



A Navratna Company
ISO 9001:2008

भारतीय नौवहन निगम लिमिटेड

(भारत सरकार का उद्यम)

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

फोन: 91-22-2202 6666, 2277 2000 फैक्स: 91-22-2202 6905 वेबसाइट: www.shipindia.com

The Shipping Corporation Of India Ltd.

(A GOVERNMENT OF INDIA ENTERPRISE)

Regd. Office: Shipping House, 245, Madame Cama Road, Mumbai-400 021. Ph: 91-22 2202 6666, 2277 2000

Fax: 91-22 22026905 • Website: www.shipindia.com

सीआईएन/CIN-L63030MH1950G0I008033

Ref.No.: A10-SEC- BD-808-16

26.05.2016

To,

Corporate Relationship Department,
Bombay Stock Exchange Ltd, 1st Floor, New
Trading Ring, Rotunda Building, P.J. towers,
Dalal Street, Fort, Mumbai – 400 001

The Manager,
Listing Department, **The National Stock
Exchange of India Ltd.**, 'Exchange Plaza'
Bandra-Kurla Complex, Bandra (East)
MUMBAI - 400 051.

The Secretary
The Calcutta Stock Exchange Association Ltd.
7, Lyons Range, KOLKATA 700 001.

Dear Sir,

Compliance of Regulations 30 and 33 of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

At the meeting of Board of Directors of SCI held on 26.05.2016, the Audited Financial Results for quarter and Financial year ended on 31.03.2016 were approved.

Please find enclosed herewith following:

- 1) A copy of Audited Financial results for Quarter and Financial Year ended on 31.03.2016.
- 2) Statement of Assets and Liabilities.
- 3) Copy of 'Audit Report' by Auditors of the company.
- 4) Form B (For Audit report with modified opinion) for the period ended 31.03.2016.

The Meeting of the Board of Directors commenced at 11am and concluded at 7:15pm.

Thanking You,

Yours faithfully,

कृते भारतीय नौवहन निगम लिमिटेड
For THE SHIPPING CORPORATION OF INDIA LTD.

दिपांकर हालदार
कार्यकारी निदेशक (विधिक मामले) एवं कंपनी सचिव
Executive Director (Legal Affairs) & Company Secretary

THE SHIPPING CORPORATION OF INDIA LTD.
AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2016

SR NO	PARTICULARS	Amount in ₹lakhs				
		QUARTER ENDED			YEAR ENDED	
		31.03.2016 (AUDITED)	31.12.2015 (UNAUDITED)	31.03.2015 (AUDITED)	31.03.2016 (AUDITED)	31.03.2015 (AUDITED)
1 a)	Income from Operations	98,122	97,411	1,02,831	4,07,828	4,15,373
b)	Other Operating Income	260	1,293	1,296	3,411	3,385
c)	Profit on Sale of Ships	-	-	3,503	-	12,055
	Total Income from Operations	98,382	98,704	1,07,630	4,11,239	4,30,813
2	Expenditure -					
a)	Employee Cost (shore & floating)	12,457	11,324	12,394	45,737	41,364
b)	Bunker	10,275	16,402	20,145	63,750	1,18,420
c)	Port dues	8,172	9,845	9,189	34,566	36,066
d)	Cargo Handling Expenses	3,834	4,652	4,166	16,799	16,418
e)	Repairs & Maintenance	8,991	11,061	5,399	33,566	25,947
f)	Charter Hire	9,591	11,128	11,653	50,382	47,371
g)	Provisions	4,196	258	927	5,277	5,811
h)	Depreciation	14,680	14,801	18,976	57,995	77,016
i)	Impairment on assets	13,638	-	-	13,638	-
j)	Other Expenses	13,770	11,393	11,947	47,559	43,627
	Total Expenses	99,604	90,864	94,796	3,69,269	4,12,040
3	Profit from Operations before Other Income, finance costs & Exceptional Items (1-2)	(1,222)	7,840	12,834	41,970	18,773
4 a)	Interest Income	2,838	2,612	3,287	11,320	14,589
b)	Other Income	1,012	1,278	92	5,161	12,191
	Total	3,850	3,890	3,379	16,481	26,780
5	Profit before finance cost and Exceptional	2,628	11,730	16,213	58,451	45,553
6	Finance Costs	3,980	3,964	3,544	16,060	17,940
7	Profit from ordinary activities after finance cost but before Exceptional Items (5-6)	(1,352)	7,766	12,669	42,391	27,613
8	Exceptional Items	-	-	-	-	-
9	Profit from Ordinary Activities before Tax (7-8)	(1,352)	7,766	12,669	42,391	27,613
10	Provision for Current Tax	(650)	1,800	2,520	4,650	7,520
11	Net Profit from Ordinary Activities after Tax (9-10)	(702)	5,966	10,149	37,741	20,093
12	Extra Ordinary Items	-	-	-	-	-
13	Net Profit (11-12)	(702)	5,966	10,149	37,741	20,093
14	Paid Up Equity Share Capital (Face value Rs.10 each)	46,580	46,580	46,580	46,580	46,580
15	Reserves excl Revaluation Reserves as per Balance Sheet				6,44,459	6,06,780
16	Earning per Share (in Rs.)					
a)	Basic and diluted EPS before Extraordinary Items	(0.15)	1.28	2.18	8.10	4.31
b)	Basic and diluted EPS after Extraordinary Items	(0.15)	1.28	2.18	8.10	4.31



Segment-wise Revenue, Results and Capital Employed					Amount in ₹lakhs	
SR NO	PARTICULARS	QUARTER ENDED			YEAR ENDED	
		31.03.2016 (AUDITED)	31.12.2015 (UNAUDITED)	31.03.2015 (AUDITED)	31.03.2016 (AUDITED)	31.03.2015 (AUDITED)
1	Segment Revenue					
	i. Liner Segment	10,468	12,698	19,536	53,471	90,185
	ii. Bulk Segment	79,776	77,103	79,265	3,22,480	3,04,651
	iii. Technical & Offshore Segment	7,939	8,455	8,492	33,955	34,891
	iv. Others	199	448	337	1,333	1,086
	Total	98,382	98,704	1,07,630	4,11,239	4,30,813
	Unallocated Revenue	1,012	1,278	92	5,161	12,191
	Total	99,394	99,982	1,07,722	4,16,400	4,43,004
2	Segment Results					
	Profit/(Loss) before Tax and Interest					
	i. Liner Segment	(4,575)	(6,024)	1,042	(15,900)	1,571
	ii. Bulk Segment	4,889	10,719	9,667	49,357	4,599
	iii. Technical & Offshore Segment	1,304	2,641	2,496	10,401	11,310
	iv. Others	47	392	267	1,008	720
	Total	1,665	7,728	13,472	44,866	18,200
	Add: Unallocated income (Net of expenditure)	(1,875)	1,390	(546)	2,266	12764
	Profit before Interest and Tax	(210)	9,118	12,926	47,132	30,964
	Less: Interest Expenses	3,980	3,964	3,544	16,060	17940
	Add: Interest Income	2,838	2,612	3,287	11,320	14589
	Profit before Tax	(1,352)	7,766	12,669	42,392	27,613
3	Capital Employed					
	i. Liner Segment	7,576	7,153	25310	7,576	25310
	ii. Bulk Segment	9,84,099	10,34,034	983297	9,83,247	983297
	iii. Technical & Offshore Segment	1,19,693	1,26,965	131237	1,20,768	131237
	iv. Others	66	170	(88)	66	(88)
	Total Capital Employed in Segments	11,11,434	11,68,322	11,39,756	11,11,657	11,39,756
	Unallocable Capital Employed	53,866	22,267	35342	53,866	35342
	Total Capital Employed in Company	11,65,300	11,90,589	11,75,098	11,65,523	11,75,098



The Shipping Corporation of India Limited

Balance Sheet as at 31st March 2016

Particulars	As at 31st March, 2016 ₹ In lakhs	As at 31st March, 2015 ₹ In lakhs
I EQUITY AND LIABILITIES		
(1) Shareholders' Funds:		
(a) Share capital	46580	46580
(b) Reserves and surplus	644459	606780
(2) Non-current liabilities		
(a) Long-term borrowings	459801	556994
(b) Other Long-term liabilities	9	41
(c) Long-term provisions	14451	13797
(3) Current liabilities		
(a) Short term borrowings	-	3500
(b) Trade payables	98961	97695
(c) Other current liabilities	179067	163217
(d) Short-term provisions	6763	4257
TOTAL	1450091	1492861
II ASSETS		
(1) Non-current assets		
(a) Fixed Assets		
(i) Tangible assets	1160282	1143237
(ii) Intangible assets	58	1209
(iii) Capital work-in-progress	-	49093
(b) Non-current investments	2734	1296
(c) Long-term loans and advances	45277	51321
(d) Other non-current assets	1242	1215
(2) Current assets		
(a) Current investments	3795	7718
(b) Inventories	8558	9193
(c) Trade Receivables	70882	78782
(d) Cash and Bank balances	128625	125616
(e) Short-term loans and advances	20051	13930
(f) Other current assets	8587	10251
TOTAL	1450091	1492861

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Notes:

1. The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 26.05.2016.
2. Segment Results:
 - a. Segment definitions: Liner segment includes break-bulk, container transport, passenger vessels and also passenger vessels & research vessels managed on behalf of other organisations. Bulk segment includes tankers (both crude and product), dry bulk carriers, gas carriers, phosphoric acid carriers and LNG vessels managed on behalf of joint venture companies. Technical & Offshore services segment include company owned offshore vessels, offshore vessels managed on behalf of other organisations and income from technical consultancy. Others segment include income earned from Maritime Training Institute. Unallocable items and interest income/expenses are disclosed separately.
 - b. Expense & Revenue items are allocated vessel wise wherever possible. Expense & revenue items that cannot be allocated vessel wise are allocated on the basis of unit cum GRT method i.e. 50% allocated on the basis of units & balance 50% on the basis of adjusted GRT. For vessels which are bigger than 20000 GRT, GRT is adjusted to one third of GRT or 20000 GRT, whichever is more.
 - c. Agent Advances are allocated to segments in the ratio of expenses booked by agents during the period.
3. The details of foreign exchange loss/gain for the period/year is as under:

₹ in lakhs		
Period	Capitalised to cost of vessels	Included in "Other income"
For the quarter ended 31 st March, 2016	162 lakhs (gain)	771 lakhs (gain)
For the quarter ended 31 st December, 2015	4856 lakhs (loss)	820 lakhs (loss)
For the quarter ended 31 st March, 2015	8005 lakhs (gain)	110 lakhs (loss)
For the year ended 31 st March, 2016	37631 lakhs (loss)	1324 lakhs (gain)
For the year ended 31 st March, 2015	28260 lakhs (loss)	1169 lakhs (loss)

4. The agency agreement with the agent at UAE ports was terminated w.e.f. 21.03.2015. The Company has invoked revolving bank guarantee of USD 1.6 million to recover outstanding dues of ₹ 1115 lakhs from the said agent. However, the agent has got injunction through court on encashment of bank guarantee. The company has already submitted all the documents to its appointed lawyers to enable the vacation of the injunction. Till date, 14 hearings/adjournments have taken place. Further, the Company is also simultaneously pursuing the matter with the agent for reconciliation of accounts and the bank has confirmed its liability to honour the bank guarantee once the Court injunction is lifted. Since the matter is still sub-judice in the Court of Fujairah, no provision is made in the books on this account as on 31.03.2016.
5. During the year the company has adopted the useful life of 25 years in respect of Tankers & Offshore vessels which is different from the useful life of 20 years specified in part C of Schedule II to the Companies Act, 2013 based on the technical parameters including design life and the past record. Further, the company while calculating the depreciation for the year has adopted the residual value of all the vessels as 5% of initial cost of vessels as against Re 1/- considered earlier, keeping in view the actual realisation in the past and the limit specified in part 'C' of Schedule II to the Companies Act,



2013. Consequent to the change, the depreciation for the quarter/year is lower & the profit for the quarter/year is higher by ₹ 4918 lakhs and ₹ 19878 lakhs respectively.

6. As per the requirements of Schedule II to the Companies Act, 2013, where cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part shall be determined separately for depreciation purpose.

After detailed study, the company is of the view that none of the components of the fixed assets is having useful life different from the useful life of the remaining assets. Consequently, the ascertainment of cost of the components whether significant or not to the total cost of asset was not required. However, the option of treating dry docking expenses as a separate component is being studied by the management.

7. The carrying amounts of Company's assets have been reviewed at the Balance sheet date to determine whether there is any indication of impairment. Such indication exists in the case of few vessels. There is an impairment loss of ₹ 13638 lakhs provided in the statement of profit and loss account for the year which arose out of cash flow projections based on management's best estimate of the set of conditions that exists over the remaining useful life of the asset taking into consideration the following assumptions:

- a. Time charter yield is taken for next five years based on external evidence i.e, report of Drewry, a reputed research and advisory organisation for the maritime sector.
- b. For the remaining economic life of the asset, the yearwise growth in the time charter yield has been extrapolated based on the historical data of last 15 years for the vessels published by Drewry taking the growth in the year 2003 over the year 2002 as the base year.
- c. Budgeted standing charges and management expenses of the year 2016-17 are increased for each year from 2017-18 based on the management's best estimate of the likely increase in future.

8. The Company has made a provision of ₹ 900 lakhs for self lease of staff and officers from 01.04.2011 to 31.03.2015 on estimated basis

9. The auditors in their audit report for the year ended 31st March 2016 have brought out that;

- a. The direct access of overseas foreign agents to fund collected on account of freight and other charges without adequate security and regular monitoring mechanism is prone to risk of non /short-payment, the consequential effect of which on the statement of profit and loss remains unascertainable.
- b. One of the vessels acquired in the year 2012-13 was undercapitalised by 3.50 million USD and the provision for interest @ 2.5% pa on this amount has not been made in the accounts from the year 2012-13. This has resulted in understatement of fixed assets by Rs.20.28 crores, overstatement of profits by Rs.4.98 crores and understatement of liability of Rs.25.25 Cr.

The management's views on the above observations are as below:

- a) The Bank Guarantees (BG) are taken from the Agents as per the defined Company Norms in order to mitigate risks in case of delays/default in non-payment of freight beyond stipulated period. These BGs are reviewed on annual basis to ensure their



adequacy in terms of the company policy. There is an online system for monitoring of the outstanding from the agents which provide system reports. These reports are used for regular follow up with the agents.

- b) Since the accounts for FY 2012-13 have already been audited by the statutory auditors as well as by the C & AG and approved by the Board; the issue of undercapitalization in 2012-13 is being referred to Board for its consideration. Depending on the Board decision, necessary accounting entries, if required, will be passed in the books in FY 2016-17. Pending Board decision, interest @2.5% pa till 31.03.2016 on USD 3.5 million amounting to Rs. 2 crores is shown as contingent liability. In view of foregoing, there is no impact on the profit, net worth, total assets and EPS of Company in the FY 2015-16 as the necessary accounting treatment, if required, will be given in the next financial year.

10. These results have been reviewed by the statutory auditors of the Company.
11. The audited annual accounts are subject to review by the Comptroller & Auditor General of India under section 143(6) of the Companies Act , 2013
12. The figures of the previous year/ period have been regrouped or rearranged wherever necessary / practicable to conform to current year / period's transactions.

For The Shipping Corporation of India Ltd.


Capt. B B Sinha

Chairman & Managing Director

Place: Mumbai

Date: 26.05.2016



INDEPENDENT AUDITORS' REPORT

To
The Members of
THE SHIPPING CORPORATION OF INDIA LIMITED

1. Report on the Standalone Financial Statements

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, 2016**, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 (the 'Act') with respect to the preparation and presentation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the accuracy and completeness of 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.

3. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We have conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



4. Basis for Qualified Opinion

- a. The direct access of overseas foreign agents to fund collected on account of freight and other charges without adequate security and regular monitoring mechanism is prone to risk of non /short-payment, the consequential effect of which on the statement of profit and loss remains unascertainable.
- b. One of the vessels acquired in the year 2012-13 was undercapitalised by 3.50 million USD and the provision for interest @ 2.5% pa on this amount has not been made in the accounts from the year 2012-13. This has resulted in understatement of fixed assets by Rs.20.28 crores, overstatement of profits by Rs.4.98 crores and understatement of liability of Rs.25.25 Cr.

5. Opinion

In our opinion and to the best of our information and according to the explanations given to us, **except for the effects of the matter described in the 'Basis for Qualified Opinion' paragraph above**, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, its profit and its cash flows for the year ended on that date.

6. Emphasis of Matter

We draw attention of the management to the following observations without qualifying our opinion:

The adjustments required in the accounts not likely to be material in the opinion of management on confirmation and reconciliation of outstandings in respect of trade payables, trade receivables and loans & advances (Refer Note 42 to the financial statements)

7. Report on Other Legal and Regulatory Requirements:

- a. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure-I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required under sub section (5) of Section 143 of the Act, in case of a Government company, we give in the Annexure- II a statement on the matters specified in the directions and sub-directions issued by Office of the Comptroller and Auditor General of India.

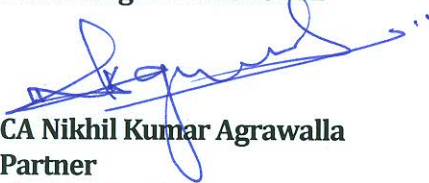
- b. As required by section 143(3) of the Act, we report that:

- i. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. **Except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph above**, In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- iv. In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- v. The matter described in the "Basis for Qualified Opinion" paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;



- vi. On the basis of written representations received from the directors as on March 31, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164(2) of the Act;
- vii. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure-III.
- c. 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 Company has disclosed the impact of pending litigations on its financial position in Note-30 to the Financial Statements.
- ii) The Company does not anticipate any material foreseeable losses on long- term contracts including derivative contracts.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

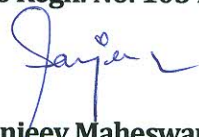
For MKPS & Associates
Chartered Accountants
Firm's Regn. No. 302014E


CA Nikhil Kumar Agrawalla
Partner
M. No. 157955

Mumbai
26th May, 2016



For GMJ & Co.
Chartered Accountants
Firm's Regn. No. 103429W


CA Sanjeev Maheswari
Partner
M. No. 038755

Mumbai
26th May, 2016



ANNEXURE - I TO THE INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 7(a)(i) of our Independent Auditors' Report to the members of the company on the financial statements for the year ended 31st March, 2016

- i.
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The Fixed assets of the Company are being physically verified by the management once in three years. The physical verification of fixed Assets of the Company was not carried out during the year.
 - c) According to the information and explanations given to us, and on the basis of our examination of records of the company, the title deeds of immovable properties are held in the name of the Company.
- ii. The physical verification of inventory has been conducted at reasonable intervals by the management during the year. No material discrepancies were noticed on such verification.
- iii. The Company has granted loans to five bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013
 - a) The terms and conditions of the grant of such loans are prima facie not prejudicial to the company's interest.
 - b) In the case of the loans granted, the terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. Payment of interest has been stipulated, and the receipts thereof are regular.
 - c) There are no overdue amounts for more than ninety days in respect of the loans granted.
- iv. The company has not given/made any loans, investments and guarantees and security, which may attract the provisions of section 185 and 186 of the Companies Act, 2013. Hence, the provisions of clause 3 (iv) of the said Order are not applicable to the Company.
- v. In our opinion, and according to the information and explanations given to us, the company has not accepted any deposits during the year. Consequently, the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 and any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable.
- vi. We have been informed by the company that the maintenance of cost record under section 148 (1) of the Act has not been prescribed by the Central Government.



- vii. a) According to the information and explanations given to us and records of the company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities.

The arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they become payable are as under:

Name of the Statute	Nature of the Dues	Amount (Rs.in lacs)	Period to which the amount relates	Due Date	Date of Payment
Income Tax	TDS on Salary	59.32	2014-15	30.04.2015	29.04.2016
Income Tax	TDS on Salary	11.47	2014-15	30.04.2015	Not paid

- b) The dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of disputes are as under:

Sr. No.	Name of the statute	Nature of the dues	Forum where dispute is pending	Finanacial Year to which amount relates	Amount (Rs. in lacs)
1	Income Tax Act, 1961	U/s 195	Bombay High Court	2003-04 to 2005-06	9820
2	Income Tax Act, 1961	Tax U/s 143(3)	Bombay High Court	2006-07	2901
3	Income Tax Act, 1961	Tax U/s 143(3)	Bombay High Court	2004-05 & 2005-06	801
4	Income Tax Act, 1961	Tax U/s 147	ITAT, Mumbai	2004-05 & 2005-06	2529
5	Income Tax Act, 1961	Penalty u/s 271(1)	CIT(A) Mumbai	2004-05 & 2005-06	323
6	Income Tax Act, 1961	Tax U/s 143(3)	ITAT, Mumbai	2007-08	1013
7	Income Tax Act, 1961	Tax U/s 143(3)	CIT(A) Mumbai	2009-10	1180
8	Income Tax Act, 1961	Tax U/s 143(3)	CIT(A) Mumbai	2011-12	393
9	Income Tax Act, 1961	Tax U/s 143(3)	CIT(A) Mumbai	2012-13	300
10	Finance Act, 1994	Service tax	Commissioner (Appeals)	2002-03 to 2007-08	2
11	AP VAT Act,	VAT	CTO	2011-12	10



12	2005 High Court, Mumbai	VAT	Commissioner of Sales Tax	1994-95	14
13	High Court, Mumbai	VAT	Commissioner of Sales Tax	1993-94	22
		Total			19308

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank. Further, the Company has neither issued any debenture nor borrowed from Government.
- ix. The Company has not raised any money by way of public issue/follow up offer (including debt instruments) during the year. In our opinion, the term loans were applied for the purpose for which those were raised.
- x. We report that certain complaints were received by the Vigilance division of the company during the year for which the investigations were under progress. 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 been informed of any such case by the management.
- xi. The Company is a government company, and the provisions of section 197 is not applicable to it. Therefore clause (xi) of of the said Order is not applicable to the company.
- xii. The Company is not a Nidhi Company, and hence the provisions of clause 3 (xii) of the said Order is not applicable to the company.
- xiii. The Company does not have an audit committee and hence the approval of transactions with related parties by Audit Committee formed under section 177 of the Act is not applicable. The transactions with the related parties are in compliance with section 188 of the Act to the extent applicable and the details have been disclosed in the financial statements as required by the 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. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the



Order are not applicable to the Company.

- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For MKPS & Associates
Chartered Accountants
Firm's Regn. No. 302014E

CA Nikhil Kumar Agrawalla
Partner
M. No. 157955

Mumbai
26th May, 2016



For GMJ & Co.
Chartered Accountants
Firm's Regn. No. 103429W

CA Sanjeev Maheshwari
Partner
M. No. 38755

Mumbai
26th May, 2016



**ANNEXTURE-II
TO THE INDEPENDENT AUDITORS' REPORT**

Directions under Section 143(5) of the Companies Act, 2013

On the Accounts of The Shipping Corporation of India Ltd. for the year 2015-16

On the Accounts of The Shipping Corporation of India Ltd. for the year 2015-16																		
Sl. No.	Directions	Auditor's comments including Action taken wherever required to be taken	Impact on the Accounts and financial statements															
1	Whether the Company has clear title / lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title / lease deeds are not available.	As per information given to us, the corporation has clear title/ lease deeds for freehold and leasehold land. As explained, the only leasehold land is the land on which the Shipping house of Mumbai has been constructed.	No Impact															
2	Whether there are any cases of waiver / write off debts / loans / interest, etc? If yes, the reasons therefore and amount involved.	There has been write off in respect of trade receivables amounting to Rs.2,251,562.71 during the year as detailed below: <table><tr><th>Name of the party</th><th>Amount of write off</th><th>Reasons for write off</th></tr><tr><td>Sinostar Dsthapa</td><td>2,112,689.37</td><td>The party is dissolved during the year, hence the amount is written off.</td></tr><tr><td>Asha Agencies</td><td>66,631.88</td><td>The goods were abandoned and same were auctioned.</td></tr><tr><td>Centurion Marine</td><td>24,640.00</td><td>VAT not recoverable</td></tr><tr><td>Liner Misc Customer</td><td>47,601.46</td><td>The goods were abandoned and same were auctioned.</td></tr></table>	Name of the party	Amount of write off	Reasons for write off	Sinostar Dsthapa	2,112,689.37	The party is dissolved during the year, hence the amount is written off.	Asha Agencies	66,631.88	The goods were abandoned and same were auctioned.	Centurion Marine	24,640.00	VAT not recoverable	Liner Misc Customer	47,601.46	The goods were abandoned and same were auctioned.	Not material
Name of the party	Amount of write off	Reasons for write off																
Sinostar Dsthapa	2,112,689.37	The party is dissolved during the year, hence the amount is written off.																
Asha Agencies	66,631.88	The goods were abandoned and same were auctioned.																
Centurion Marine	24,640.00	VAT not recoverable																
Liner Misc Customer	47,601.46	The goods were abandoned and same were auctioned.																
3	Whether proper records are maintained for inventories lying with third parties and assets received as gift / grant(s) from the Government or other authorities?	As explained to us, there are no inventories lying with third parties. Further, there is no gift received from Govt. or other authorities.	No Impact															



Sub-directions under Section 143(5) of the Companies Act, 2013 in respect of the Shipping Corporation of India Limited for the year 2015-16

Sl. No.	Directions	Auditor's comments including Action taken wherever required to be taken	Impact on the Accounts and financial statements
1	State the area of land under encroachment and briefly explain the steps taken by the Company to remove encroachments.	As explained to us, there is no land under encroachment.	No Impact
2	(i) Whether amount of (a) bank balance (b) trade receivable (c) trade payables (d) loans and advances for which third party confirmation was not made available has been reported.	The corporation has sent letters for balance confirmation of bank balances, trade receivables and trade payables. However, no confirmation has been sent for loans & advances. The third party confirmation received by us has been 175 out of total number of confirmation being 2010 sent to the parties.	Adjustments required in the accounts on confirmation and reconciliation are not likely to be material, in the opinion of the management.
	(ii) Where such balance has been confirmed by respective parties, whether it varies widely from the amounts reflected under respective heads in the financial statements? If so, the difference and action taken by the management to reconcile the difference should be disclosed.	The balance confirmation received wherever varying with the amount as per the books of account by more than Rs. 5 lakhs (approx) is shown in Annexure - '1'. As explained, the necessary steps shall be taken by the management to reconcile the difference.	Adjustments required in the accounts on confirmation and reconciliation are not likely to be material, in the opinion of the management.
3	Independent verification may be made, of information / inputs furnished to actuary, viz. number of employees, average salary, retirement age, etc. and assumptions made by the actuary regarding the discount rate, future cost increase, mortality rate, etc. for arriving at the provision for liability of retirement benefits, viz. gratuity, leave encashment, post-retirement medical benefits, etc.	The information/ inputs furnished by the company to the actuary for valuation of the provision for liability of retirement benefits, i.e. number of employees, average salary, retirement age etc have been reviewed and the same are based on actual for the current year. The assumption made by the actuary for valuation of the liability of retirement benefits i.e., discount rate, mortality rate, future cost increase are consistent over the period. The actuary has confirmed in its report that the liability of retirement benefits has been valued as per the provisions of Accounting Standard-15.	No Impact

For MKPS & Associates
Chartered Accountants
Firm's Regn. No. 302014E

CA Nikhil Kumar Agrawalla
Partner
M. No. 157955

Mumbai
26th May, 2016



For GMJ & Co.
Chartered Accountants
Firm's Regn. No. 103429W

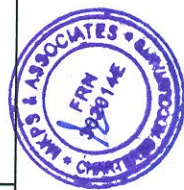
CA Sanjeev Maheshwari
Partner
M. No. 038755

Mumbai
26th May, 2016

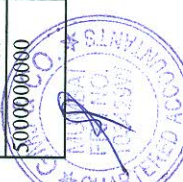


Annexure-1

GL Code	GL Head	Vendor Code	Vendor Name	Currency	Balance as per SCI on 31.12.2015	Balance as per confirmation	Difference	Nature of Account
5000000000	VENDOR RECON A/C - GENERAL	100191	ALCOS	INR	-	20,52,969.00	20,52,969.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	100403	KAMYAB SHIP CHANDLERS	INR	-	15,62,061.50	15,62,061.50	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	100409	ROTOMECH AUTOMATION LIMITED	INR	-	10,66,229.00	10,66,229.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	100412	SHIV TECH MARINE CONTROL SYSTEMS &	INR	(5,38,068.00)	44,87,744.00	39,49,676.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	101085	A K MARINE ENGINEERS	INR	-	23,54,206.00	23,54,206.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	101281	SF MARINE OFFSHORE & IND. SUPPLY CO	INR	(1,19,025.00)	41,28,180.00	40,09,155.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	101410	DALWIN MARINE TURBO ENGG PVT LTD	INR	(2,15,069.00)	8,02,633.00	5,87,564.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	101565	PARAM HYDRAULICS PVT LTD	INR	-	27,32,438.56	27,32,438.56	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	101620	BANSAL MARINE (S.B.)	INR	-	9,20,212.00	9,20,212.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	200750	MARINE ELECTRICAL & REFRIGERATION	INR	(13,26,853.00)	2,49,97,276.00	2,36,70,423.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	200752	ABB INDIA LIMITED	INR	(8,08,482.00)	55,06,763.00	46,98,281.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	200763	THE ORIENT ENGINEERING & SHIP REPA	INR	(4,80,996.00)	1,66,33,169.00	1,61,52,173.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	200765	DOCKING & ENGINEERING CO.(VISA)	INR	(6,46,400.00)	40,84,820.00	34,38,420.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	200776	CARBONIC INDUSTRIES	INR	(83,116.00)	21,55,769.00	20,72,653.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	200788	HICO SHIPPING INSULATION PVT LTD	INR	(2,22,556.00)	1,46,32,346.00	1,44,09,790.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	200795	HYPRECISION HYDRAULIK	INR	-	9,69,707.00	9,69,707.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	200800	ALBATROSS MARINE SERVICES	INR	(50,000.00)	30,69,798.00	30,19,798.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	200847	FUJI TECHNICAL SERVICES PVT LTD	INR	-	8,06,050.00	8,06,050.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	200849	FRICONS	INR	-	25,24,641.00	25,24,641.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	200886	SUPREME HYDRO ENGINEERING PVT LTD	INR	(1,38,827.00)	22,84,563.00	21,45,736.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	200929	NCGB ENGINEERING CO PVT LTD	INR	(99,582.00)	34,36,703.00	33,37,121.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	201336	NIREEKSHAN ENGG. SERVICES PVT LTD	INR	-	8,99,810.00	8,99,810.00	Trade Payable



5000000000	VENDOR RECON A/C - GENERAL	201570	AKSHAY CONTROLS & SYSTEMS PVT LTD	INR	(51,74,957.21)	2,54,43,330.95	2,02,68,373.74	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	201631	C-MET ENGINEERING INDIA PVT LTD	INR	(27,56,839.95)	97,48,196.00	69,91,356.05	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	201652	KENMARK TECH SOLUTIONS	INR	(11,907.00)	82,46,801.00	82,34,894.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	201658	MARINE ENGG CONSULTANCY & SERVI MU	INR	(11,689.50)	30,05,349.00	29,93,659.50	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	201675	RAS TEK PVT LTD	INR	(19,33,437.00)	2,30,78,287.00	2,11,44,850.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	201679	S S K ENGINEERING WORKS (INDIA) PVT	INR	(17,84,588.00)	3,02,73,600.00	2,84,89,012.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	201685	SEA-HOOK ENGINEERING WORKS	INR	(7,03,689.00)	10,688.00	(6,93,001.00)	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	201686	SEAMAN INDUSTRIES	INR	-	5,14,685.00	5,14,685.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	201701	TRISHUL INDUSTRIES	INR	(27,24,895.00)	1,71,47,045.00	1,44,22,150.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	201730	S.B. TEKNIK	INR	(8,86,136.00)	16,67,008.00	7,80,872.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	201829	B P ENGINEERING WORKS	INR	(1,11,948.00)	19,22,333.00	18,10,385.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	202672	D.S.MARINE REPAIRS	INR	-	31,74,036.00	31,74,036.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	203292	A.S. REFRIGERATION CO.	INR	(3,29,605.00)	1,02,96,692.87	99,67,087.87	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	203489	M/S ALL WIN MARINE SERVICES	INR	(82,18,384.00)	1,35,51,504.40	53,33,120.40	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	300061	MARINE ELECTRONICS AND NAVIGATION	INR	-	10,10,052.00	10,10,052.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	300985	ZF INDIA PRIVATE LIMITED	INR	-	11,45,251.64	11,45,251.64	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	1100203	WEST COAST LAUNCH SERVICE	INR	-	7,47,701.00	7,47,701.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	1100827	KAMAL BASU & CO.	INR	(7,44,844.00)	21,03,140.00	13,58,296.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	300910	Flamingo GRP General Trading LLC.	AED	-	10,35,474.67	10,35,474.67	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	600070	International Agencies Bahrain	BHD	(993.07)	3,852.93	4,846.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	600015	CLB liner	CNY	(65,70,662.08)		65,70,662.08	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	300193	J.P. SAUER & SOHN MASCHINENBAU GMBH	EUR	3,56,392.62	8,70,263.11	(3,56,392.62)	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	300355	Wartsila Japan Ltd.	EURO	7,12,503.50	1,57,23,694.00	1,57,23,694.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	300737	Salzgitter Maschinenbau AG	EURO	-	91,474.01	91,474.01	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	300836	DAMEN SCHELDE MARINE SERVICES PTE	EURO	-	25,192.62	25,192.62	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	300631	CORTLAND LIMITED	GBP	-	55,346.10	55,346.10	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	400892	INDIAN REGISTER OF SHIPPING	GBP	-	11,697.00	11,697.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL			GBP	-	13,906.00	13,906.00	Trade Payable



5000000000	VENDOR RECON A/C - GENERAL	600631/837	Champion Shipping, Hong Kong	HKD	(57,417.61)	97,471.04	1,54,888.65	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	300290	HARUKAWA MARINE PARTS CO. LTD.	JAPAN YEN	-	26,35,848.00	26,35,848.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	400011	FUJI TECHNICAL SERVICES PVT LTD	JPY	-	1,11,11,621.00	1,11,11,621.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	300103	SKIPPER ELECTRONICS AS	NOK	-	97,710.00	97,710.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	400293	KONGSBERG MARITIME AS	NOK	-	8,55,835.11	8,55,835.11	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	600027	Freightman AB, Norway	NOK	3,27,541.69	36,731.00	(2,90,810.69)	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	600012/919	Champion Shipping, Taiwan	NT\$	3,73,12,044.00	11,93,975.00	(3,61,18,069.00)	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	600008	Bhacker Haji Abdullah, Muscat	OMR	26,241.45	11,148.73	(15,092.72)	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	600834	Bhacker Haji Abdullah, Muscat	OMR	(6,995.84)	6,870.31	13,866.15	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	600835	Freightman AB, Sweden	SEK	20,09,979.00	21,13,729.00	1,03,750.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	100303	AVALONTEC SINGAPORE PTE LTD	SGD	-	16,979.95	16,979.95	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	600013/109/918	Champion Shipping, China	US\$	1,57,830.37	2,25,861.48	68,031.11	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	100109	DREW AMEROID (S) PTE LTD	USD	-	85,575.74	85,575.74	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	100203	VIJAY ENGG & MACHINERY COMPANY	USD	-	1,71,100.00	1,71,100.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	102021	SAMARTH ENGINEERING	USD	(2,262.00)	49,17,959.00	49,15,697.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	101080	PANASIA CO.LTD.	USD	(2,240.00)	41,150.00	38,910.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	101226	M/S UPSC MARINE SERVICES PTE LTD	USD	(7,000.00)	61,376.04	38,910.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	300035	GOLTENS CO.LTD.	USD	-	14,078.50	14,078.50	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	300085	Textainer Equipment	USD	(16,963.23)	3,73,164.57	3,56,201.34	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	300280	JOHNSON CONTROLS	USD	-	14,000.00	14,000.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	300429	AIRCONDITIONING	USD	(6,781.15)	49,798.51	43,017.36	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	300450	RMS MARINE SERVICE CO.LTD.	USD	(4,355.00)	48,440.00	44,085.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	300535	J.O. Engineering Co., Ltd.	USD	(1,14,611.60)	78,060.29	(36,551.31)	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	300747	DAEHWA ENGINEERING SERVICE CO.,LTD.	USD	(40,607.40)	1,07,267.92	66,660.52	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	300859	TOMAS CORPORATION	USD	(6,705.00)	90,730.05	84,025.05	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	400016	INDIAN REGISTER OF SHIPPING	USD	(1,28,973.00)	8,56,103.70	7,27,130.70	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	400041	SMEC AUTOMATION FZE	USD	(18,833.00)	1,87,442.00	1,68,609.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	400773	Mencast Subsea Pte Ltd	USD	-	12,032.00	12,032.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	400830	ZHOUSHAN IMC YONGYUE SHIPYARD & ENG	USD	(27,35,281.00)	24,52,705.00	(2,82,576.00)	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	400913	PETRONAVI COMPANY LIMITED	USD	-	15,496.00	15,496.00	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	400936	VOYAGE MARINE AUTOMATION	USD	-	15,894.00	15,894.00	Trade Payable



5000000000	VENDOR RECON A/C - GENERAL	1000085	CHEMOIL ADANI PTE LTD	USD	(35,996.70)	76,314.00	40,317.30	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	1000205	World Fuel Services	USD	(6,81,653.44)	14,90,794.51	8,09,141.07	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	600096	Penavico, Ningbo	USD	(49,313.55)	-	49,313.55	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	600903	Penavico, Ningbo	USD	6,90,789.42	-	(6,90,789.42)	Trade Payable
				USD	4,96,183.54	1,31,855.49	(3,64,328.05)	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	600050/875	Marti Shipping, Turkey	USD	(11,29,857.44)	-	11,29,857.44	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	600051	Middle East Shipping	USD	(1,73,081.60)	3,56,206.70	5,29,288.30	Trade Payable
5000000000	VENDOR RECON A/C - GENERAL	600854	Middle East Shipping	USD	(12,872.88)	-	12,872.88	Trade Payable
				USD	-	9,514.87	9,514.87	Trade Payable



ANNEXURE – III TO THE INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 7(b) (vii) of our Independent Auditors' Report to the members of the company on the financial statements for the year ended 31st March, 2016

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act.

1. We have audited the internal financial controls over financial reporting of **THE SHIPPING CORPORATION OF INDIA LIMITED** ("the Company") as of March 31, 2016 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

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143 (10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A Company's internal financial control over financial reporting 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 over financial reporting 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

8. According to the information and explanation given to us and based on our audit, the following material weakness have been identified in the operating effectiveness of the Company's internal financial control over financial reporting as at 31st March, 2016.
 - a) Freight & other charges collection done by certain overseas agents on behalf of the Company are getting credited to their bank accounts, instead of the bank account of the



company, which in the absence of adequate security could potentially result in the non/short receipt of such collections by the company in the event of either fraudulent intention of the agent, as was happened in the past or any dispute by either party.

- b) The timely verification of claims of agents needs to be further strengthened.
- c) The control on the timely reversal of stale cheque needs to be further strengthened.
- d) The control on the booking of bunker consumption to the correct voyage of the vessels needs to be strengthened.
- e) The control in the system to ensure that the bunker consumption in case of time charter is recovered from the charter instead of debiting to the consumption account needs to be further strengthened.
- f) The system has to ensure that the tax is deducted at source on all the provision for expense made.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2016 based on the internal control over financial reporting 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 issued by the Institute of Chartered Accountants of India and except **for the possible effects of the material weakness described above on the achievement of objectives of the control criteria**, the internal financial controls over financial reporting of the company were operating effectively as at March 31, 2016.

We have considered the material weakness identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the financial statements of the company as of 31st March, 2016 and these material weakness do not affect our opinion on the Standalone Financial Statements of the Company.

For MKPS & Associates
Chartered Accountants
Firm's Regn. No. 302014E

CA Nikhil Kumar Agrawalla
Partner
M. No. 157955

Mumbai
26th May, 2016



For GMJ & Co.
Chartered Accountants
Firm's Regn. No. 103429W

CA Sanjeev Maheswari
Partner
M. No. 038755

Mumbai
26th May, 2016





A Navratna Company
ISO 9001:2008

भारतीय नौवहन निगम लिमिटेड

(भारत सरकार का उद्यम)

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The Shipping Corporation Of India Ltd.

(A GOVERNMENT OF INDIA ENTERPRISE)

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सीआईएन/CIN-L63030MH1950GOI008033

FORM B

1.	Name of the company	The Shipping Corporation of India Ltd.
2.	Annual financial statements for the year ended	31 st March, 2016
3.	Type of Audit qualification	Qualified: Auditors has given the following qualifications in their Audit report: a. The direct access of overseas foreign agents to fund collected on account of freight and other charges without adequate security and regular monitoring mechanism is prone to risk of non /short-payment, the consequential effect of which on the statement of profit and loss remains unascertainable. b. One of the vessels acquired in the year 2012-13 was undercapitalised by 3.50 million USD and the provision for interest @ 2.5% pa on this amount has not been made in the accounts from the year 2012-13. This has resulted in understatement of fixed assets by Rs.20.28 crores, overstatement of profits by Rs.4.98 crores and understatement of liability of Rs.25.25 Cr.
4.	Frequency of qualification	Point a appeared during the financial year 2014-15 and 2015-16. Point b appeared first time in the year ended 31 st March 2016
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	The management's views on the above observations are as below: a) The Bank Guarantees (BG) are taken from the Agents as per the defined Company Norms in order to mitigate risks in case of delays/default in non-payment of freight beyond stipulated period. These BGs are reviewed on annual basis to ensure their adequacy in terms of the company policy. There is an online system for monitoring of the outstanding from the agents which provide system reports. These reports are used for regular follow up with the

	agents. b) Since the accounts for FY 2012-13 have already been audited by the statutory auditors as well as by the C & AG and approved by the Board; the issue of undercapitalization in 2012-13 is being referred to Board for its consideration. Depending on the Board decision, necessary accounting entries, if required, will be passed in the books in FY 2016-17. Pending Board decision, interest @2.5% pa till 31.03.2016 on USD 3.5 million amounting to Rs. 2 crores is shown as contingent liability. In view of foregoing, there is no impact on the profit, net worth, total assets and EPS of Company in the FY 2015-16 as the necessary accounting treatment, if required, will be given in the next financial year.
Additional comments from the board/audit committee chair:	
To be signed by :- • CEO/Managing Director • CFO • Auditor of the Company • Audit Committee Chairman	