several posts in both State and Central Governments.

Shri U.C. Grover is Director (Technical & Offshore Services) since April 2006. He has graduated as Marine Engr. from DMET Kolkata and is MOT 1st Class.

Shri Kailash Gupta is Director (Personnel & Administration) since July 2006. He is a post graduate in Personnel Management from XLRI, Jamshedpur, and also has degree in law from the University of Delhi. Shri Gupta has also worked with NALCO Ltd. as General Manager (HRD & Administration) for over six years prior to joining SCI.

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 the former Chairman and Managing Director of IDBI and is presently a Director in many prominent companies. He holds a Master's degree in Commerce, and is also an alumnus of IIM, Geneva. He has also been appointed as a Member on the Committee for selecting Private Sector Industries for participation in defence production programmes of the Ministry of Defence, Government of India.

Shri B.K. Mandal is Director (Finance) since November 2005 and is a post graduate in Management from the Indian Institute of Management, Ahmedabad and also a Fellow member of the Institute of Cost & Works Accountants of India. Shri Mandal was working in NTPC Ltd., Delhi, as General Manager (Finance) and has also worked with BHEL in the initial years of his career.

Shri R.K. Mitra is Director (Bulk Carrier & Tankers) since April 2004 and holds B.E. degree in Mechanical Engineering from B.E. College, Shibpur and also possesses Certificate of Competency from MOT. He has vast experience and knowledge in management, technical, commercial and other allied subjects in shipping.



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.

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. Padma Shree Dr. Pritam Singh 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, a Post Graduate Diploma in Business Administration, IIM, Ahmedabad and a diploma in professional Ship Management, Norwegian Shipping Academy, Oslo. He has vast experience and knowledge in stevedoring operations, contracting, liner and coastal operations, bulk carrier and tanker operations, etc.

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 UTI Bank, Max Newyork Life Insurance Company. 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 is the founding Vice Chairman & Managing Director of SCICI Ltd. He served as consultant to the Asian Development Bank.

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NOTICE OF MEETING

NOTICE is hereby given that the 56th 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 Friday, the 29th September 2006 to transact the following as:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2006, Profit and Loss Account for the year ended on that date and Reports of Auditors and Directors thereon.
2. To confirm the declaration and payment of interim dividend as final dividend.
3. To appoint a Director in place of Shri S.S. Rangnekar who retires at this meeting and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Pritam Singh who retires at this meeting and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri R.K. Mitra who retires at this meeting and being eligible, offers himself for re-appointment.
6. To fix the remuneration of the Auditors.

SPECIAL BUSINESS BY ORDINARY RESOLUTION

7. To appoint a Director in place of Shri B.K. Mandal who under Article 125 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 holds office only upto the date of this Annual General Meeting and from whom the Company has received a notice in writing signifying his candidature to the office of Director and who is eligible for appointment.
8. To appoint a Director in place of Shri U.C. Grover who under Article 125 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 holds office only upto the date of this Annual General Meeting and from whom the Company has received a notice in writing signifying his candidature to the office of Director and who is eligible for appointment.
9. To appoint a Director in place of Shri Kailash Gupta who under Article 125 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 holds office only upto the date of this Annual General Meeting and from whom the Company has received a notice in writing signifying his candidature to the office of Director and who is eligible for appointment.

BY SPECIAL RESOLUTION

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

RESOLVED that approval of the Shareholders be and is hereby accorded to the amendment of Article 150(2)(e) & 150(2)(h) of the Articles of Association of the Company as follows:



Article 150(2)(e)

Existing	Proposed Amendment
Formation of a subsidiary company or companies of the Company.	Formation of a subsidiary company or companies of the Company, setting up Joint Venture companies, acquiring other companies or merging the acquired entities amongst themselves. Provided that: Notwithstanding anything contained elsewhere in the Articles, no such prior approval of the President of India shall be required, subject to provision of the Act, to form or establish wholly or partly owned companies or subsidiaries or acquiring other companies or merging the acquired entities amongst themselves or forming joint venture company/(ies) in India or abroad subject to the compliance of Government Guidelines issued from time to time and as may be applicable to the Company.

Article 150(2)(h)

Existing	Proposed Amendment
Agreements involving foreign collaboration proposed to be entered into by the Company.	Agreements involving foreign collaboration proposed to be entered into by the Company other than those provided in sub clause (e) above.

RESOLVED FURTHER that approval of the Shareholders be and is hereby accorded to the insertion of new sub article (23) and (24) after the existing Article 166(22) of the Articles of Association of the Company as follows:

- (23) To structure and implement schemes relating to personnel and human resource management, training, voluntary or compulsory retirement schemes etc.
- (24) To delegate the powers relating to Human Resource Management i.e. appointments, transfers, posting, etc. of below Board level executives to the sub - committees of the Board or the executives of the company, as may be decided by the Board.

**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, Madame Cama Road,
Mumbai - 400 021.

Dated : 17th August 2006

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 22.09.2006 to 29.09.2006 (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 (India) Pvt. Ltd. (Investor Relation Centre)
912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai - 400 021.

- d) Pursuant to the provisions of Section 205A of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of 7 years would be transferred to the "Investor Education and Protection Fund (IEPF)", constituted by the Central Government and member(s) would not be able to claim any amount of dividend so transferred to the Fund. Therefore, member(s) who have not yet encashed his/their dividend warrant(s) is/are requested in his/their own interest to write to the Company Secretary immediately for claiming outstanding dividend declared by the Company for the year 1998-99 and onward.

The dividend paid for the year 1995-96, 1996-97 and 1997-98, and remaining unclaimed/unpaid has already been transferred to the IEPF.



ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

The following explanatory statement sets out all the material facts relating to special business mentioned at Item Nos. 7, 8, 9 and 10 of the accompanying Notice dated 17th August, 2006 convening the 56th Annual General Meeting of the Company.

Item No. 7 of the Notice

The Company has received a communication in writing from the Govt. of India, Department of Shipping, Ministry of Shipping, Road Transport & Highways, conveying the nomination of Shri B.K. Mandal by the President of India for appointment as Director, for a period of five years with effect from the date of assumption of charge of the post or till the date of his superannuation or until further orders, whichever is earlier. Accordingly, Shri Mandal was appointed as Director by the Board of Directors. In accordance with Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting.

Shri Mandal is a post graduate in Management from the Indian Institute of Management, Ahmedabad and also a Fellow member of the Institute of Cost & Works Accountants of India. Prior to joining the Shipping Corporation of India, Shri Mandal was working in NTPC Ltd., Delhi, as General Manager (Finance). He also worked with BHEL in the initial years of his career.

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

Item No. 8 of the Notice

The Company has received a communication in writing from the Govt. of India, Department of Shipping, Ministry of Shipping, Road Transport & Highways, conveying the nomination of Shri U.C. Grover by the President of India for appointment as Director (Technical & Offshore Services), with effect from the date of assumption of charge of the post till the date of his superannuation or until further orders, whichever is earlier. Accordingly, Shri Grover was appointed as Director by the Board of Directors. In accordance with Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting.

Shri Grover has graduated as Marine Engineer (DMET, Kolkata) and is MOT 1st class. He has vast experience and knowledge in ship management (both technical & commercial), marketing, liner conference/bilateral matters, container operations, etc. He also has experience in maritime training.

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

Item No. 9 of the Notice

The Company has received a communication in writing from the Govt. of India, Department of Shipping, Ministry of Shipping, Road Transport & Highways, conveying the nomination of Shri Kailash Gupta by the President of India for appointment as Director (Personnel & Administration) for a period of five years with effect from the date of assumption of charge of the post or till the date of his superannuation or until further orders, whichever is earlier. Accordingly, Shri Gupta was appointed as Director by the Board of Directors. In accordance with Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting.



Shri Kailash Gupta is a post Graduate in Personnel Management from XLRI, Jamshedpur and also holds a law degree from the University of Delhi. Prior to joining the Shipping Corporation of India, Shri Gupta was working in NALCO Ltd. as General Manager (HRD & Administration). He has worked at responsible executive levels in a varied mix of industry in large scale private and public enterprises in light engineering, super thermal & hydroelectric power projects/power utility, hospitality services and mines & mineral sector in human resources management/development, industrial relations, administrative support services, legal affairs and corporate communications & media affairs.

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

Item No. 10 of the Notice

The Central Government in pursuance of its policy objective to make Public Sector more efficient and competitive, has decided to grant enhanced autonomy and delegation of powers to profit making Public Sector Enterprises/ Mini Ratnas by means of the Guidelines DPE O.M. No.11/36/97-Fin dated 9th October, 1997 issued by the Department of Public Sector Enterprises. This delegation of powers has been further enhanced vide Guidelines DPE O.M. No. 18(24)/2003 -GM-GL.65 dated 05th August 2005. The guidelines have also permitted the PSE to establish joint ventures and subsidiaries in India subject to certain conditions. This guideline interalia, also gives powers to the Board for merger and acquisitions, subject to certain conditions.

The Company being eligible to avail the benefits under this scheme as per the eligibility criteria laid down in the Guidelines, your Board decided to exploit these benefits in the best manner possible to gain competitive advantage for the Company.

In so far as Article 150(2)(e) is concerned, though the Articles of Association does not contain any restriction on the ability of the Company to form joint ventures in India, however the Articles of Association does not permit the Company to form joint ventures outside India. By the proposed amendments, the Company will be in a position to form joint ventures outside India as and when permitted by the Government guidelines.

The members are requested to approve the amendment to the Articles of Association.

Your Directors recommend the Special Resolution for approval of the Shareholders.

None of the Directors of the Company is concerned or interested in this Special Resolution.

The copies of Memorandum and Articles of Associations and all relevant Government/DPE guidelines, and other relevant documents are open for inspection during the business hours of the Company at its Registered office.

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

Dipankar Halder

Company Secretary & Legal Incharge

Registered Office:

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

Dated : 17th August, 2006

