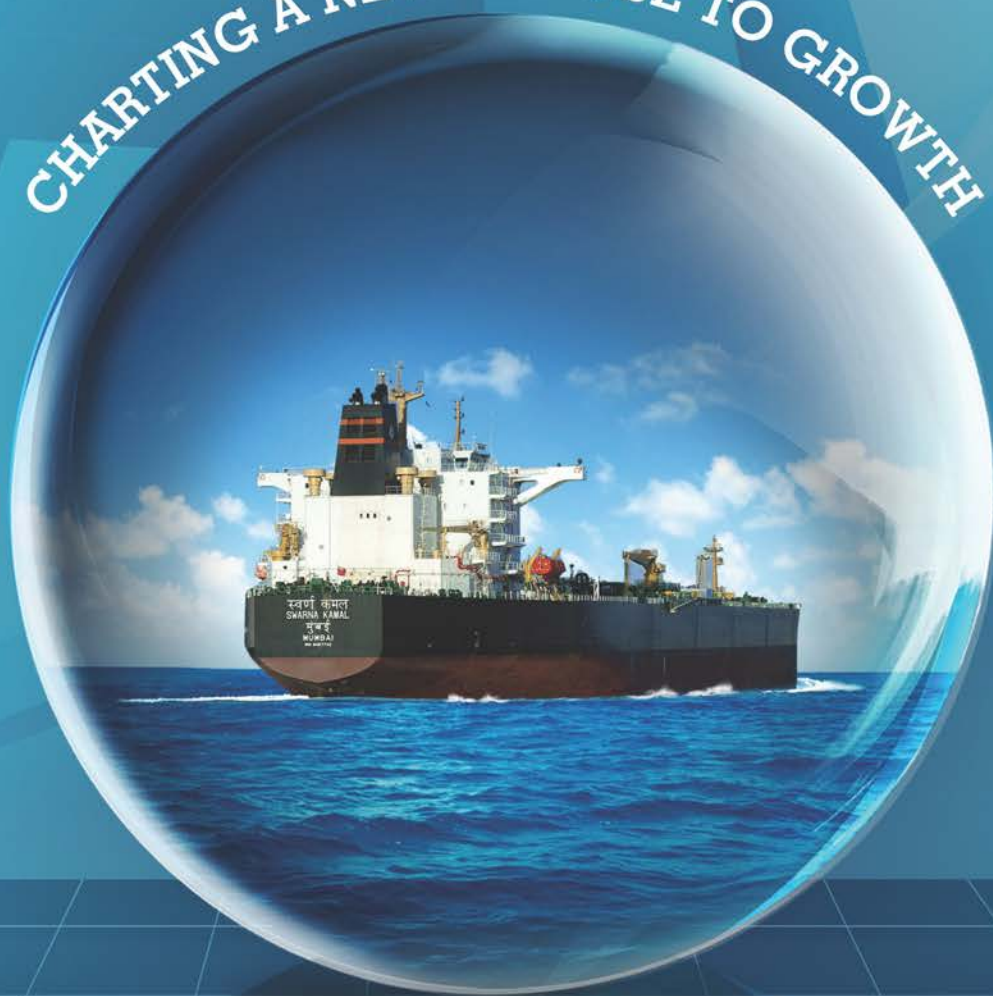




CHARTING A NEW COURSE TO GROWTH



**भारतीय नौवहन निगम लिमिटेड**

(भारत सरकार का उद्यम)

पंजीकृत कार्यालय: शिपिंग हाउस, 245, मादाम कामा रोड, मुंबई-400 021.

कार्गो मंजिल तक पहुंचाए. जीवन को राह दिखाए.



**SCIL**

Navratna Company  
ISO 9001 - 2008 Company

**The Shipping Corporation Of India Ltd.**

(A Government of India Enterprise)

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

Transporting Goods. Transforming Lives.



# Exploring New Vistas, Scaling New Heights

## SCI @ Maritime India Summit - 2016



Hon' PM Shri Narendra Modi releasing National Perspective Plan on Sagarmala Project



Hon' Home Minister Shri Rajnath Singh addressing the gathering



Capt. B B Sinha, CMD, SCI signing MOU with Mr Amitabh Verma, Chairman, IWAI.



Capt. B B Sinha, CMD, SCI signing MOU with Mr Yaduvendra Mathur, CMD, EXIM Bank.

The Maritime India Summit, a maiden flagship initiative of the Ministry of Shipping, Government of India, was held in Mumbai from 14<sup>th</sup> April to 16<sup>th</sup> April. It was inaugurated by the Hon'ble Prime Minister Shri Narendra Modi. It provided a unique platform for participation, engagement and interaction to explore potential business opportunities in Indian Maritime Sector. The Shipping Corporation of India participated in the summit in a big way and explored the opportunities by signing various MoUs with different organisations including IWAI.

The summit resulted in generating business agreements for ₹ 82,905 crore investments and signing of a total of 141 MoUs, besides playing a key role in highlighting the role of port led development for faster and sustainable economic growth. The National Perspective Plan of Sagarmala project was also released at the summit by the Hon'ble Prime Minister. The plan underlined Government's seriousness & commitment in boosting port led infrastructure development. An exclusive CEOs' Forum of select industry leaders, chaired by Hon'ble Minister for Shipping, Road, Transport and Highways, Shri Nitin Gadkari, was also held. The Minister interacted with over 100 foreign delegates and assured them the ease of doing business in India.

The Maritime India Summit saw more than 5000 delegates around the globe. It saw the participation of 197 exhibitors including 81 international companies, 80 Indian private sector companies and 36 Government owned entities. It also featured 13 thematic sessions and 3 special sessions on various aspects of maritime. Around 240 projects with an investment potential of ₹ 4.34 lakh crores were also showcased. The Maritime Heritage Museum, built in the form of a container ship with interiors resembling a Spanish Galleon was an added attraction. The museum depicted the 5000 years rich maritime heritage of India, right from the earliest port at Lothal to the modern days of shipping in the form of artifacts, replicas, photographs, maps and navigation equipments.



The Shipping Corporation of India was established on October 2nd, 1961. For the last fifty four years, Shipping Corporation of India has been providing yeoman service to the country's economy by meeting its ocean transport requirements. Starting out as a marginal Liner Shipping Company with just 19 vessels, the SCI has today emerged as the undisputed leader in India's shipping industry. The SCI continues to be the only Indian mainline carrier providing liner services from India to the major global destinations.

SCI's owned fleet includes Bulk carriers, Crude Oil tankers, Product tankers, Container vessels, Passenger-cum-Cargo vessels, LPG/ Ammonia carriers and Offshore Supply vessels. Sailing through for more than five decades, the SCI today has a significant presence on the global maritime map.

As the country's premier shipping line, the SCI owns and operates around 37% of the Indian tonnage, and has operating interests in practically all areas of the shipping business; servicing both national and international trades.

With a highly diversified fleet and a network covering several major sea routes, SCI reaffirms its commitment to remain highly responsive and efficient in terms of its services, thus keeping abreast of latest developments in shipping industry and maintaining itself as largest and most diversified shipping company in India.



**SCI**

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Capt.B.B. Sinha**

Chairman & Managing Director and  
Director (P&A)

**Shri Sanjeev Ranjan**

Government Director

**Shri Barun Mitra**

Government Director

**Shri Arun Balakrishnan**

Director

**Shri Sukamal Chandra Basu**

Director

**Capt. K. Devadas**

Director

**Smt. H.K. Joshi**

Director

**Shri S.V. Kher**

Director

**Capt. S. Narula**

Director

**Shri Dipankar Haldar**

Executive Director (Legal Affairs) &  
Company Secretary

### STATUTORY AUDITORS

#Messrs. MKPS & Associates, Mumbai

Messrs. GMJ & Co., Mumbai

##Messrs. G.D. Apte & Co., Mumbai

### 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  
E-2, Ansa Industrial Estate, Sakivihar  
Road, Saki Naka, Andheri (E),  
Mumbai – 400 072

Email : investor@bigshareonline.com

Telephone 022 40430200

#upto Financial Year 2015-16

## For Financial Year 2016-17





# Chairman's Message

Ladies and Gentlemen,

I have great pleasure to place before our esteemed shareholders, the 66th Annual Report of the Company for the financial year 2015-16. The said report describes in detail the working of your Company for the financial year ended 31st March 2016. I would like to briefly apprise you about the performance of your Company during the aforesaid year.

## **Financials:**

It is a matter of pride to state that despite extremely challenging times and unfavourable market conditions, we reported a consolidated net profit of Rs. 389.4 crores despite an impairment loss of Rs. 136 crores for the year ended 31st March 2016 against a net profit of Rs. 200.93 crores for the year ended 31st March 2015. The losses due to unprecedented downturn in the dry bulk markets have been partially offset by the rally in the tanker markets.

While the net income from operations has almost remained flat, the appreciable decrease in various expenses including bunkers, steady tanker freights and change in depreciation policy have contributed to the positive results. The overall financial health of the company has improved & our borrowings are reduced.

## **Global Shipping Scenario:**

Shipping industry has always been known to be cyclical however the prevailing downward cycle has prolonged making it the worst shipping downturns in living memory. It has been eight years since the onset of global financial crisis and we are still in search of a sustainable growth path. Though the world economy grew 3.1% last year (as per IMF), but a robust and sustained recovery still remained elusive. Resultantly the global shipping industry is still struggling to come out of its unprecedented long recession.

The shipping business has been a victim of excess supply of ships hitting the market, putting pressures on freight rates. The dry bulk and container markets have been the worst affected, with no signs of recovery in the near future. Our industry is largely driven by the market forces i.e. supply of tonnage & demand of the world trade. World trade is dominated by the developed and the developing economies. However a slowdown in China's growth and fall in demand in Europe & US have contributed to the subdued business environment. Leading exporters Russia and Brazil have been in recession for over a year now.

Recently, the fear of UK's exit from Eurozone has also been causing anxiety to the world trade especially the financial markets. The UK's imports account for an estimated 2% of global seaborne trade and its exports 1%. In fleet ownership or trade terms, the UK alone is not so significant (though the EU as a whole is accounting for an estimated 16% of seaborne imports and 12% of exports.). The more important impact might be the wider fallout of uncertainty surrounding the 'Brexit' which will play out in the next few months.

### **Operations:**

The shale gas revolution in the North American continent has drastically changed the dynamics of the crude tanker trade. The OPEC countries have maintained their production levels despite the falling crude oil prices, triggering a price war with non-OPEC nations. Lower world crude oil prices have translated to lower bunker prices which have in turn contributed to the reduction in direct operating expenses of ships. SCI's fleet has also benefitted to that extent. Iran is back in business and is coming to the market in a big way. Oil and petrochemical products constitute a major part of Iranian exports and India is one of the major buyers of Iranian oil. On 16th January 2016, EU & UN lifted sanctions on Iran, US also lifted the secondary sanctions however the primary US sanctions remain in place. After lifting of sanctions, after a gap of almost four years, SCI has resumed shipment of Crude Oil from Iran. SCI's Suezmax tanker MT 'Ankleshwar' loaded Crude Oil from Kharg Island for discharging at Visakhapatnam. The voyage was performed under COA with M/s. HPCL. We also have COAs with M/s. BPCL and M/s. MRPL which will require us to lift crude from Iran.

India's appetite for import of crude is ever increasing. Based on EIA estimates, imports supplied 75% of the India's total liquid fuels demand, as India's total liquid fuels consumption in 2015. Presently SCI carries about 50% of Indian crude imports by Indian fleet. SCI carries almost 100% of crude oil on the Indian coast for PSU refineries on its tankers.

The dry bulk trade during the last year has seen unprecedented lows bankrupting many companies in the dry bulk business. The Baltic Dry Index (BDI) touched an all time low of 290 on 10th February, 2016 and continues to hover at 700 levels. At this rate the owners / operators of dry bulk carriers do not recover their daily standing charges. Presently around 14.2% of world dry bulk fleet is on order which makes a revival in the dry bulk market in near term very difficult. However during the last quarter of FY16 scrapping of dry bulk tonnage has touched an all time high (14 million DWT scrapped in Q4 FY16) which makes the outlook relatively promising as the tonnage growth would be arrested. The global dry bulk trade is expected to grow at an average of over 2% during the next 3-4 years. This will only augment the freight to opex levels indicating an uninspiring modest recovery. China is a key player and much will depend upon its domestic steel demand and production.

In the Container segment losses have been piling up as liner freights have dipped below even 2009 global financial crisis levels. The industry is reeling under the impact of larger mega ships entering the market with cascading effects on freight rates which are in a free fall. However newbuilding orders have come to a virtual stop which is a respite for now. The liner business is suffering from negative operating results. In the current market a Panamax size vessel of approx 4300 TEU has negative earnings of about USD 2000 per day. Liner companies have been reshuffling their partnerships to form global alliances with an aim to achieve cost savings and enhance profitability through operational collaboration and network optimization. Barring few companies, the performance of the liner companies during the fiscal has been dismal primarily due to fast deteriorating market conditions and low load factors. SCI's liner fleet though small has not been able to shield itself from such adverse conditions.

### **Ship Acquisition Programme:**

SCI prides in having a diversified fleet of 69 vessels of 5.89 mn DWT with an average age about 9 years. The present downturn in world shipping has also resulted in the decline in the prices of certain asset classes especially Bulk Carriers and Offshore assets which presents us with an opportunity to strategically place orders and increase our fleet size. With the CAPEX plan for FY2016-17, SCI has ambitious plans to augment its tanker and offshore tonnage through acquisition of secondhand vessels.

### **Other Corporate Developments:**

To remain in business, organizations have to constantly think of newer ideas. We have restructured our SMILE service synergizing SCI's services with M/s. Shreyas's services to seamlessly link the Persian Gulf with East Coast of India and West Coast of India, thereby, further strengthening and expanding SCI's presence in the Coastal Shipping Sector. We have also resumed the India Myanmar Liner service and talks are on for extending the service to certain South East Asian Ports. I am also happy to share that ONGC has entrusted the management of its MODUs 'Sagar Vijay' & 'Sagar Bhushan' for a period of six years. I am also happy to share with you that SCI has been entrusted with the technical management of 17 Foreshore vessels belonging to the Andaman & Nicobar Administration. These vessels will be managed from our Port Blair Office thus taking the total number of ships being managed from Port Blair to 28. To take advantage of the increasing opportunities in Inland Waterways, SCI has signed an MOU with Inland Waterways Authority of India during the Maritime India Summit 2016 and is in the process of forming a wholly owned subsidiary to undertake 'Inland Waterways' transportation on National Waterways-1, 2 & 5. This new company will be headquartered at Kolkata.

### **Way Forward:**

India's GDP grew by 7.9% during the last quarter of FY 2015-16 aggregating to 7.6% growth for the whole of FY 2015-16. If the current rate of growth is sustained, India is projected to clock 8% growth for FY 2016-17, thus reinforcing its position as the fastest growing major economy as predicted by the World Bank.

However, the global shipping sector continues to sail in stormy waters and it is time that we explored hitherto unchartered waters for our survival. We have also increased our attention to the 'Inland Waterways' and 'Coastal Shipping'.

### **Acknowledgements:**

I would like to express my sincere gratitude to Shri Nitin J. Gadkari, Union Minister of Shipping, Government of India, for providing support to your Company. I would also like to thank Shri Pon Radhakrishnan, Minister of State for Shipping & Shri Mansukhlal Mandaviya, Minister of State for Shipping for his encouragement. I wish to express my gratitude to Shri Rajive Kumar, Secretary (Shipping) for the guidance provided by him. I sincerely acknowledge the support of all other officials of the Ministry of Shipping and various departments of Government of India.

I am thankful to all my colleagues on the Board whose support and guidance has assisted us in carrying out the affairs of your Company amicably and smoothly. I also wish to express my deep sense of gratitude to all the stakeholders, shareholders, all employees (shore & floating) for their continued support and dedication.

### **Conclusion:**

As the adage goes, a smooth sea never made a skillful sailor, your Company has also learnt immensely during the last few years surviving through the tough times and adverse market conditions. Your company has served the nation for about 55 years and continues to remain fundamentally strong and operationally dynamic aspiring to achieve greater success. I seek continued support and patronage of all stakeholders in the company's efforts to march forward with a renewed vigour.

**Captain B. B. Sinha**  
**Chairman & Managing Director**



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



Navratna Company  
ISO 9001 - 2008 Company

## **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 fulfil 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, Health and Environmental performance.

## BOARD OF DIRECTORS



### **Capt. B.B. Sinha, Chairman & Managing Director / Director (Personnel & Administration)**

Capt. B. B. Sinha has been entrusted with the additional charge of C&MD of SCI w.e.f. 01.01.2016 consequent to the superannuation of Shri A.K.Gupta, Ex-CMD. Capt. B. B. Sinha is the Director of Personnel & Administration since 01.01.2013. Capt. Sinha has served around 38 years at responsible executive levels in Shipping Industry consisting of 16 years of sea service and 22 years of shore service at SCI in shipping management, bulk carriers, tankers, chemicals, LPG & LNG operations. Capt. Sinha is a Director of Baltic & International Maritime Council (BIMCO), Director of Steamship Mutual Underwriting Association (Bermuda) Ltd and a Director of Indian Register of Shipping,. He is also the Chairman of the Governing Council of the prestigious Narottam Morarjee Institute of Shipping (NMIS) at Mumbai



### **Shri Sanjeev Ranjan, Government Director**

Shri Sanjeev Ranjan, was appointed ex officio part time Director on the Board of Directors in September 2015. Shri Sanjeev Ranjan serves as Additional Secretary and Financial Adviser in the Ministry of Shipping and is also on the Boards of ITDC, IPRCL, MPT and IWAI.

Shri Ranjan specializes in information technology, energy, transport; infrastructure development and finance and has worked in these areas as Managing Director, Road Transport Corporation; Principal Secretary, Department of Power; Secretary, Border Roads Development Board and Joint Secretary (Border infrastructure), Ministry of Defence. He also has been a Director on the Boards of NEEPCO, OTPC, NEPTC, MECL, CCI and the NDDB.

Shri Ranjan is a BTech (Electrical Engineering) from IIT Kanpur; MBA(Finance), FMS Delhi; M Phil (Economics), Glasgow; MPhil (Strategic Studies); MPM, NUS Singapore and PhD with thesis on ICT use and firm efficiency from IIT Delhi. He is an alumnus of the National Defence College and was a Lee Kuan Yew Fellow at the Harvard University.



### **Shri Barun Mitra, Government Director**

Shri Barun Mitra, Joint Secretary (Shipping) Ministry of Shipping and ex-officio part-time Director of the company was appointed on the Board of Directors in January 2015. Shri Barun Mitra, an IAS Officer from Manipur cadre of 1987 batch is a post graduate in History from Delhi University. Shri Mitra also holds a law degree from Delhi University besides holding a Postgraduate Diploma in Patents Law, Trademark and Copyrights from NALSAR, Hyderabad. Before joining IAS, Shri Mitra was in the IRS. He has served in various senior positions in the State Government of Manipur including Principal Secretary in the Departments of Finance, Planning and Rural Development, Government of Manipur and also served as Principal Secretary to Chief Minister from 2012-14. Shri Mitra has also served earlier in the Government of India on Central deputation as Deputy Secretary in the Ministry of Human Resource Development. He also served in the President's Secretariat from 1998 to 2012

including as Joint Secretary to the President from 2007 to 2012.



### **Shri Arun Balakrishnan**

Shri Arun Balakrishnan superannuated as Chairman & Managing Director of Hindustan Petroleum Corporation Ltd (HPCL), a Fortune 500 Company, in 2010 after having joined the company as a Management Trainee in 1976.

A Chemical Engineer, with a Post Graduate Diploma in Management from the Indian Institute of Management, Bangalore, he has held functions such as Marketing, Operations, Import-Export, Human Resources, etc. at HPCL. He is also the Founder Chairman of HPCL-Mittal Energy Ltd.(HMEL),a Joint Venture Company of HPCL and L.N. Mittal Investments, and is currently an Independent Director of the Board.

Additionally, Shri Balakrishnan is Non Executive Independent Director on the Boards of a number of prestigious companies in the Oil & Gas, Power, Real Estate, Space, Trading, Commodities Exchange, etc. He is the recipient of "The Distinguished Alumni Award 2008" from his alma mater, the Indian Institute of Management, Bangalore amongst others.