RED HERRING PROSPECTUS
Dated November 16, 2010
Please read section 60B of the Companies Act, 1956, as amended
100% Book Building Issue

THE SHIPPING CORPORATION OF INDIA LIMITED

Our Company was incorporated as Eastern Shipping Corporation Limited on March 24, 1950 under the Companies Act, 1913 in Mumbai. With effect from October 2, 1961, Western Shipping Corporation Limited was amalgamated with our Company under the Shipping Corporations Amalgamation Order, 1961, issued by the Government of India. The name of our Company was changed from Eastern Shipping Corporation Limited to The Shipping Corporation of India Limited on October 21, 1961. Subsequently, for the purpose of listing in 1992, our Company was changed from a private company to a public company and received a fresh certificate of incorporation on February 18, 1993. For details of changes in the name and registered office of our Company, see "History and Certain Corporate Matters" beginning on page **85**.

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

Company Secretary and Compliance Officer: Dipankar Haldar; **Tel.:** (91 22) 2202 6666; **Fax:** (91 22) 2202 6906

Website: www.shipindia.com; **E-mail:** cs@sci.co.in

PROMOTER: PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF SHIPPING, GOVERNMENT OF INDIA

FURTHER PUBLIC ISSUE OF 84,690,730 EQUITY SHARES OF Rs. 10 EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE OF THE SHIPPING CORPORATION OF INDIA LIMITED (THE "COMPANY") AGGREGATING TO Rs. [●] (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE ISSUE COMPRISES OF A FRESH ISSUE OF 42,345,365 EQUITY SHARES BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF 42,345,365 EQUITY SHARES BY THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF SHIPPING, GOVERNMENT OF INDIA (THE "SELLING SHAREHOLDER"). THE ISSUE COMPRISES A NET ISSUE TO THE PUBLIC OF 84,267,276 EQUITY SHARES ("THE NET ISSUE") AND A RESERVATION OF UP TO 423,454 EQUITY SHARES FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREIN) ("THE EMPLOYEE RESERVATION PORTION"). THE ISSUE WOULD CONSTITUTE 18.18% OF THE POST ISSUE PAID-UP EQUITY CAPITAL OF OUR COMPANY AND THE NET ISSUE WOULD CONSTITUTE 18.09% OF THE POST ISSUE PAID-UP EQUITY CAPITAL OF OUR COMPANY.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ADVERTISED IN FINANCIAL EXPRESS (ALL EDITIONS), JANSATTA (ALL EDITIONS) AND NAVSHAKTI (REGIONAL DAILY) AT LEAST ONE WORKING DAY PRIOR TO THE BID OPENING DATE.*

**Discount of 5% to the Issue Price being Rs. [●] determined pursuant to completion of the Book Building Process has been offered to Eligible Employees (the "Employee Discount") and to Retail Individual Bidders (the "Retail Discount")*

THE FACE VALUE OF THE EQUITY SHARE IS Rs. 10 EACH

In case of revision in the Price Band, the Bidding Period will be extended for at least three additional working days after the revision of the Price Band subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited (the "BSE") and the National Stock Exchange of India Limited (the "NSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers ("BRLMs"), at the terminals of the Syndicate Members and by intimation to Self Certified Syndicate Banks ("SCSBs").

This Issue is being made through the 100% Book Building Process wherein up to 50% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs" and such portion the "QIB Portion"). Further, 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. In addition, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 423,454 Equity Shares shall be available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received from them at or above the Issue Price. Any Bidder may participate in this Issue through the ASBA process by providing the details of bank accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. For details, see "Issue Procedure" beginning on page 229.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to the "Risk Factors" beginning on page xi.

ISSUER'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The Selling Shareholder accepts responsibility for and confirms that this Red Herring Prospectus contains all information about them as a Selling Shareholder which is material in the context of the Offer for Sale.

LISTING

The Equity Shares offered pursuant to this Red Herring Prospectus are proposed to be listed on the BSE, the NSE, the CSE, the DSE and the MSE. In terms of Regulation 7(b)(iii) of the SEBI Regulations, we have received the in-principle approvals of BSE and NSE for the listing of the Equity Shares pursuant to letters dated October 20, 2010 and October 19, 2010, respectively. For the purposes of this Issue, the Designated Stock Exchange is NSE.

BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE ISSUE
SBI Capital Markets Limited	ICICI Securities	IDFC	KARVY
SBI CAPITAL MARKETS LIMITED 202, Maker Tower E Cuffe Parade Mumbai 400 005 Tel: (91 22) 2217 8300 Fax: (91 22) 2218 8332 E-mail: sci.fpo@sbicaps.com Investor Grievance E-mail: investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Rochelle Dsouza/Anshika Malaviya SEBI Registration No.: INM000003531	**ICICI SECURITIES LIMITED** ICICI Centre, H.T. Parekh Marg Churchgate Mumbai 400 020 Tel: (91 22) 2288 2460 Fax: (91 22) 2282 6580 E-mail: sci.fpo@icicisecurities.com Investor Grievance E-mail: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Rajiv Poddar SEBI Registration No.: INM000011179	**IDFC CAPITAL LIMITED** Naman Chambers, C-32 G-Block, Bandra- Kurla Complex Bandra (East), Mumbai 400 051 Tel: (91 22) 6622 2600 Fax: (91 22) 6622 2501 E-mail: sci.fpo@idfc.com Investor Grievance Email: complaints@idfc.com Website: www.idfccapital.com Contact Person: Hiren Raipancholia SEBI Registration No.: INM000011336	**KARVY COMPUTERSHARE PRIVATE LIMITED** Plot no. 17 to 24, Vithalrao Nagar Madhapur Hyderabad 500 081 Tel: (91 40) 4465 5000 Fax: (91 40) 2343 1551 Email: sci.fpo@karvy.com Website: http:\\karisma.karvy.com Contact Person: M. Murali Krishna SEBI Registration No.: INR000000221

BID PROGRAMME		
BID OPENS ON: TUESDAY, NOVEMBER 30, 2010	**BID/ISSUE CLOSES ON**	
	FOR QIB BIDDERS	**FOR OTHER BIDDERS**
	THURSDAY, DECEMBER 2, 2010	**FRIDAY, DECEMBER 3, 2010**

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Red Herring Prospectus, and references to any statute or regulations or policies shall include any amendments or re-enactments thereto, from time to time.

Company Related Terms

Term	Description
"SCI", "our Company", "the Corporation" and "the Issuer"	The Shipping Corporation of India Limited, a public limited company and Government company incorporated under the Companies Act with its registered office at Shipping House, 245, Madame Cama Road, Mumbai 400 021
AoA/Articles of Association	The Articles of Association of our Company, as amended
Auditors	The joint statutory auditors of our Company, being P.S.D. & Associates, Chartered Accountants and Sarda & Pareek, Chartered Accountants appointed by the Comptroller and Auditor General of India
Board of Directors/Board	Board of Directors of our Company duly constituted or a committee thereof
Directors	Directors on the Board of our Company
MoA/Memorandum of Association	The Memorandum of Association of our Company, as amended
Mitsui	Mitsui OSK Lines Limited
MTI	Maritime Training Institute
Nippon	Nippon Yusen Kabushiki Kaisha
Promoter/Selling Shareholder	The President of India, acting through the Ministry of Shipping, Government of India
Registered and Corporate Office	The registered and corporate office of our Company located at Shipping House, 245, Madame Cama Road, Mumbai 400 021
RoC	Registrar of Companies, Maharashtra at Mumbai
SAIL	Steel Authority of India Limited

Issue Related Terms

Term	Description
Allotted/Allotment/Allot	The allotment of Equity Shares pursuant to the Fresh Issue and the transfer of the Equity Shares pursuant to the Offer for Sale to successful Bidders
Allottee	A successful Bidder to whom Equity Shares are Allotted
Application Supported by Blocked Amount/ASBA	The process by which an ASBA Bidder makes a Bid authorizing the SCSB to block the Bid Amount in the specified bank account maintained with the SCSB
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder
ASBA Bid cum Application Form	The application form, whether physical or electronic, used by an ASBA Bidder to make a Bid through ASBA process, which will be considered as the application form for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
ASBA Bidder	Any Bidder who intends to apply through ASBA
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA revision form(s)
Banker(s) to the Issue/Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue with whom the Escrow Account will be opened, in this case being ICICI Bank Limited, State Bank of India, HDFC Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited and Yes Bank Limited
Basis of Allotment	The basis on which the Equity Shares will be Allotted, described in "Issue Procedure" beginning on page 229
Bid	An indication to make an offer during the Bidding Period by a Bidder

Term	Description
	(including an ASBA Bidder), pursuant to submission of a Bid cum Application Form or ASBA Bid cum Application Form to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by a Bidder on submission of a Bid in the Issue and in the case of ASBA Bidders, the amount mentioned in the ASBA Bid cum Application Form
Bid Closing Date	The date after which the Syndicate and the SCSBs will not accept any Bids, which shall be notified in an English national newspaper, Hindi national newspaper and a Marathi newspaper, each with wide circulation
Bid Opening Date	The date on which the Syndicate and the SCSBs shall start accepting Bids, which shall be notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation
Bid cum Application Form	The form in terms of which the Bidder (which, unless expressly provided, includes the ASBA Bid cum Application Form used by an ASBA Bidder, as applicable) shall make an offer to subscribe for or purchase the Equity Shares and which shall be considered as the application form for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
Bidder	Any prospective investor (including an ASBA Bidder) who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bidding Period	The period between the Bid Opening Date and the Bid Closing Date, inclusive of both days during which prospective Bidders can submit their Bids, including any revisions thereof. Our Company shall close the book for QIBs one day prior to the Bid/Issue Closing Date in accordance with the SEBI Regulations
Book Building Process	The book building process as provided in Schedule XI of the SEBI Regulations, in terms of which this Issue is being made
Book Running Lead Managers/BRLMs	The book running lead managers to this Issue, in this case being, SBI Capital Markets Limited, IDFC Capital Limited and ICICI Securities Limited
Confirmation of Allotment Note/CAN	The note or advice or intimation sent to the successful Bidder indicating the Equity Shares which will be Allotted after approval of the Basis of Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate Bids in the Issue by ASBA Bidders with the BRLMs, the Registrar to the Issue, BSE and the NSE, a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Cut-off Price	The Issue Price finalized by our Company and the Selling Shareholder, in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Bidders and Eligible Employees, whose Bid Amount does not exceed Rs. 200,000 are entitled to Bid at the Cut-off Price. No other category of Bidders are entitled to Bid at the Cut-off Price
Designated Branches	Such branches of the SCSBs which shall collect the physical ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Designated Date	The date on which funds are transferred by the Escrow Collection Banks from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders in the Fresh Issue and the Selling Shareholder shall give delivery instructions for transfer of the Equity Shares constituting the Offer for Sale
Designated Stock Exchange	NSE
Draft Red Herring Prospectus/DRHP	The Draft Red Herring Prospectus dated October 12, 2010 filed with SEBI and issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars of the price at which the Equity Shares are

Term	Description
	offered
Eligible Employees	A permanent and full-time employee of our Company or a Director of our Company (excluding any person not eligible under applicable laws, rules, regulations and guidelines), as on the date of filing of the Red Herring Prospectus with the RoC, who are Indian nationals and are based, working and present in India or on Indian territory or on our vessels or our as on the date of submission of the Bid cum Application Form/ASBA Form and who continue to be in the employment of our Company until submission of the Bid cum Application Form/ASBA Form. An employee of our Company who is recruited against a regular vacancy but is on probation as on the date of submission of the Bid cum Application Form/ ASBA Form will also be deemed a 'permanent employee' of our Company.
Eligible NRI	A Non Resident Indian in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus will constitute an invitation to subscribe for the Equity Shares
Employee Discount	A discount of 5% to the Issue Price determined pursuant to the completion of the Book Building Process given to the Eligible Employees on Allotment
Employee Reservation Portion	The portion of the Issue, being 423,454 Equity Shares, available for allocation to Eligible Employees.
Equity Share(s)	Equity Share(s) of our Company of face value of Rs. 10 each
Equity Shareholder	A holder of the Equity Share(s)
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidders (excluding ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount
Escrow Agreement	Agreement to be entered into among our Company, the Selling Shareholder, the Registrar, the BRLMs, the Syndicate Member(s) and the Escrow Collection Bank(s) for collection of the Bid Amounts and remitting refunds, if any, of the amounts to the Bidders (excluding ASBA Bidders) on the terms and conditions thereof
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form or the ASBA Bid cum Application Form or the ASBA Revision Form
Floor Price	The lower end of the Price Band and any revisions thereof below which the Issue Price will not be finalized and below which no Bids will be accepted
Fresh Issue	This issue of 42,345,365 Equity Shares by our Company
I-Sec	ICICI Securities Limited
IDFC	IDFC Capital Limited
Issue	Collectively, the Fresh Issue and the Offer for Sale i.e. 84,690,730 Equity Shares aggregating to Rs. [●] million
Issue Agreement	The agreement entered into amongst our Company, the Selling Shareholder and the BRLMs pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	The final price at which Equity Shares will be issued and Allotted to the successful Bidders in terms of the Red Herring Prospectus and the Prospectus. The Issue Price will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs on the Pricing Date
Monitoring Agency	State Bank of India
Mutual Fund Portion	5% of the QIB Portion equal to a minimum of 2,106,682 Equity Shares available for allocation to Mutual Funds only, on a proportionate basis
Net Issue	Issue less the Employee Reservation Portion, consisting of 84,267,276 Equity Shares to be Allotted in the Issue
Net Proceeds	Proceeds of the Fresh Issue that are available to our Company excluding the Issue related expenses payable by our Company
Non Institutional Bidders	All Bidders, including sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs.

Term	Description
	200,000
Non Institutional Portion	The portion of the Net Issue, being not less than 12,640,091 Equity Shares, available for allocation to Non Institutional Bidders
Offer for Sale	The offer for sale by the Selling Shareholder of 42,345,365 Equity Shares at the Issue Price
Price Band	Price Band with a minimum price of Rs. [●] (Floor Price) and the maximum price of Rs. [●] (Cap Price) and include revisions thereof. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company and the Selling Shareholder in consultation with the BRLMs and advertised, at least one working day prior to the Bid Opening Date, in English national daily Financial Express (all editions), Hindi national daily Jansatta (all editions) and Marathi language newspaper Navshakti (regional daily)
Pricing Date	The date on which our Company and the Selling Shareholder, in consultation with the BRLMs will finalize the Issue Price
Prospectus	The Prospectus to be filed with the RoC in terms of Section 60 of the Companies Act, containing, among other things, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information and including any addenda or corrigenda thereof
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account(s) and the bank accounts of the ASBA Bidders, on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 25 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India and insurance funds set up and managed by army, navy, air force or the Department of Posts of the Union of India
QIB Portion	The portion of the Net Issue being up to 42,133,638 Equity Shares to be Allotted to QIBs on a proportionate basis
Red Herring Prospectus/RHP	This Red Herring Prospectus dated November 16, 2010 issued in accordance with Section 60B of the Companies Act, which will not have complete particulars of the price at which the Equity Shares shall be issued and which shall be filed with the RoC at least three days before the Bid Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date
Refund Account(s)	Account(s) opened with Escrow Collection Bank(s) from which refunds of the whole or part of the Bid Amount (excluding to the ASBA Bidders), if any, shall be made
Refund Bank(s)	The bank(s) which is a/are clearing member(s) and registered with the SEBI as Bankers to the Issue, at which the Refund Accounts will be opened, in this case being, Axis Bank Limited and HDFC Bank Limited
Registrar/ Registrar to the Issue	Registrar to the Issue, in this case being, Karvy Computershare Private Limited
Retail Discount	A discount of 5% to the Issue Price determined pursuant to the completion of the Book Building Process given to the Retail Individual Bidders on Allotment
Retail Individual Bidder(s)	Individual Bidders (including HUFs and NRIs) who have Bid for Equity Shares for an aggregate amount less than or equal to Rs. 200,000 in all of the bidding options in the Issue
Retail Portion	The portion of the Net Issue being not less than 29,493,547 Equity Shares available for allocation to Retail Individual Bidder(s)

Term	Description
Revision Form	The form used by the Bidders, other than ASBA Bidders, to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
SBI Caps	SBI Capital Markets Limited
Self Certified Syndicate Bank/ SCSB	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offer services of ASBA, including blocking of bank account, a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Stock Exchanges	The BSE, the NSE, the CSE, the DSE and the MSE
Syndicate	Collectively, the BRLMs and the Syndicate Member(s)
Syndicate Agreement	Agreement to be entered among the Syndicate, our Company and the Selling Shareholder in relation to the collection of Bids (excluding Bids from the ASBA Bidders) in this Issue
Syndicate Member(s)	SBICAP Securities Limited and Sharekhan Limited
TRS/ Transaction Registration Slip	The slip or document issued only on demand by the Syndicate or the SCSB to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs and the Syndicate Member(s)
Underwriting Agreement	The Agreement between the Underwriters and our Company and the Selling Shareholder to be entered into, on or after the Pricing Date
Working Day(s)	Working days will be all days excluding Sundays and bank holidays except during the Bidding Period, where a working day means all days on which banks in Mumbai are open for business other than a Saturday, Sunday or a public holiday

Technical/Industry Related Terms

Term	Description
AHTSV	Anchor Handling, Towing Cum Supply Vessels
AHTS	Anchor Handling Tug Supply
BIMCO	The Baltic and International Maritime Council
Bhp	Brake horsepower
BPCL	Bharat Petroleum Corporation Limited
Bpd	Barrels per day
Cbm	Cubic metre
COA	Contracts of Affreightment
D.G. Shipping	Directorate General of Shipping, Government of India
DP II	Class 2 Dynamic Positioning
DSV	Dive Support Vessels
DWT	Dead Weight Tonnage
E&P	Exploration and Production
ERP	Enterprise Resource Planning
FiFi I	Class 1 Fire Fighting System
FiFi II	Class 2 Fire Fighting System
FSUI	Forward Seamen's Union of India
HPCL	Hindustan Petroleum Corporation Limited
IAPP	International Air Pollution Prevention Certificate
INDFEX-1	India Far East Express 1
INDFEX- 2	India Far East Express 2
IMED	India Mediterranean
IRISIL	Islamic Republic of Iran Shipping Lines
ISE	India Sub-continental Europe
ISM	International Safety Management
ISPP	International Sewage Pollution Prevention Certificate
MARPOL	International Convention for the Prevention of Pollution from Ships
MDU	Mobile Drilling Units
MMBtu	1,000 British Thermal Units
MPSSV	Multi-Purpose Platform Supply and Support Vessels

MSV	Multi-Purpose Support Vessels
MUI	Maritime Union of India
NUSI	National Union of Seafarers of India
OEE	Office of Export Enforcement of the U.S. Department of Commerce
O&M	Operations, Manning, Maintenance and Management
ONGC	Oil and Natural Gas Corporation Limited
OPEC	Organisation of Petroleum Exporting Countries
Psi	Pounds per Square Inch
PSV	Platform Supply Vessel
ROV	Remotely Operated Vehicle
ROVSV	Remotely Operated Vehicle Support Vessel
Sanctions Targets	Entities and Individuals that are subject to U.S. Economic Sanctions Laws
SBM	Single Buoy Moorings
SET-IT	SCI Enterprises Transformation through Information Technology
SMC	Safety Management Certificate
SPS Code	Code of Safety for Special Purpose Ships
STCW	Certificate and Watchkeeping Code
TBP	Total Bollard Pull
TCS	Tata Consultancy Services
TEU	Twenty- Foot Equivalent Units
UNGC	United Nations Global Compact
ULCC	Ultra Large Crude Carrier
VLCC	Very Large Crude Carrier

Conventional / General Terms

Term	Description
CLRA	Contract Labour (Regulation and Abolition) Act, 1970, as amended
Companies Act	The Companies Act, 1956, as amended
Competition Act	Competition Act, 2002, as amended
Competition Commission	Competition Commission of India
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996, as amended
DIPP	Department of Industrial Policy and Promotion of the Ministry of Commerce and Industry, Government of India
DP/ Depository Participant	Depository participant as defined under the Depositories Act, 1996, as amended
FEMA	Foreign Exchange Management Act, 1999, as amended, read with rules and regulations thereunder
FII(s)	Foreign Institutional Investors (as defined under FEMA (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000), registered with SEBI under applicable laws in India, as amended
Financial Year / Fiscal	Period of 12 months ended March 31 of that particular year
FVCIs	Foreign Venture Capital Investors (as defined under the SEBI (Foreign Venture Capital Investors) Regulations, 2000), as amended, registered with SEBI
GAAP	Generally Accepted Accounting Principles
Government	Government of India
IT Act	Income Tax Act, 1961, as amended
Indian GAAP	Generally Accepted Accounting Principles in India
LIBOR	London Interbank Offered Rate
Minimum Wages Act	Minimum Wages Act, 1948, as amended
Mutual Fund(s)	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India)

Term	Description
	Regulations, 2000, as amended
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended
SBAR	State Bank Advance Rate
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended

Abbreviations

Term	Description
A/c	Account
AGM	Annual General Meeting
AS	Accounting Standards issued by the ICAI
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CSE	The Calcutta Stock Exchange Association Limited
DIN	Director Identification Number
DP ID	Depository Participant's Identity
DSE	Delhi Stock Exchange Limited
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EGM	Extraordinary General Meeting
EPS	Earnings Per Share *i.e.*, profit after tax for a fiscal year divided by the outstanding number of equity shares at the end of that fiscal year
FCNR	Foreign Currency Non Resident
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
Government	Government of India
HUF	Hindu Undivided Family
HSE	Health, Safety and Environment
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IMO	International Maritime Organisation
IPO	Initial Public Offering
ISF	International Shipping Federation
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MAT	Minimum Alternative Tax under the I.T. Act
MSE	Madras Stock Exchange Limited
NA	Not Applicable
NAV	Net Asset Value
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non-resident

Term	Description
NRE Account	Non Resident External Account
NRI	Non Resident Indian as defined under FEMA and the Foreign Exchange Management Act (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OFAC	U.S. Department of the Treasury’s Office of Foreign Assets Control
P/E Ratio	Price Earnings Ratio
PAN	Permanent Account Number allotted under the I.T. Act
PBDIT	Profit before depreciation, interest and tax
PIO	Persons of Indian Origin
RBI	Reserve Bank of India
RONW	Return on Net Worth
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
STT	Securities Transaction Tax
UIN	Unique Identification Number
U.S. / USA	United States of America
USD/US$	United States Dollar
U.S. GAAP	United States Generally Accepted Accounting Principles
w.e.f.	With effect from

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our financial statements prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations.

Our fiscal year commences on April 1 and ends on March 31 of the next year, so all references to a particular fiscal year are to the 12 months period ended March 31 of that year. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP, U.S. GAAP and IFRS. We urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

All references to "India" contained in this Red Herring Prospectus are to the Republic of India, all references to the "U.S.", "USA", or the "United States" are to the United States of America.

Industry and Market Data

Unless stated otherwise, the industry and market data used throughout this Red Herring Prospectus has been obtained from industry publications and government data. These publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although we believe that the industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. Data from these sources may also not be comparable. The extent to which the industry and market data used in this Red Herring Prospectus is meaningful, would depend on the readers' familiarity with and understanding of the methodologies used in compiling such data.

This data has not been prepared or independently verified by us or the BRLMs or any of their respective affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "Risk Factors" beginning on page xi. Accordingly, investment decisions should not be based on such information.

In accordance with the SEBI Regulations, we have included in "Basis for the Issue Price" beginning on page 39 information relating to our peer group companies. Such information has been derived from publicly available sources and our Company and the Selling Shareholder have not independently verified such information.

Currency and Units of Presentation

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "U.S. Dollar" or "USD" or "US$" are to United States Dollar, the official currency of the United States of America.

Exchange Rates

This Red Herring Prospectus contains translations of certain U.S. Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of item (VIII) sub-item (G) of Part A of Schedule VIII of the SEBI Regulations. These convenience translations should not be construed as a representation that those U.S. Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The exchange rates of the respective foreign currencies as on September 30, 2010, March 31, 2010, March 31, 2009 and March 31, 2008 are provided below:

(Rs.)

Currency	Exchange Rate as on September 30, 2010	Exchange Rate as on March 31, 2010	Exchange Rate as on March 31, 2009	Exchange Rate as on March 31, 2008
1 US$	44.92	45.14	50.95	39.97

Source: www.rbi.org.in

Unless otherwise stated, our Company has, in this Red Herring Prospectus, used the conversion rates as on September 30, 2010, as mentioned above.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "will", "shall", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our objectives, strategies, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- demand for our bulk carriers and tankers and demand for energy products;
- inability to negotiate profitable contracts for the employment of our vessels;
- decreased revenue due to the fluctuations in charter rates;
- renewing of our existing contracts of affreightment on commercially reasonable terms;
- failure to purchase or acquire new or second hand vessels meeting our requirements at prices;
- failure to maintain the size of our owned fleet or chartered fleet; and
- disruptions in our implementation plans to our new SCI Enterprise Transformation through Information Technology project;
- regulatory changes pertaining to the industry in India or abroad having an impact on our business and our ability to respond to them;
- our ability to successfully implement our strategy, growth and expansion;
- the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices and other rates or prices; and
- general economic and political conditions in India and globally and our ability to respond to them.

For further discussion of factors that could cause our actual results to differ, see "Risk Factors" and "Management Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages xi and 177 respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, the Selling Shareholder nor the BRLMs nor the Syndicate Member(s) nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI requirements, our Company, the Selling Shareholder and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION II - RISK FACTORS

An investment in our Equity Shares involves a degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including our financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 177 and the risks and uncertainties described below, before making an investment in the Equity Shares. If any one or some combination of the following risks were to occur, our business, financial condition and results of operations could suffer, and the price of the Equity Shares could decline and you may lose all or part of your investment. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations.

This Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. The actual results of our operations could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face as described below and elsewhere in this Red Herring Prospectus. You should also consider the warning regarding forward-looking statements in "Forward-Looking Statements" beginning on page x.

Any potential investor in, and purchaser of, the Equity Shares should pay particular attention to the fact that we are governed, in India and other countries in which we operate, by a legal and regulatory environment which may be different from that which prevails in the United States and other countries in some material respects. In addition, the risks set out in this section may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. In making an investment decision, prospective investors must rely on their own examination of us on a consolidated basis and the terms of the Issue including the merits and the risks involved.

Internal Risks (Risks Relating to Our Business)

1. We are susceptible to unexpected increases in operating costs, which may exceed estimates upon which our long-term contracts for the employment of our vessels are based and this could adversely affect our results of operations.

As most of our long-term contracts for the employment of our vessels are on a fixed day rate basis, we have a limited ability to adjust rates in response to any increase in the costs of maintenance, repairs, spare parts, salaries, consumables and compliance with any new rules and regulations. Such costs are unpredictable and fluctuate based on events beyond our control, and any substantial increase in such costs would adversely affect our profitability. The mismatch of potentially increasing costs and fixed day rates is exacerbated by the option given to customers under some contracts to extend such contracts at the day rates applicable during the initial contractual term.

Our actual costs and any gross profit realized on our fixed day rate contracts for the employment of our vessels will often vary from the estimated amounts on which these contracts were originally based. This may occur for various reasons including, among other things, errors in estimates or bidding, changes in availability and cost of labour and materials, as well as lower day rates applying for longer periods than originally estimated. These variations and the risks inherent in our industry may result in reduced profitability or losses on contracts. Depending on the duration of a contract, minor variations from estimated contract performance could also result in an adverse effect on our results of operations.

2. Our results of operations may be adversely affected by foreign currency exchange rate fluctuations and movements in interest rates as well as changes to the accounting treatment of the effects of such fluctuations and movements.

While our reporting currency is in Indian Rupees, a significant portion of our income and expenses are denominated in foreign currencies. In Fiscal Years 2006, 2007, 2008, 2009 and 2010, 94.53%, 94.85%, 92.49%. 93.13% and 92.53% of our income, respectively, and 51.42%, 61.11%, 59.15%, 54.57% and 56.46% of our expenses, respectively, were denominated in foreign currencies. As a result, we are exposed to foreign currency exchange rate fluctuations and exchange rate risks, which may affect our financial performance and results of operations. We derive most of our revenues from contracts for the employment of our vessels that are denominated in foreign currencies, primarily the US Dollar. Any appreciation in the value of the Indian Rupee in relation to the value of the applicable foreign currency could adversely affect our reported operating revenues. Additionally, some of our operating costs and the majority of our interest costs are denominated in foreign currencies, primarily the US Dollar. While this may help reduce the impact of foreign currency exchange rate movements to a certain extent, our results of operations may be adversely affected by an appreciation in the value of the Indian Rupee. Movements in exchange rates may also result in foreign currency translation gains or losses on current assets and liabilities including, significantly, bank balances and debtors, thereby affecting our profit and loss account, which could result in a material adverse effect on our financial performance and results of operations.

The exchange rate between the Indian Rupee and the US Dollar has changed substantially in the recent years and may continue to fluctuate significantly in the future. For example, according to statistics from the Reserve Bank of India, during the fiscal year ending March 31, 2010, the Indian Rupee appreciated by approximately 19 percent in real terms against the US Dollar. Further, any changes in the policies of the Reserve Bank of India relating to foreign exchange derivatives may limit our ability to hedge, our foreign currency exposures adequately, which could result in a material adverse effect on our future financial performance and results of operations.

To minimize the impact of foreign exchange fluctuations on our cash flows, we attempt to match the currency of our debt with the currency of our revenue. While depreciation in the value of the Indian Rupee against foreign currencies has a favourable impact on our revenues, it will result in an increase in the servicing costs on our foreign currency denominated debt and the value of our foreign currency denominated debt on our balance sheet. We currently account for the effect of fluctuations in exchange rates on the repayment of loans borrowed and the revaluation of foreign currency loans for the acquisition of depreciable capital assets by adjusting the cost of the asset on our balance sheets. This may affect our financials through depreciation charges. However, with effect from April 1, 2011, as a result of an anticipated change in accounting rules as well as the implementation of IFRS, we would be required to account for such fluctuations on our profit and loss account. This may adversely affect our financial performance and results of operations.

3. Our Joint Venture Partner, Islamic Republic International Shipping Line, is the subject of UN Sanctions.

Our Company has since 1975 held a 49% interest in Irano-Hind Shipping Company (“Irano-Hind”), a company also owned 51% by the Islamic Republic of Iran Shipping Lines (“IRISL”). IRISL is a company whose shares are owned by the Islamic Republic of Iran. Irano-Hind is the subject of sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”) both because of the indirect 51% ownership by the Islamic Republic of Iran and because Irano-Hind has been identified by OFAC as an entity engaged in the proliferation of weapons of mass destruction. Irano-Hind is also the subject of sanctions against proliferators of weapons of mass destruction contained in a Resolution of the United Nations Security Council. The total aggregate income received, in the form of dividends, from Irano-Hind for Fiscal Years 2008, 2009 and 2010 was approximately Rs. 19.3 million, Rs. 20.9 million, and Rs. 23.2 million, respectively, or less than 0.10% of our Company’s total income in each such year.

Through Security Council Resolution 1929, the U.N. imposed additional sanctions on Iran on June 9, 2010, out of concerns that Iran had failed to comply with previous U.N. resolutions targeting Iran’s nuclear and ballistic missile programs. Security Council Resolution 1929 authorizes states to inspect and seize cargo to and from Iran if there are reasonable grounds to believe the cargo contains materials related to Iran’s nuclear and ballistic missile programs. Security Council Resolution 1929 targets specific individuals and entities that support Iran’s nuclear and ballistic missile programs, including travel restrictions and the blocking of assets. Specifically, the Resolution calls for states to freeze the assets of IRISL and Irano-Hind. If any assets of Irano-Hind are frozen pursuant to Security Council Resolution 1929, our revenues from Irano-Hind could be materially and adversely affected. In addition, if it is found that Irano-Hind has proliferated weapons of mass destruction, our reputation may be damaged.

4. We rely on a single customer to charter our fleet of anchor handling and towing supply vessels, and any failure to renew the charters may have an adverse effect on the utilization of our anchor handling and towing supply vessels.

As of October 31, 2010, we own a fleet of ten anchor handling and towing supply vessels (AHTSVs), all of which are on long term charter to Oil & Natural Gas Corporation Limited (ONGC) which will expire between 2012 and 2013. There can be no assurance that we will be able to renew our contracts with ONGC when such contracts come up for renewal and there can be no assurance that we will be able to replace business lost due to the non-renewal of such contracts which may have an adverse effect on the utilization of our AHTSVs. This may result in our AHTSVs incurring idle time of an extended duration between contracts and resulting in additional expenses and loss of income, which may have an adverse effect on our business, financial condition and results of operations.

5. Increases in interest rates will adversely affect the cost of our borrowings.

Increases in interest rates will adversely affect the cost of our borrowings. All of our foreign denominated debts have a floating rate of interest. Such floating interest rate indebtedness is subject to increase in interest rates, which could increase our financing expenses and could have an adverse effect on our results of operations. For example our loan agreement with Royal Bank of Scotland dated February 9, 2001 had an applicable LIBOR for an interest period of six months equal to 1.24% in October 2003, 2.84% in January 2005, and 5.17% in April 2006. Such increases in the LIBOR have increased the cost of borrowing with respect to this loan agreement.

We do not currently enter into any interest rate hedging or swap transactions in connection with our loan agreements. We cannot assure you that we will be able to enter into interest hedging contracts or other financial arrangements on commercially reasonable terms, or that any of such agreements will protect us fully against our interest rate risk. Any increase in interest expense may have an adverse effect on our business, financial condition and results of operations.

6. We may not be able to use the Net Proceeds of the Issue to purchase vessels in accordance with the schedule set forth by our Company.

We may not be successful in utilizing the Net Proceeds of the Issue to finance the acquisition of vessels identified in the "Objects of the Issue" beginning on page 34. Our Board may modify its annual vessel acquisition program based on then prevailing market conditions which may require adding or deleting vessels from our Company's originally approved acquisition list. The acquisition cost of new vessels is not independently appraised by any financial institution and is based on internal management estimates. Such estimates may be inaccurate and may have a material impact on our ability to acquire new vessels or the timing of such acquisition. In addition, once we have extended tenders for the acquisition of new vessels, the acquisition plan may be subject to deferment, cancellation or amendment if the technical or commercial bids offered do not match our requirements. We may not be successful in entering into contracts with the shipbuilders during the fiscal period scheduled for acquisition of new vessels. We may not be able to secure the necessary financing in a timely manner, or at all. We may experience delays in delivery of new vessels which may affect our funding deployment schedule. Accordingly, there can be no assurance that we will be able to acquire additional vessels in accordance with the schedule set forth by our Company, or at all.

7. We have entered into a limited number of definitive agreements to use a portion of the Net Proceeds of the Issue and our estimates of use of Net Proceeds are internal estimates.

The use of the Net Proceeds is at the discretion of the management of our Company, although it is subject to monitoring by an independent agency. As described in the "Objects of the Issue" beginning on page 34, we intend to use a portion of the Net Proceeds from the Issue for the acquisition of vessels. However, as of October 31, 2010, we have definitive agreements for four out of nine such vessels planned for acquisition, and do not have any further definite and specific commitments for such acquisitions. The cost of acquisition of vessels is not independently appraised by any financial institution and is based on internal management estimates. We may not be able to conclude such agreements or commitments on terms anticipated by us, or at all. We cannot assure you that the actual cost of acquisition of the vessels identified would correspond to the cost estimated by our management.

We may not be able to acquire such vessels or the actual cost of such acquisitions may be materially higher than the cost estimated by our management, and this could adversely affect our financial condition and results of operations

8. We have not entered into any contracts to employ the vessels which we intend to acquire using the Net Proceeds of the Issue, and if we fail to secure sufficient demand for our newly acquired vessels, or at all, our financial condition and results of operations would be adversely affected.

In line with our goal to have a diversified young fleet, we intend to utilize a portion of the Net Proceeds of the Issue to partially finance the acquisition of the vessels identified by our Company, which was based on the annual acquisition plan approved by our Directors. However, due to the fact that such vessels to be acquired will not be delivered until 2013 and 2014, we have not entered into or finalized any employment of such vessels. Securing sufficient demand for our vessels is dependent on various factors that are beyond our control. There is no assurance that we will secure sufficient demand for employment of our newly acquired vessels, or at all, and this could adversely affect our financial condition and results of operations.

9. For Fiscal Years 2008, 2009, 2010 and the six-months ended September 30, 2010, our five largest customers accounted for approximately, 37%, 45%, 44% and 38.52% of our operating revenue, respectively and we will continue to rely on our key customers for a large portion of our revenue.

We have derived and believe that we will continue to derive in the near term a significant portion of our revenue from a few key customers. For Fiscal Years 2008, 2009, 2010 and the six-months ended September 30, 2010, our five largest customers accounted for approximately 37%, 45%, 44% and 38.52% of our operating revenue, respectively. The revenue from these customers may vary from year to year. Any loss of our key customers or any significant decreases in spending by some or all of our top five customers on our services may reduce the demand for our vessels and the services we offer and may adversely affect our revenue, profitability and results of operations.

We expect that a significant portion of our income will continue to be attributable to a limited number of customers in the foreseeable future and if any of these customers reduce their business with us, it may result in low capacity utilization of our resources, which could adversely affect our revenues, profitability and results of operations.

In addition, our income may be affected by competition, increases in fuel prices, the cyclical nature of the shipping industry and a number of other factors that could cause the loss of our customers, some of which may not be predictable by us, such as financial difficulties, bankruptcy or insolvency affecting our customers. Our key customers, some of whom have experienced substantial competition and other pressures on their profitability, may demand price reductions and/or other value-added services for no additional charge, which could reduce our profitability. Any significant reduction in or the termination of the use of the services we provide to any of our customers, or any requirement to lower our prices, could harm our business.

10. We rely on consortium partners in four of our five container services.

We operate a network of global container lines services, in consortium with other containership companies. Our consortium agreements, otherwise known as vessel sharing agreements, are typically entered to cover the trade route between specific ports like Indian sub-continent, Europe and Far East for exchanging container slots. Consortium agreements are used to coordinate vessel services and exchange vessel space, thereby reducing the costly and inefficient over-provision of capacity. Through such consortium agreements we can enhance the range of ports that we can service while maintaining separate commercial and marketing operations from our consortium counterparties. As of October 31, 2010, we had five service routes with port stops in the Indian Far-East, Indian Subcontinent, Europe, the Middle East and the Mediterranean. For four of these routes, we have entered into consortium agreements that form strategic alliances with international shipping companies. We believe that these alliances serve to promote more efficient utilization of unused vessel space and increased access to certain ports. These alliances are with (i) Mediterranean Shipping Company S.A. (MSC) for India-Subcontinent Europe (ISE) service route servicing Indian Subcontinent and Europe and for India Mediterranean (IMED) service route servicing India and the Mediterranean, and (ii) Kawasaki Kisen Kaisha Limited, Pacific International Lines (PTE) Limited and Wan Hai Lines for India Far-East

Express 1 (INDFEX-1) and Kawasaki Kisen Kaisha Limited, Pacific International Lines (PTE) Limited and Wan Hanjin (INDFEX-2) service routes for India Far-East Express 2 (INDFEX-2).

The terms of such consortium agreements typically include route description, slot allocation and operational responsibilities. Consortium agreements are intended to establish co-operative structures that promote efficiency and cost reduction. Our ability to operate our container services depends upon the cooperation and performance of our consortium partners. Our consortium partners are sophisticated and large organizations. The interests of these consortium partners may differ from our interests. We can provide no assurance that we will not have disputes with our consortium partners, or that our consortium partners will continue to do business with us. A dispute with or loss of any one of our consortium partners could have a material adverse effect on the income we derive from the applicable service route and accordingly on our business, financial condition and results of operations.

11. We have certain contingent liabilities not provided for which may adversely affect our financial condition.

For Fiscal Year 2010 and the six-month period ending September 30, 2010 we had contingent liabilities totaling Rs. 3,793.37 million and Rs. 3,978.57 million, respectively. As of September 30, 2010, our contingent liabilities included, but were not limited to. (i) litigation claims, (ii) forfeiture of assets, (iii) disputed amount of income tax, (iv) a claim by the National Institute of Oceanography towards loss of ship and other incidental charges due to fire, (v) guarantees given by banks, and (vi) undertakings for indemnification given by our Company. For further details on the amounts and nature of our contingent liabilities see "Annexure XVIII-Statement of Contingent Liabilities". Such contingent liabilities may become due based on future events outside of our control. Such contingent liabilities may result in actual liabilities higher than those reflected in our financial statements. If such contingent liabilities become due, this could adversely affect our financial condition and results of operations. See "Financial Information" beginning on page 126 for the notes to our financial statements for a further description of our contingent liabilities.

12. We will be required to prepare our financial statements in accordance with IFRS converged standards and will have to prepare the opening balance sheet in accordance with IFRS converged standards as of April 1, 2011. Reporting under the IFRS converged standards could result in a change in our functional currency and consequent risk management policies, among other changes. There can be no assurance that our adoption of IFRS converged standards will not adversely affect our results of operations and any failure to successfully adopt IFRS converged standards could have an adverse effect on the price of the Equity Shares.

The Ministry of Corporate Affairs has announced a road map for the convergence of the Indian Accounting Standards with IFRS. As a result, certain companies in India, including us, will be required to convert their opening balance sheet as of April 1, 2011 in compliance with the notified IFRS converged standards. There is currently a significant lack of clarity on the convergence with IFRS and IFRS converged accounting standards are yet to be notified. We also do not have a set of established practices on which to draw on in forming judgments regarding the convergence. As such, we have not determined with any degree of certainty the impact that IFRS convergence will have on our financial reporting, although we have recently engaged external advisors to assist us identify the potential impact of IFRS on our accounting and business practices. The adoption of IFRS will pose additional challenges and is likely to place significant strain on our management and resources, including our ERP system, particularly in the initial stages of implementation. We anticipate that the adoption of IFRS could, among other things:

- require change in the functional currency from the Indian Rupee to the US Dollar, which changes our exposure to foreign currency exchange fluctuations and the resultant risk management and hedging policies;
- require us to maintain parallel accounts under IFRS converged standards as well as Indian GAAP during the transition period;
- potentially introduce greater volatility into our financial reporting, due to the need to apply critical accounting estimates with respect to values or conditions which cannot be known with certainty at the relevant time;
- impose additional disclosure requirements, including disclosure relating to critical judgment in applying accounting policies; and

- result in changes in accounting policies and method of recognition with respect to property, plant and equipment, inventory, financial instruments and foreign currency transactions.

There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially different under the IFRS converged standards as against current Indian GAAP. As we transition to our new SCI Enterprise Transformation through Information Technology (SET-IT), we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. We could also incur additional implementation costs, which may be substantial. Moreover, there is increasing competition for the small number of accounting personnel experienced with IFRS as more Indian companies begin to prepare IFRS converged financial statements. There can be no assurance that our adoption of IFRS converged standards will not adversely affect our results of operations or financial condition. Any failure to successfully adopt IFRS converged standards with effect from April 1, 2011 could have an adverse effect on the price of the Equity Shares.

13. We are exposed to the credit risks of our customers and certain other third parties, and the non-payment, non-performance or insolvency of these parties could adversely affect our financial condition and results of operations.

We are exposed to credit risks with respect to local agents with whom we co-operate in rendering services to certain of our international customers. In Fiscal Year 2010 and the six-months ended September 30, 2010, we earned approximately 11.11% and 8.49%, respectively, of our income through local agents. In certain countries, due to local regulations or business requirements, we are required to deploy our vessels to the end users of such vessels through local agents, with whom we enter into contracts. Under such arrangements, we receive payments through such agents, and not directly from the end users of our vessels. Some of these local intermediaries may not be as financially sound as the end users of our vessels. If any of our counterparties fail to make payments received from customers to us or become insolvent, we would suffer losses and our business, financial condition and results of operations could be adversely affected.

14. We have high levels of fixed costs that will be incurred regardless of our level of business activity. Non employment of vessels or low productivity due to reduced demand, weather interruptions or other causes can have a significant negative effect on our results of operations and financial condition as a consequence.

Our business has high fixed costs as our interest costs, operating and maintenance costs will not necessarily fluctuate in proportion to changes in operating revenues. Operating revenues may fluctuate as a function of changes in day rates. However, interest costs and costs for operating our vessels are generally fixed or only semi-variable regardless of the day rates being earned. In addition, should our vessels incur idle time between contracts, we typically do not reduce staff as we require the personnel onboard to prepare the vessel for its next voyage. During times of prolonged reduced activity, reductions in costs may not be immediate as portions of the onboard personnel may be retained for a period of time, after which they are assigned to active vessels or their contracts conclude. Non employment of vessels or low productivity due to reduced demand, weather interruptions or other causes can have a significant negative effect on our results of operations and financial condition as a consequence.

15. We have undertaken, and expect to continue to undertake, business in countries subject to E.U. or U.S. sanctions and embargoes

The United States has certain laws and regulations that impose restrictions upon U.S. companies and persons, or U.S. persons, and, in some contexts, foreign entities and persons ("U.S. Economic Sanctions Laws"), with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of U.S. Economic Sanctions Laws ("Sanctions Targets"). Under U.S. Economic Sanctions Laws, U.S. persons are also generally prohibited from facilitating a non-U.S. person's undertaking such activities or transactions. In addition, the Council of the European Union has adopted restrictions on trade with entities associated with certain jurisdictions, including a council decision of July 26, 2010 concerning restrictive measures against Iran.

We have engaged and continue to engage in business with counterparties, including government-owned or controlled counterparties, in certain countries that are Sanctions Targets, including Iran and Sudan. Our tankers are out-chartered to certain third parties, and as a result of these charter arrangements transport crude oil from Iranian and Sudanese oil terminals to India. In Fiscal Years ended 2008, 2009 and 2010, we derived approximately Rs. 721.3 million, Rs. 1,860.9 million and Rs. 1,160.3 million in income from this business, or 1.8%, 4.1% and 3%, respectively of our Company's total income. In addition, our bulk carriers are from time-to-time chartered to deliver dry bulk cargo to Iran and to transport dry bulk cargo from Iran. In Fiscal Year 2010 we derived approximately Rs. 13.22 million in income from this business or 0.03% of our Company's total income for such year. Prior to the imposition of the United Nations sanctions, our liner service also transported containers to and from Iran via feeder service from Dubai. In Fiscal Years 2008, 2009 and 2010, we derived an immaterial amount of revenue from this business. Although Libya is not currently a Sanctions Target, we have also transported crude oil from Libya and have had dry bulk charters to and from Libya, at times when Libya was a Sanction Target.

In addition, our bulk carriers may from time to time call on ports in Sanctions Targets. In this business, a party not required to comply with U.S. Economic Sanction Laws may charter our bulk carriers to transport cargo to a Sanction Targets. These Sanction Targets have included countries in the Baltic Region, Ivory Coast and Syria. In addition, our containerships transport container shipments between India and Myanmar via feederships to Singapore. We also have freight forwarding agents located in the Sanctions Targets who we pay to help arrange charters for us involving cargo from ports located there.

Although we believe that we are not required to comply with U.S. Economic Sanctions Laws or the E.U sanctions, our customers or other counterparties may be required to comply with them. If any of our customers who are subject to these restrictions are found to have violated them, we could become entangled in legal proceedings or investigations or made subject to fines. Any of these developments could have a material adverse effect on our business and reputation.

In addition to the sanctions described above, the U.S. government may impose (and has in the past imposed from time to time) restrictions and sanctions against other countries, including ones in which we do business. The U.S. government may also impose new or expanded restrictions and sanctions against existing Sanctions Targets. Any such measures targeting countries in which we undertake business could reduce the level of international trade with those countries, which could have a material adverse effect on our business and reputation.

16. We are parties to joint ventures where we may not have significant control which entails business risks.

We have entered into various strategic joint venture agreements with third parties. For details for these agreements, see "Our Joint Ventures" in section "History and Certain Corporate Matters" beginning on page 85. The success of these business collaborations depends significantly on the satisfactory performance by our strategic partners of their contractual and other obligations. As we do not exercise any control on our joint venture partners, we face the risk that they may not perform their obligations in a satisfactory manner, or at all. If they fail to perform their obligations satisfactorily or at all, we may be unable to successfully carry out our operations. In such a circumstance, we may be required to make additional investments or become liable for our partners obligations, which could result in additional liability that may adversely affect our business and results of operations. Certain major corporate matters under these joint venture agreements, such as acquisition or disposal of vessels or change in share capital, require unanimous consents of joint venture partners. Any difference in opinions or views between joint venture partners can result in delay in decision-marking or failure to reach an agreement, which could adversely affect the business, operations or growth prospects of such joint ventures. In addition, we rely on these joint ventures to gain access to the markets that we believe will provide us with long-term growth opportunities.. Our joint ventures may face difficulties in their operations which we may not currently anticipate due to a variety of circumstances, which could have an adverse effect on our business, results of operations and financial condition. If the interests of our joint venture partners conflict with our interests, this and other factors may cause our joint venture partners to act in a manner that is contrary to our interests, or otherwise be unwilling to fulfill their obligations under our arrangements with them. Our ability to exit from these joint ventures is restricted and subject to a number of conditions, such as the prior consent from our joint venture partners. These joint venture agreements may be subject to early termination by our joint venture partners if certain obligations are not fulfilled leading to deadlock in corporate decision-making. Any of the foregoing could have a material adverse affect on our business, results of operations, financial condition and reputation. For further details see "Joint Ventures" in section "Our Business" beginning on page 62.

17. Our results of operations may be adversely affected by our inability to negotiate profitable contracts for the employment of our vessels. This will prevent us from utilizing our fleet at profitable levels, which could adversely affect our profitability.

Our inability to procure contracts on pricing terms acceptable to us, or at all, may have an adverse effect on our revenues and profitability. Although we generally endeavour to obtain favourable pricing terms in contracts for the employment of our vessels where possible, demand and market conditions at the time of negotiating such contracts may result in us accepting less favourable pricing terms. A failure to obtain favourable pricing terms in contracts for the employment of our vessels, particularly when a market is at its inflection point, could lock us into low returns and have an adverse effect on our financial condition and results of operations.

18. Announcements by the Government relating to increased wages for government and public sector employees will increase our expenses and may adversely affect our financial condition in the years of implementation.

In the past, the Department of Public Enterprises ("DPE") has required government enterprises to implement salary increases for employees below board level executives as determined by the respective boards and management of the relevant government enterprises within a certain guideline set by the DPE. These governmental measures increase our labour costs and there is no assurance that additional measures or further increases will not be introduced by the Government. Such labour costs accounted for 3.28% of our total expenses in Fiscal Year 2010. Accordingly, any announcements by the Government relating to increased wages for government and public sector employees will increase our expenses and may adversely affect our operating results and financial condition.

19. There are outstanding legal proceedings against our Company and our Directors.

There are outstanding legal proceedings against our Company and our Directors. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers, appellate tribunals and arbitrators in different jurisdictions. An adverse outcome in these proceedings could have a material adverse effect on our reputation, business or prospects. In addition, further liability may arise out of these claims. Brief details of such outstanding legal proceedings, wherein the claim amount is at least Rs. 50 million, as of the date of this Red Herring Prospectus are as follows:

Litigation against our Company

Rs. in Million

Sr. No.	Nature of cases	No. of outstanding cases	Amount Involved
1.	Criminal Cases	5	-
2.	Civil Cases	7	1,584.17
3.	Tax Cases	3	981.95

For further details of outstanding legal proceedings against our Company and our Directors see "Outstanding Litigations and Material Developments" beginning on page 208.

20. The demand for our bulk carriers and tankers is, to a large extent, dependent on the demand for energy products. A decline in the demand for energy products could have an adverse effect on our financial condition and results of operations.

Our bulk carrier and tanker division is the primary income source of our Company, accounting for 71.14%, 71.71%, 68.43% and 62.88% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ending September 30, 2010, respectively. The demand for our bulk carriers and tankers, to a large extent, depends on the demand for energy products, including crude oil, gas and coal. Such demand is subject to a variety of factors that are beyond our control, including:

- expectations about future prices and price volatility of energy products;
- the cost of exploration for, and production and transportation of, oil, gas and coal;

- worldwide demand for energy products;
- availability and rate of discovery of new oil and gas resources in offshore areas;
- changes in capital spending budgets by our customers;
- government policies and initiatives in awarding offshore exploration blocks;
- local and international political and economic conditions and policies, including developments in international trade which affect cabotage and local laws;
- technological advances affecting energy production and consumption, including substitution by, and availability of, alternative energy sources;
- weather conditions;
- environmental and other regulations affecting our customers and their other service providers;
- changes in seaborne and other transportation patterns;
- state of the financial markets; and
- the ability of oil, gas, coal and other energy product companies to generate or otherwise obtain funds for exploration and production.

A decline in the demand for energy products, due to one or more of the above factors, would result in a decrease in the demand for our bulk carrier and tanker services. For example, in 2008 and 2009, the price of crude oil per barrel was US$ 97.26 (Rs. 4,368.92) and US$ 61.67 (Rs. 2,770.22), respectively, and total world consumption of oil was 3,959.9 million tonnes and 3,882.1 million tonnes, respectively. As a result of this lowered demand and consumption, income from our bulk carrier and tanker division was reduced from Rs. 32,706.63 million to Rs. 26,686.17 million in Fiscal Year 2010 and 2009, respectively. Such reduction in demand and consumption may adversely effect our financial condition and results of operations.

21. Our results of operations have been impacted by a downturn in the international shipping markets.

Our revenue and net profit for Fiscal Year 2010 dropped by 14.49% and 59.83%, respectively, compared to Fiscal Year 2009. According to UNCTAD, in the twelve months ended December 31, 2009, demand for shipping services as well as the prices charged by international shipping companies dropped significantly, as the world economy came under pressure and shipping markets underwent a correction, including the Indian shipping market. (*Sources: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)*). There is no assurance that we will be able to attain the revenue and gross profits that we achieved in the past, and any material fluctuations or declines in such revenue and gross profits may have an adverse effect on our financial condition and results of operations.

22. We may experience decreased revenues due to the fluctuations in charter rates, which may have a material adverse effect on our financial condition and results of operations.

Our operating results are highly dependent on the prevailing charter rates in a given time period. Charter rates are based in part on supply and demand and are extremely competitive. Over the last decade, charter rates, vessel values and the general profitability of shipping companies have been volatile. For example, in 2008, rates for (i) VLCC vessels servicing the Persian Gulf and the Republic of Korea route decreased by 67.7%, (ii) Suezmax vessels servicing the West Africa and North West Europe route decreased by 40.9%, (iii) Aframax vessels servicing the Indonesia and the Far East route decreased by 35.4%, and (iv) Handysize vessels servicing the Mediterranean, Caribbean and North America East Coast route decreased by 33.2%. (*Sources: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)*). For further details, see "Crude Oil and Product Tanker Freight Market" in section "Industry Overview" beginning on page 47. There can be no assurance that charter rates will increase to previous levels or do so in a timely manner. Fluctuations in charter rates, or continued stagnation in charter rates, will have a material adverse effect on our financial condition and results of operations.

23. We may not be able to renew our existing contracts of affreightment (COA) on commercially reasonable terms, or at all, and failure to do so could have an adverse effect on our business and results of operations.

Typically, a COA is a contract under which a vessel owner agrees with a third party to transport over a period of time a specified quantity of product, at a specified rate per tonnage, between designated loading and discharge ports. Certain of our vessels operate under COA. For example, in our bulk carrier and tanker division, which contributed to 71.14%, 71.71%, 68.43% and 62.88% of our total income for Fiscal Years 2008, 2009, 2010 and the six-months ended September 30, 2010, respectively, we have five COA, two for dry bulk and three for tankers. The COA for dry bulk will expire in February 2011 and March 2011, respectively and the COA for tankers will expire in April 2011, September 2011, and September 2012, respectively. There is no assurance that we will be able to renew our existing COA on commercially reasonable terms, or at all, and failure to do so could have an adverse effect on our business, financial condition and results of operations.

24. We may not be able to renegotiate our existing COA to address fluctuations in charter rates, and failure to do so could have an adverse effect on our business and results of operations.

As of October 31, 2010, we have three bulk carriers which are employed under COA. For our bulk carrier vessels which are operated under COA, the charter rates are fixed at the time the COA are entered into. However, such COA do not contain any adjustment mechanisms to address any fluctuations in the prevailing market charter rates. In the event of an increase in such charter rates, we may not be able renegotiate the agreed rates when the COA were entered into and benefit from such increase. This could have an adverse effect on our business, financial condition and results of operations.

25. Fluctuations in the purchase price of vessels may adversely affect our financial condition and results of operations.

We experience fluctuations in the purchase price of new and second-hand vessels which are affected by general economic and market conditions affecting the shipping industry, competition from other shipping companies, types and sizes of vessels and other modes of transportation. The following table sets forth examples of the price fluctuations in newly built vessels from 1985 to April 2009:

New-built prices for vessels

Type and size of vessel (USD million)	1985	1990	1995	2000	2005	2006	2007	2008	April 2009
170,000 DWT dry bulk carrier	27	45	40	40	59	70	97	89	72
110,000 DWT tanker	22	42	43	41	58	81	72	76	65
78,000 m3 LPG	44	78	68	60	89	92	93	90	85
20,000 DWT general cargo	12	24	21	19	18	24	25	40	30
2,500 TEU full container ship	26	52	50	35	42	46	66	n.a.	n.a.

(Source: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009))

The construction of a vessel may take in excess of 36 months. Our contracts for the building of new vessels do not provide for purchase price adjustments based on fluctuations in the market price of newly built vessels. As a result, we may become contractually obligated to purchase a vessel in periods where vessel prices are high but take delivery of such vessels when vessel prices have declined, so that the market value of the vessel is below the amount we pay. If the written down value is higher than the market price and the present value of the future earning potential is not greater than the written down value, we may be required to recognize the vessel as “impaired” and take a charge for the amount of the impairment against our earnings thus affecting our financial condition and results of operations.

26. A decline in the value of our vessels may have a material adverse effect on our financial condition and results of operations.

As our vessels become older, they generally decline in value. Declining vessel values could affect our ability to raise cash by limiting our ability to refinance our vessels, thereby adversely impacting our liquidity. If any vessel is placed as security for our financing arrangements, and there is a drop in the value of such vessel to the extent that such value falls below the acquisition price, we may be required to provide additional security in order to maintain such financing arrangements. Failure to do so may result in such financing arrangement being terminated, and there is no assurance that we will be able to obtain other financing or incur debt on terms that are acceptable to us or at all.

27. ***The ageing of our fleet may result in increased operating costs in the future, which could adversely affect our earnings.***

In general, the cost of maintaining a vessel in good operating condition increases with the age of the vessel. As of October 31, 2010, the average age of our fleet was 15.47 years. As our fleet ages, we will incur increased maintenance costs. Older vessels are typically less fuel efficient and costlier to maintain than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers. Governmental regulations and safety or other equipment standards related to the age of vessels may also require expenditures for alterations or the addition of new equipment, to our vessels and may restrict the type of activities in which our vessels may engage. We cannot assure you that, as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives.

The following table sets forth the average age of our fleet as of October 31, 2010 by vessel type:

Vessel Type	Number of Vessels	Average Age (Years)
Containership	5	10.8
Bulk Carrier	18	21
Crude tanker + VLCC	22	11.77
Product tanker	15	5.06
Chemical tanker	3	18.33
LPG	2	19
Passenger	2	37
Offshore Supply vessels	10	25.7

28. ***We cannot assure you that we will be able to purchase or acquire new or second-hand vessels meeting our requirements at prices, delivery times or in a condition acceptable to us.***

There can be no assurance that newly built vessels we purchase will be completed on schedule or at all. While we would receive penalty payments from the shipbuilder, delays in the delivery of, or failure to deliver, one or more of the newly built vessels we purchase could result in our inability to employ such vessels or otherwise have an adverse effect on our business, financial condition and results of operations. Sellers of second-hand vessels typically provide no warranties with respect to the condition of the vessels. In addition, second-hand vessels may have conditions or defects that we were not aware of and our inspections of second-hand vessels prior to purchase would not normally provide us with the same knowledge about the condition of the vessels that we would have if the vessels had been built for or operated by us. Accordingly, there can be no assurance that the purchase of second-hand vessels will not result in higher than anticipated operating expenditures, including repair costs, or lower than expected vessel values. There can be no assurance that vessels meeting our size and quality requirements will be available at prices or delivery times acceptable to us, which could result in lost business opportunities or otherwise have an adverse effect on our business, financial condition and results of operations.

29. ***We may not be able to maintain the size of our owned fleet or chartered fleet, which would affect our ability to meet our shipping commitments and may have a material adverse effect on our financial condition and results of operations.***

The size of our owned fleet may decrease if we are unable to find suitable replacements for our vessels due to the risks associated with the construction of new vessels and the purchase of second-hand vessels detailed above, or obtain sufficient capital resources to complete the acquisition of identified vessels. We also in charter vessels in times of market demand. For example, as of September 30, 2010, our liner division had in chartered five vessels. Similar to our owned fleet, the size of our chartered fleet may decrease as each charter is for a specific period of time, and we may not be able to find suitable vessels at acceptable rates and charter periods to replace them. COA require us to provide shipping services in the future at predetermined prices. If our fleet decreases below the number of vessels needed to meet those commitments or the cost of chartering in vessels increases above the pre-determined prices, we may suffer losses. As of September 30,2010, we had plans to order an additional 20 vessels in Fiscal Year 2011. However, there is no assurance that we will have sufficient capital resources to build or acquire the vessels and equipment to maintain our vessel fleet size. A significant decrease in the number of vessels in our fleet could adversely affect our ability to market our fleet and have a material adverse effect on our business, financial condition and results of operations.

30. We may have difficulty in managing our planned acquisitions of additional vessels.

We intend to grow our business by ordering new vessels and through selective acquisitions of additional vessels. In addition to the 26 vessels on order as of October 31, 2010, we currently have plans to order an additional 20 vessels in Fiscal Year 2011. Our ability to grow our vessel fleet in the future will primarily depend on:

- timely identification for the need of additional vessels;
- locating and acquiring suitable vessels;
- identifying and completing vessel acquisitions;
- enlarging our customer base;
- managing our expansion;
- the operations of the shipyard any new buildings we may order; and
- obtaining required financing on acceptable terms.

Higher charter rates result in higher vessel values, and accordingly, it may be difficult to consummate vessel acquisitions at favourable prices during period of high charter rates. In addition, growing any business by acquisition presents numerous risks, such as managing relationships with customers and integrating newly acquired assets into existing infrastructure. We cannot give any assurance that we will be successful in executing our growth plans or that we will not incur significant expenses and losses in connection with our future growth efforts.

31. We may not be able to acquire additional vessels to address an immediate need of vessel capacity due to the absence of an active second-hand market for the sale of vessels, and this could have an adverse effect on our financial condition and results of operations.

Our customers may have an immediate need for vessel capacity from time to time. We may not be able to address such need for vessel capacity if our existing vessels are already fully utilized, and in the event that we need to acquire additional vessels to address such need, we may not be able to do so in a timely manner due to the absence of attractive prices or an active second-hand market for the purchase of vessels at such time. Failure to acquire the necessary vessels may result in the loss of such business opportunities and could accordingly have an adverse effect on our financial condition and results of operations.

32. We have experienced shortages of workers, and we may not be able to recruit sufficient numbers of qualified personnel.

During Fiscal Year 2010, we experienced an average shortage of 1,021 personnel officers, which is approximately 44.53% of the total number of required officers. We mitigated this shortage by recruiting officers on a contract basis. In order to retain officers, we have granted salary increases and we have allowed regular officers to draw market related wages. We have also made investments in our Maritime Training Institute. There can be no assurances that any of the steps we have taken to address the current and anticipated future shortage of officers will be successful. Our failure to attract and retain qualified officers, and increased expenditure on personnel costs may adversely affect our business and results of operations.

33. Our business and results of operations could be adversely affected by work stoppages, including strikes, by our work force or any other kind of disputes involving our work force.

Our onshore personnel are members of one of the following organizations: SCI Officers' Association Mumbai, SCI Officers' Association Kolkata, SCI Staff Union Mumbai, Shipping Corporation Employees' Union Kolkata, and Shipping Corporation Non-Clerical Staff Union Kolkata. Our fleet personnel are members of one of the following three unions, namely, Maritime Union of India (MUI), National Union of Seafarers of India (NUSI) and Forward Seamans' Union of India (FSUI). As of October 31, 2010 we are in negotiations with the representative labour bodies for our onshore personnel regarding an impending wage revision. There is no assurance that we will be able to negotiate acceptable agreements with the unionized employees, and failure to do so could lead to shortage of workers and union-initiated work stoppages, including strikes which may not be insured or hedged by us. In the event of a work stoppage by the onshore personnel, our vessels will still continue to be operated by the fleet personnel. However, we have not experienced any work stoppages due to onshore personnel in the last five years.

34. We may not be able to attract and retain key management personnel and skilled employees, which could adversely affect the results of our operations.

We may be unable to attract and retain key management personnel and employees skilled in the shipping industry, which would negatively affect the effectiveness of our management, financial condition and results of operations. Our management personnel make key decisions to maximize our revenue and earnings in a highly volatile and cyclical industry and our success will depend, in part, on our ability to hire and retain key members of our management team. The loss of any of these individuals could adversely affect our business, financial condition or results of operations. Difficulty in hiring and retaining qualified personnel and crewmembers could also adversely affect the results of our operations.

Our success depends in large part on our ability to attract and retain skilled employees, such as management level nautical and engineer officers. Such employees with appropriate knowledge and experience are scarce and the employment market for such personnel is very competitive. We may experience a reduction in the experience level of our personnel as a result of any increased attrition, which could lead to higher unavailability of vessels and more operating incidents, which in turn could decrease revenues and increase costs. Competition has resulted in inflationary pressure on hiring, training and retention costs for such personnel. If we are unable to continue to attract and retain skilled and qualified employees in the future and/or there is a change in labour laws and regulations in a particular country which restricts our skilled and expatriate personnel from working in such country, this may affect our ability to operate efficiently. As a public sector undertaking in India, the Government policies regulate and control the emoluments, benefits and perquisites that we pay to our employees. We may be unable to compete with private companies for qualified personnel due to their ability to offer more competitive salaries and benefit packages. Our inability to hire, train and retain a sufficient number of qualified employees could impair our ability to manage, maintain and grow our business.

35. Changes in technology may render our current vessel technology obsolete or may require us to make substantial capital investment.

The technological standards of our vessels, equipment and machinery may change based on the requirements of the industry. While we currently have a modern fleet and many of our vessels have the latest technology, the vessels, equipment and processes that we currently use may become obsolete or less efficient compared to more advanced technology vessels, equipment and processes that may be developed in the future. The cost to upgrade our vessels or equipment or implementation of such advanced technology processes could be significant and could adversely affect our results of operations and financial position.

36. Any disruptions in our implementation plans to our new SET-IT project could have a material adverse effect on our ability to carry on our business efficiently.

We are in the process of implementing a new comprehensive enterprise resource planning system across all divisions which will provide us with greater security, reliability and efficiency in major areas of our operations, including container management, freight booking and reconciliation, spare part management, agents account management, bunkering, vessel scheduling, dry-docking, repair management, crew management, payroll and billing. The implementation of such technology is complex and entails significant technical and business risks. We cannot assure you that we will successfully implement this system in a timely and effective manner. The failure to timely implement our new SET-IT system may significantly disrupt our business or our ability to report our financial and operating results. In addition, our failure to adapt our SET-IT systems to customer requirements or emerging industry standards in the future could have a material adverse effect on our ability to carry on our business efficiently and could adversely affect our results of operations and financial position. Furthermore, there is no assurance that our SET-IT system will be able to meet all our business and operational expectations and this could have an adverse effect on our business and results of operations.

37. Our industry is highly competitive and is subject to intense price competition, which could depress vessel day rates and utilization rates, thereby adversely affecting our business and financial performance.

We operate in an intensely competitive industry, and the principal competitive factors include:

- charter rates and other costs, service and reputation of vessel operations and crew;
- national flag preference;
- pre-qualification criteria and prior experience;
- operating conditions;
- suitability of vessel types;
- age of vessels;
- vessel availability;
- technical capabilities of vessels, equipment and personnel;
- safety and efficiency;
- complexity of maintaining logistical support; and
- cost of moving equipment from one market to another.

We are one of India's largest shipping companies in terms of Indian flagged tonnage, with approximately a 35.0% share of Indian flagged tonnage as of June 30, 2010, according to the Directorate General of Shipping, Government of India (D.G. Shipping), *(Source: (www.dgshipping.com))*. We compete with local, regional and global companies, many of whom have an established reputation and track record in our industry. We cannot assure you that we will be able to successfully compete in the markets in which we currently operate and intend to operate. Local competitors in each country in which we operate may have more domestic experience and better relationships with customers than we do. In addition, many governments favour, or effectively require contracts to be awarded to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Such policies may affect our ability to compete effectively. Compared to us, some of our competitors are larger, have more diverse fleets and businesses, have greater financial and other resources, greater brand recognition and reputation, greater geographical reach and lower capital costs. This allows them to better withstand industry downturns, compete on the basis of price, relocate assets more easily and build or acquire additional assets, all of which may affect our revenues and profitability. Moreover, if other companies relocate or acquire vessels for operations in the geographical regions where we operate, the level of competition in such regions may increase, and our business and financial performance could be adversely affected as demand for our vessels and services could be negatively affected by increased supply of similar vessels and services.

38. We are subject to hazards customary to the operation of vessels and unforeseen interruptions that could adversely affect our financial performance, for which we may not be adequately insured or indemnified. If we are unable to obtain adequate compensation under our insurance coverage, our business and financial condition would be adversely affected.

Our operations are subject to various operating hazards and risks, including:

- catastrophic marine disasters;
- delays entering foreign ports, including as a result of congestion, or port-state compliance procedures;
- adverse sea and weather conditions;
- mechanical failures;
- navigation errors and crew negligence;
- vessel collisions;
- oil and hazardous substance spills, containment and clean up;
- labour shortages and strikes;
- unanticipated geological conditions;
- damage to and loss of vessels, drilling rigs and production facilities; and
- war, sabotage, piracy and terrorism risks.

These risks present a threat to the safety of personnel and to our vessels, cargo, equipment under tow and other property, as well as the environment. We could be required to suspend our operations as a result of these hazards. In such an event, we would experience loss of revenue and possibly property damage, and additionally, third parties may have significant claims against us for damages due to personal injury, death, property damage, pollution and loss of business. Additionally, we may be penalized by the relevant authorities if we are determined to be responsible for the occurrence of any of such hazards. If we are unable to obtain adequate compensation under our insurance coverage, our business and financial condition would be adversely affected. In addition, see risk factor "We may not have adequate insurance and we are subject to uninsured risks" below.

39. We may not have adequate insurance and we are subject to uninsured risks. If we are not able to adequately insure against the risks we face, or the insurance coverage we have taken are inadequate to cover our losses, our business, financial condition and results of operations could be adversely affected.

We maintain insurance coverage against certain risks which our management considers to be customary in our industry. For further details see "Insurance" in section "Our Business" beginning on page 62. However, we cannot assure you that our insurance will be adequate to cover all losses that we may incur in the future. If we incur an uninsured loss or a loss in excess of insured limits or if our insurers fail to fulfil their obligations for the sum insured, we could be required to pay compensation or lose capital invested in the asset, as well as anticipated future revenue from that vessel. We would, at the same time, remain liable for any indebtedness or other financial obligation related to the relevant vessel. Further, while we believe that insurance coverage will be available in the future, we cannot assure you that such coverage will be available at costs and terms acceptable to us or that such coverage will be adequate with respect to future claims that may arise. If we are not able to adequately insure against the risks we face, or the insurance coverage we have taken are inadequate to cover our losses, our business, financial condition and results of operations could be adversely affected.

40. Our growth depends on our ability to expand relationships with existing charterers and new charterers in a highly competitive environment.

Shipping charters are awarded based upon a variety of factors relating to the vessel operator, including:

- shipping industry relationships and reputation for customer service and safety;
- shipping experience and quality of vessel operations (including cost effectiveness);
- quality and experience of seafaring crew;
- the ability to finance new vessels at competitive rates and financial stability in general;
- relationships with shipyards and the ability to get suitable berths;
- construction management experience, including the ability to obtain on-time delivery of new vessels according to customer specifications;
- willingness to accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events; and
- competitiveness of the bid in terms of overall price.

We expect substantial competition from a number of experienced companies, including state-sponsored entities and major shipping companies. Some of these competitors have significantly greater financial resources than we do, and can therefore operate larger fleets and may be able to offer better charter rates. We anticipate that an increasing number of marine transportation companies will enter the container lines sector, including many with strong reputations and extensive resources and experience. This increased competition may cause greater price competition for time charters. As a result of these factors, we may be unable to expand our relationships with existing customers or to obtain new customers on a profitable basis, if at all, which may have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends to our stockholders.

41. Our inability to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business may have an adverse effect on our business, financial condition and results of operations.

We require certain statutory and regulatory permits and approvals to undertake our business. For further details see "Government and Other Approvals" beginning on page 211. In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for any new operations we undertake. There can be no assurance that the relevant authorities will issue any such permits or approvals in the time-frame anticipated by us, or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have an adverse effect on our business, financial condition and results of operations. See "Government Approvals" for further details.

42. Failure to manage our growth could disrupt our business and adversely affect our prospects and results of operations.

We expect our business to continue to grow significantly. Although we plan to continue to expand our scale of operations through organic growth acquisitions of vessels as well as of companies and investments in other entities, we may not grow at a rate comparable to our growth rate in the past, either in terms of income or profit. We expect our future growth to place significant demands on our personnel, management and other resources and require us to continuously evolve and improve our financial, operation and other internal controls across our organization. If we fail to manage our recent and future acquisitions of vessels or companies (together with related financings) effectively, our results of operations could be adversely affected. In particular, continued expansion places additional and new responsibilities on our management on:

- recruiting, training and retaining sufficient skilled and qualified management and technical personnel;
- adhering to health, safety and environment and quality and process execution standards that meet client expectations;
- making assumptions on capital expenditure on areas where we have little experience;
- preserving a uniform culture, values and work environment in operations within and outside India;
- integrating acquired businesses and assets; and
- developing and improving our operations and our financial, management and legal compliance information systems.

Any inability to manage our growth may have an adverse effect on our business, prospects and results of operations.

43. Our business is subject to risks inherent in conducting business internationally that may adversely affect our operations.

Substantially all of our business is international and requires us to operate outside of Indian coastal waters. In Fiscal Year 2010, 86.65% of our total income was derived from our international operations. Our international operations are subject to a number of risks inherent to any business operating in foreign countries, and especially emerging markets. As we continue to expand into new markets, our international operations will encounter various operating restrictions, risks and hazards, including:

- cabotage laws and the requirement to operate through third party intermediaries who may not be financially sound;
- government instability, which can cause investment in capital projects by our potential customers to be withdrawn or delayed, reducing or eliminating the viability of some markets for our services;
- foreign currency exchange fluctuations;
- government and regulatory requirements across various jurisdictions;
- difficulties and costs of staffing and managing international operations;
- use and compensation of local employees of foreign contractors;
- potential vessel seizure or nationalization of exploration and production assets;
- import-export quotas or other trade barriers;
- difficulties in collecting accounts receivable and longer collection periods;
- political and economic instability, including war and piracy;
- changes to shipping tax regimes;
- imposition of currency exchange controls;
- potentially adverse tax consequences; and

- language and cultural differences.

We cannot predict whether any of the above risks will materialize or whether they would have any effect on our operations. In addition, our structure and our operations are in part based on certain assumptions about various foreign and domestic tax laws, currency exchange requirements and capital repatriation laws. While we believe our assumptions are correct, there can be no assurance that taxing or other authorities will reach the same conclusions. If our assumptions are incorrect or if the relevant countries change or modify such laws or the current interpretation of such laws, we may suffer adverse tax and financial consequences, including the reduction of cash flow available to meet required debt service and other obligations. This may, in turn, adversely affect our business prospects in the affected jurisdictions, as well as our financial condition and results of operations.

44. We may not be able to collect on our account receivables that have been outstanding for more than six-months.

As of September 30, 2010, we had account receivables outstanding exceeding six months in the amount of Rs. 1,766.40 million. We consider collection of Rs. 542.99 million of such receivables as doubtful. Accordingly, we may not be able to collect a portion, or any, of such account receivables. A failure to collect on such account receivables could have an adverse effect on our financial condition and results of operations.

45. Termination of contracts for the employment of our vessels or inability to obtain contracts for the employment of our vessels for any significant period may adversely affect our revenues, thus affecting our financial condition and results of operations.

As of October 31, 2010, a total of 13 of our vessels operated under spot or short term contracts. These vessels operating under spot contracts and short term contracts constituted 16.88% of our total fleet. We expect to continue to operate in the spot markets or enter into contracts which are relatively short-term in nature with respect to some of our vessels. The initial term of some of our charter parties, with attached options, may be extended on one or more occasions, at the discretion of our customers. Management of mobilizing of our fleet for optimal use may as a result be difficult, and significant periods may exist between projects during which our vessels are idle. In addition, our vessel charter contracts may be subject to early termination by our customers under certain conditions, such as defaults by the parties, force majeure events, our failure to commence our services on schedule, the loss or destruction of the vessel and breach of any material provision by us of the charter party. In addition, contracts for the employment of our vessels may grant our clients the right to terminate such contracts or otherwise intervene in the performance of such contracts, if they believe that we are not performing our obligations in a satisfactory manner or in accordance with industry standards, and we are not entitled to any termination compensation in such circumstances. Contracts for the employment of our vessels may also grant our clients a discretionary right to terminate the contract at any time upon relatively short notice for no reason whatsoever. While some of these contracts have early termination penalties or other provisions designed to discourage our customers from exercising such options, we cannot assure you that our customers would not choose to exercise their termination rights in spite of such penalties. Additionally, customers without contractual termination rights may choose to terminate their contracts despite the possibility of litigation.

In the event of an early termination of any of contracts for the employment of our vessels, there can be no assurance that we will then be able to obtain other contracts for the employment of such vessels at equivalent or higher rates, or at all. If we are unable to obtain contracts for the employment of any of our vessels for a significant period, or if we are only able to do so at rates lower than previously obtained, our financial condition and results of operations would be adversely affected. Such chartering arrangements are relevant to the bulk carrier and tanker division, which contributed 71.14%, 71.71%, 68.43% and 62.88% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ending September 30, 2010, respectively.

46. We rely upon agents in ports where our vessels call and their actions may adversely affect our business, financial condition and results of operations.

We depend upon agents at the ports where we operate to arrange husbanding for our vessels. These agents act as intermediaries in securing cargo for our vessels and arranging terms. Most of these agents are not our employees and therefore have limited ability to control their actions or their procedures. If an agent were to violate the law or otherwise not act within our best interests, on any omission including an agent's failure to collect and remit to us amounts payable from our customers, our business, financial condition and results of operations could be adversely affected.

47. Some of the cargo we carry may not be claimed by their recipients resulting in loss of ground rent.

In case recipients do not claim the cargo we deliver we lose our ground rent. In addition, under Indian law, Indian ports can levy liability on the liner service for a maximum of 75 days. The actual amount levied varies from port to port. In Fiscal Year 2010, we have not experienced any cases of container abandonment, and accordingly, we have not incurred any ground rent. Although, we are authorized to auction such abandoned cargo, if not claimed within the contracted number of days, to recover our dues, the auction proceeds may not be sufficient to cover our dues, and this may adversely affect our business, financial condition and results of operations.

48. We have been unable to locate certain of our corporate records, including with respect to the issuance and transfer of certain details of equity shares acquired by our Promoter.

We have been unable to locate certain of our corporate records including with respect to the acquisition of 143,000 equity shares and 19,012 equity shares of Rs. 100 each by our Promoter in 1957 and 1986, respectively. Certain details regarding such acquisitions have been ascertained based on the minutes of the meetings of the Board of Directors and our annual reports. Further, we have not been able to ascertain the price of acquisition by our Promoter of certain equity shares acquired on October 3, 1961, October 30, 1972 and March 5, 1973. For details see "Capital Structure" beginning on page 25. As a result the average cost of acquisition of Equity Shares by our Promoter, as disclosed in "Prominent notes to Risk Factors" in "Risk Factor" beginning on page xi, has been calculated assuming that the acquisition of these equity shares by our Promoter on April 11, 1957, October 3, 1961, October 30, 1972, March 5, 1973 and June 30, 1986 was made at Rs. 100 which was the face value of the equity shares.

49. We may be unable to meet certain obligations in contracts for the employment of our vessels, including timeliness of delivery of cargo.

We may be unable to meet certain contractual obligations including timeliness of delivery. In our various shipping contracts, we have commitments for safe and timely delivery of cargo. Any failure to meet the scheduled timelines set by our customers or loss or damage to cargo may lead to our customers raising claims against us. For example, one of our customers, Sun Teas Private Limited has filed a case against our Company in relation to delay in delivery of cargo by our vessel and another customer, VXL India Limited has filed a case against our Company in relation to loss and damage of cargo. For further details, see "Outstanding Litigation and Material Developments" beginning on page 208. Assertion of one or more legal claims against us could have an adverse effect on our business. In the past, customers have raised claims against us for short landing, damage to cargo and delay in delivery of cargo. Some of these claims have resulted in suits filed in various forums against our Company. While we are insured against such risks, there is no assurance that our insurance would be sufficient to cover us for these risks completely and we would be liable to the customer for amounts exceeding our insurance limits.

50. Our containerships are subject to strict schedules, and any delays could adversely affect our financial condition and results of operations.

Each of our containerships must adhere strictly to certain schedules, as each terminal that it is scheduled to stop at has a specific time window allocated to it. Failure to reach a particular port in time to utilize the full time window may result in delay in delivery of cargo which could lead to customers bringing claims against us. In order to prevent any delays by shortening the travelling time, we may need to increase the speed of our containers, which requires higher fuel consumption and as a result, we will incur additional costs. Occurrences of delay and the consequential claims made by the clients may have an adverse effect on our business, financial condition and results of operations.

51. We may incur higher operating costs as we are required to register our vessels in India, and Indian flag vessels incur certain higher charges.

Under the provisions of the Merchant Shipping Act, 1958 (the "Merchant Shipping Act"), our Company is required to register all our vessels in India. Further the crew of the vessels registered in India under the Merchant Shipping Act has to be registered under the Merchant Shipping Act. Accordingly, we may have to incur higher expenditure to meet such manning requirements prescribed by the compared to our competitors whose vessels are flagged under different jurisdictions. We may also have to incur additional expenditures at various international ports where there is a requirement to engage local agents for certain services and as a result our business margins may be affected which would impact our business and results of operations.

52. Our operations may be adversely affected in the event of any significant unavailability of vessels or equipment.

In the event of any extensive servicing or repair, there will be a prolonged and significant unavailability of our vessels or equipment resulting in major disruptions to our operations. We may not be able to meet the demand for our services as these vessels that are under maintenance or repair cannot be chartered out during their downtime. As a result we may not be able to capitalize on the new business opportunities available in the market. In the event we are affected by such prolonged and significant unavailability of our vessels or equipment, our business and financial condition may be adversely affected.

53. The Net Proceeds raised in the Issue are subject to market and credit risks, pending utilization, and our funding requirements and deployment of the Net Proceeds are based on management estimates and have not been independently appraised.

We intend to use the Net Proceeds received from the Issue in accordance with the "Objects of the Issue" beginning on page 34. Pending utilization for the purposes described in the "Objects of the Issue", we intend to temporarily invest funds in instruments that we deem to be creditworthy, including money market mutual funds and deposits with banks. Factors such as interest rates, exchange rates and the creditworthiness of the counterparty, amongst others, may have a materially adverse effect on these investments which may result in our inability to use the Net Proceeds raised in the Issue in the manner indicated by us. Our funding requirements and the deployment of the Net Proceeds are based on management estimates and have not been appraised by any bank or financial institution. Though the deployment of the Net Proceeds from the Issue will be monitored by the monitoring agency, the figures included under "Objects of the Issue" beginning on page 34 are based on our own estimates. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. This may result in the rescheduling of our expenditure programs and an increase or decrease in our proposed expenditure for a particular matter.

54. We have referred to the data derived from certain industry reports commissioned by third parties. The data is subjected to various assumptions and limitations.

We have referred to the data derived from certain industry reports commissioned by third parties. These reports are based upon various limitations and assumptions which are subjective and uncertain. There can be no assurance that the assumptions adopted in these reports for the purposes of preparing their research report will prove to be accurate. If any of these assumptions are incorrect, the development of the port industry in India could be materially different from that set forth in such report. Accordingly, investors are advised not to place undue reliance on the data derived from this report in their investment decisions. The sources and industry reports we have used in the preparation of this Red Herring Prospectus are listed below. Further details on which industry reports we used, see "Industry Overview" beginning on page 47.

- *Review of Maritime Transport, 2009, UNCTAD*
- *Indian Port Association*
- *Working group report on shipping and inland water transport, 11th five year Plan*
- *INSA Annual Review 2008 -09*
- *Indian Tonnage Statement, June 30, 2010 published by DG Shipping*
- *IEA Oil Market Report, April 2010,*
- *IEA Annual Statistical Bulletin, 2009*

- *BP Statistical Review of World Energy June 2010*
- *Mid Term Appraisal for Eleventh Five Year Plan 2007-2012, Planning Commission*
- *Planning Commission, 11th Five year Plan*

55. Our credit facilities or other financing arrangements contain restrictive covenants that may limit our liquidity and our ability to expand our fleet.

Our current credit facilities impose certain restrictive covenants whereby we are required to obtain prior approval from our lenders for various actions, including *inter alia*:

- effect any changes to the business of our Company without the prior written consent of the lender;
- effect any corporate reorganization such as amalgamation, merger or demerger without the prior written consent of the lender;
- declare or pay dividend in the event of occurrence of an event of default, without the prior written consent of the lender; and
- sell or dispose of substantial portion of the assets of our Company without the prior written consent of the lender.

In addition to the above, there are financial covenants and cross default provisions under various loan agreements to which our Company is a party.

A failure to meet our obligations under any of our loan agreement would trigger the cross default provisions under other loan agreements to which we are party. This may result in an acceleration of the loans or foreclosure of the vessels in our fleet securing those credit facilities. The loss of these vessels may have a material adverse effect on our financial condition and results of operations.

56. The grant of stock options under our employee stock option schemes may result in a dilution in your shareholding and could result in a change to our profit and loss account, thereby adversely impacting our results of operations.

The Government has recommended that all public sector undertakings should formulate an employee stock option plan ("ESOP") and that 10% to 25% of the performance related payment to employees should be paid as stock options pursuant to such ESOP. Accordingly, any issuance of stock options under the ESOP could dilute your shareholding, and could result in a change to our profit and loss account, thereby impacting our results of operations.

57. We may be subject to certain anti-trust laws under the laws different jurisdictions that may adversely affect our business, financial condition and results of operations.

We are subject to anti-trust rules under the laws of various jurisdictions where we operate, which seek to prevent formation of monopolies in the market. These anti-trust laws may prevent us from forming consortia to operate our business or from entering into vessel sharing agreements, which may adversely affect our results of operations and financial condition. In jurisdictions such as the European Union, liner shipping companies are granted exemption from the anti-trust laws till 2015, however, there is no assurance that such exemption will not be revoked or be extended further. Further, we may also be subjected to restrictions under the competition laws in India. In the event of such restrictions under such anti-trust laws are imposed on us, we may not be able to conduct certain aspects of our operations as currently operated, which will affect our business, results of operations and financial conditions.

58. Our auditors have made certain adjustments for qualifications regarding our financial statements.

Our auditors have made certain adjustments for qualifications in our financial statements. In the restated financial statements presented in this Red Herring Prospectus, adjustments for all audit qualifications have been made in the respective financial years to which they relate. For further details regarding the nature of such adjustments for qualifications, see "Annexure-IV-B Explanatory Note for the Adjustment Made in Restated Financial Statement" in "Financial Statements" beginning on page 126.

59. We do not own the “ ” trademark and have made an application dated February 9, 2007 for registration of the same. Until we receive the registration for the same, “ ” trademark enjoys limited legal protection and our ability to use the trademark and logo may be impaired.

We have registered the “ ” trademark with the Trademark Registry and have been granted a certificate of registration dated January 24, 2003. However, we do not own the “ ” trademark and have filed an application dated February 9, 2007 with the Trademark Registry under class 39 and the same is pending. Accordingly, we may not be able to efficiently prevent any unauthorized use of the logo and trademark. Any such unauthorized usage of the logo could result in the dilution of the brand recognized with our Company and loss of reputation which may result in adverse effects to our business and results of operations.

External Risks (Risks External to our Business)

60. If the shipping industry, which historically has been cyclical, continues to be depressed in the future, our earnings and available cash flow may be adversely affected.

The tanker industry is both cyclical and volatile in terms of charter rates and profitability. The recent global financial crisis may adversely affect our ability to recharter our vessels or to sell them on the expiration or termination of their charters and the rates payable in respect of our one vessel currently operating in a tanker pool, or any renewal or replacement charters that we enter into may not be sufficient to allow us to operate our vessels profitably. Fluctuations in charter rates and tanker values result from changes in the supply and demand for tanker capacity and changes in the supply and demand for oil and oil products. The factors affecting the supply and demand for tankers are outside of our control, and the nature, timing and degree of changes in industry conditions are unpredictable.

The factors that influence demand for tanker capacity include:

- demand for oil and oil products;
- supply of oil and oil products;
- regional availability of refining capacity;
- global and regional economic and political conditions;
- the distance oil and oil products are to be moved by sea;
- changes in seaborne and other transportation patterns;
- environmental and other legal and regulatory developments;
- currency exchange rates;
- weather;
- competition from alternative sources of energy; and
- international sanctions, embargoes, import and export restrictions, nationalizations and wars.

The factors that influence the supply of tanker capacity include:

- the number of newly built vessel deliveries;
- the scrapping rate of older vessels;
- conversion of tankers to other uses;
- the price of steel;
- the number of vessels that are out of service; and
- environmental concerns and regulations.

Historically, the tanker markets have been volatile as a result of the many conditions and factors that can affect the price, supply and demand for tanker capacity. The recent global economic crisis may further reduce demand for transportation of oil over longer distances and supply of tankers to carry that oil, which may materially affect our revenues, profitability and cash flows.

61. Our growth depends upon continued growth in demand for shipping services.

The international shipping industry is both cyclical and volatile in terms of charter hire rates and profitability. Charter-hire rates have dropped significantly in the past twelve months. Fluctuations in charter rates result from changes in the supply and demand for vessel capacity and changes in the supply and demand for the major products internationally transported by vessels. Although in the last few decades there has been a trend toward shipping companies chartering-in vessel capacity from charter owners, such as us, if this trend changes, demand for our vessels could be reduced. This and other factors affecting the supply and demand for vessels and supply and demand for products shipped on the type of vessels we operate are outside of our control, and the nature, timing and degree of changes in industry conditions are unpredictable.

The factors that influence demand for our shipping services include:

- supply and demand for dry and wet cargo;
- changes in global production of cargo;
- the distance products are to be moved by sea;
- the globalization of manufacturing;
- global and regional economic and political conditions;
- developments in international trade which affect cabotage and local laws;
- changes in seaborne and other transportation patterns;
- environmental and other regulatory developments; and
- weather conditions.

The factors that influence the supply of vessel capacity include:

- the number of new building deliveries;
- the scrapping rate of older vessels;
- the cost of building of new vessels and dry-docking vessels for repair;
- the price of steel and other raw materials;
- changes in environmental and other regulations that may limit the useful life of vessels;
- the number of vessels that are out of service; and
- port or canal congestion.

Our ability to re-charter our vessels upon the expiration or termination of their current charters and the charter rates payable under any renewal or replacement charters will depend upon, among other things, the prevailing state of the shipping market. If the charter market is depressed when our vessels' charters expire, we may be forced to re-charter our vessels at reduced rates or even possibly a rate whereby we incur a loss, which may reduce our earnings or make our earnings volatile. The same issues will exist if we acquire additional vessels and attempt to obtain multi-year time charter arrangements as part of our acquisition and financing plan.

62. Indian flagged ships may not be able to increase their market share of India's overseas trade.

Approximately 9.5% of India's overseas trade is carried by the Indian merchant fleet. Historically, there has been a significant gap between growth in India's overseas trade and available tonnage in the Indian merchant fleet. There is no assurance that the Indian merchant fleet will be utilized to bridge this gap. In addition, the market share of shipping India's overseas trade by Indian flagged vessels may decline in the future and may adversely affect our financial condition and results of operations.

63. An over-supply of vessels may lead to increased competition and reductions in the demand for our vessels and our profitability.

The market supply of vessels has increased by 6.7% from 2008 to 2009 (UNCTAD – RMT 2009). There are a large number of vessels being built and industry participants have placed a large number of orders for new vessels to be built and delivered over the next few years. We have been subject to increased competition from new vessels mobilizing into regions in which we operate. An over-supply of vessels may result in increased competition and reductions in the demand for our vessels and our profitability. There is no assurance that our vessels will be optimally utilized. For example, if such a reduction occurs upon the expiration or termination of our vessels' current charters, we may only be able to re-charter those vessels at reduced or unprofitable rates or we may not be able to charter our vessels at all.

64. Our vessels are exposed to pirate attacks, which could potentially disrupt our operations as well as harm our business in various ways.

Acts of piracy or any similar acts may disrupt the operations of our vessels. Such acts may adversely affect our operations in unpredictable ways, including causing changes in the insurance markets and disruptions of fuel supplies and markets. The occurrence of pirate attacks could result in the regions in which we operate being characterized as "war risk" zones by insurers, as the Gulf of Aden temporarily was in May 2008. If this were to occur, premiums payable for insurance coverage could increase significantly and such coverage may be more difficult to obtain. In addition, crew costs, including costs in connection with employing onboard security guards, could increase in such circumstances. Government agencies that currently provide free escort and security support may charge us for such services in the future. In addition, such pirate attacks and its associated negative publicity as well as potential danger to personnel onboard may have a material adverse effect on our liner business, and may result in loss of revenues, increased costs and decreased cash flows to us. We may not be adequately insured to cover losses from these incidents. More importantly, it may result in short landing, damage to cargo and delay in delivery of cargo, and any failure to meet the scheduled timelines set by our customers or loss or damage to cargo may lead to our customers bringing claims against us, which could have an adverse effect on our business, financial condition and results of operations.

65. Rising fuel prices and other unexpected expenses may adversely affect our profitability.

The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for oil and gas, actions by Organization of the Petroleum Exporting Countries and other oil and gas producers, war and unrest in oil-producing countries and regions, regional production patterns and environmental concerns. As a result, an increase in the price of fuel may adversely affect our profitability. In the last decade, the prices for fuel have been increasing as well as volatile. A significant or sustained increase in the price of fuel or reduction in supply could increase our operating expenses and we may not be able to successfully pass on the costs to our customers and have a material adverse effect on our financial condition and results of operations. Such increase may also reduce the profitability and competitiveness of our business versus other forms of transportation, such as truck or rail.

66. Changes in laws, effective tax rates, adverse interpretation of tax law or an adverse outcome of any significant tax dispute could adversely affect our results of operations.

Our future effective income tax rates could be adversely affected by changes in tax laws, both in India and overseas. We currently enjoy certain tax benefits in India under the Income Tax Act, the tonnage income is excluded. For further details, see "Statement of Tax Benefits" beginning on page 42 and "Management's Discussion and Analysis on Financial Condition and Results of Operations" beginning on page 177. Our ability to avail of tonnage tax benefits in India is subject to compliance of certain conditions, including:

- minimum training of trainee officers on board of vessels in accordance with the guidelines of the Directorate General of Shipping;
- the annual transfer of a minimum amount of profit to the tonnage tax reserve account; and
- utilization of tonnage tax reserve fund only for specific purposes as specified in the Income Tax Act, 1961, as amended from time to time.

Failure to comply with any of the aforementioned conditions may adversely affect the availability of the benefits under tonnage tax system. In addition, each tonnage tax certificate is granted for a period of 10 years and we are required to renew our tonnage tax certificates to continue to enjoy the benefits of the scheme. There can be no assurance that we will be able to renew these certificates in a timely manner, or at all.

As we operate in various jurisdictions around the world, we are subject to tax laws, treaties and regulations in and between the countries in which we operate. Our income taxes are based upon the applicable tax laws and tax rates in effect in these countries as well as upon our operating structures in these countries. Our future effective tax rates could be adversely affected by lower than anticipated earnings in countries where we have lower statutory rates and higher than anticipated earnings in countries where we have higher statutory rates, by changes in the valuation of our deferred tax assets and liabilities or by changes in tax treaties, regulations, accounting principles or interpretations thereof in one or more countries in which we operate. Further, when operating in the international markets, tax arising as a result of our income earned in a particular jurisdiction that is not contractually borne by our customers, is generally taken into account in the pricing of contracts for the employment of our vessels. If there is any shortfall in our estimation of the taxes payable under such contracts compared with the actual taxes assessed by the relevant tax authorities, or if the contracts for the employment of our vessels do not provide for any upward adjustment in prices in the event of higher taxes due to a change in laws, our profit margins would be adversely affected.

In addition, we are subject to the continuous examination of our income tax returns by relevant tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. If any tax authority successfully challenges our operational structure or the taxable presence of our operations in certain countries, or if the terms of certain income tax treaties are interpreted in a manner that is adverse to our structure, the effective tax rate on our earnings could increase substantially and our results of operations could be adversely affected.

Under the Income Tax Act we have opted for all income from our core business operations to be subject to a special “tonnage tax” regime. The tonnage tax is charged on a notional income calculated as per prescribed rates on the net registered tonnage of our vessels multiplied by the number of days the vessels are in use. Each year, our notional income subject to tonnage tax is significantly lower than our actual income, resulting in significant savings for us. For instance, in Fiscal Year 2010, our relevant shipping income was Rs. 279.93 million as opposed to our actual income of Rs. 2,339.57 million. In lieu of opting for the tonnage tax, we have to maintain a tonnage tax reserve that is at least 20% of our core income which is to be used for acquisition of new vessels within eight years. This ensures that we keep adding to our tonnage on a regular basis.

In addition to revenues from our core business operations, we earn revenues on certain incidental business operations such as management of vessels, loading and unloading of cargo and training activities. We also have certain interest and divided earnings from our joint venture entities. We pay tax on interest and dividend income and on all income from incidental business operations (less 0.25% of income from core business operations).

We are also liable to service tax on our operations. Several other countries do not charge such service tax which renders an advantage to our competitors that are based in such countries.

Seafarers are subject to personal income tax in India unless they lose their tax residency status in India by virtue of spending significant time outside of the territory of India. Several other countries have higher thresholds for subjecting their seafarers to taxation and hence our competitors that are based in such countries have an advantage in attracting and retaining talent.

We have opted for a beneficial tax treatment under the tonnage tax regime of the Income Tax Act. However, the benefits available under the tonnage tax regime are subject to change. The Direct Tax Code bill that is pending parliamentary approval recommends changes to the tonnage tax regime that may result in higher tonnage tax liability for us if approved.

67. Our vessels could be arrested by maritime claimants, which would result in a significant loss of earnings and cash flow, thereby adversely affecting our financial condition and results of operations.

Under the maritime law of many jurisdictions, claimants for breach of certain maritime contracts, vessel mortgagees, suppliers of goods and services to a vessel and shippers and consignees of cargo and others having maritime claims, may arrest a vessel through a court process to obtain security for their claims. In addition, in certain jurisdictions, a claimant may be able to arrest a “sister ship,” i.e., the vessels which are owned or controlled by the legal or beneficial owner of that vessel. Besides, in some jurisdiction, it is also possible to arrest an “associate ship”, which is owned by different legal entities but having common legal or beneficial control. Our vessels may therefore be arrested with respect to a claim against the beneficial owner of our vessels. In certain circumstances, claimants may have maritime liens against our vessels, and such vessels may be arrested even if the claim giving rise to maritime lien is not against us. Although none of our vessels have been arrested, the arrest of one or more of our vessels in the future could result in a material loss of earnings and cash flow for us or require us to provide security to have the arrest lifted. If any of our vessels are arrested over a prolonged period, we may be required to prepay the loan that we have taken to purchase the affected vessel which may adversely affect our liquidity and cash flows.

68. The Government could requisition our vessels during a period of war or emergency without adequate compensation, resulting in loss of earnings and adversely affecting our business, financial condition and results of operations.

The Government could requisition or seize one or more of our vessels for title or for hire. Requisition for title occurs when a government takes control of a vessel and becomes its owner. Requisition for title will have a significant negative effect on us as it will result in loss of title and all revenues from the requisitioned vessel. In addition, the Government could requisition our vessels for hire. Requisition for hire occurs when a government takes control of a vessel and effectively becomes its charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Requisitions would likely result in reduced income for us. Further, our purchase finance arrangements with our financiers may impose a prepayment obligation on us if the relevant vessel becomes subject to a government requisition over a specified period. Therefore, government requisition of one or more of our vessels may negatively affect our business, financial condition and results of operations.

69. Our operations are subject to various state, local and other laws and regulations, including extensive health, safety and environment ("HSE") laws and regulations that could require us to make substantial expenditures and expose us to substantial liability.

We must comply with Indian law and regulations, as well as certain international conventions, the rules and regulations of certain private industry organisations and agencies, and laws and regulations in jurisdictions in which our vessels are registered and operate. These regulations govern, among other things, health and safety of employees, discharges of hazardous substances into the environment, the removal and clean-up of environmental contamination and the handling and disposal of waste. If we fail to comply with the requirements of any of these laws or the rules or regulations of these agencies and organisations, we could be subject to substantial administrative, civil and criminal penalties, the imposition of remedial obligations, and the issuance of injunctive relief.

Certain HSE laws provide for strict, joint and several liability, without regard to negligence or contributory fault, for natural resource damages, health and safety remediation, and clean-up costs of spills and other releases of hazardous substances, and such laws may impose liability for personal injury or property damage as a result of exposure to hazardous substances. Such HSE laws and regulations may expose us to liability for the conduct of others.

We cannot assure you that we will be able to comply with such HSE laws in the future. The failure to comply with such HSE laws or regulations could result in substantial costs and/or liabilities to third parties or government entities, which could result in an adverse effect on our business, financial condition, results of operations and prospects.

70. The smuggling of drugs or other contraband onto our vessels may lead to governmental claims against us.

We expect that our vessels will call in ports where smugglers attempt to hide drugs and other contraband on vessels, with or without the knowledge of crew members. To the extent our vessels are found with contraband, whether inside or attached to the hull of our vessel and whether with or without the knowledge of any of our crew, we may face governmental or other regulatory claims which could have an adverse effect on our business, financial condition and results of operations.

71. The continuation or recurrence of systemic events such as the recent global economic slowdown, changes in economic policies and the political situation in India or globally may adversely affect our performance.

Conditions outside India, such as continued slowdowns in the economic growth of other countries may adversely impact the growth of the Indian economy, and government policy may change in response to such conditions. The consequent slowdown in the Indian economy may adversely affect our business, including our ability to implement our business strategy and increase our activities.

The current economic policies of the Government may change further to respond to the recent global economic meltdown or a recurrence thereof. Particularly, there may be changes to specific laws and policies affecting the industry and other policies affecting foreign investment in our business. Any significant shift or change in India's economic policies and regulations may disrupt economic conditions in India and this may in turn affect our business, financial condition and results of operations.

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. Additionally, due to the conditions in the global and domestic financial markets, we cannot be certain that financing will be available or that we would be able to raise funds, if needed or to the extent required, or that we will be able to undertake our business without any disruptions and we may be unable to implement our growth strategy, domestically and internationally. Any recurrence of such events may have an adverse effect on our business, financial condition and results of operations.

72. We are subject to regulatory, economic and political uncertainties in India and a significant change in the central and state governments' economic liberalization and deregulation policies could disrupt our business.

We are incorporated in India, and our operations, assets and personnel are located in India. In recent years, India has been following a course of economic liberalization and our business could be significantly influenced by economic policies adopted by the Government. Since 1991, successive Indian Governments have pursued policies of economic liberalization and financial sector reforms. The previous coalition-led Government implemented policies and took initiatives that supported the economic liberalization policies that had been pursued by prior Governments. The Government has at various times announced its general intention to continue India's current economic and financial liberalization and deregulation policies. However, Government corruption and protests against privatizations, which have occurred in the past, could slow the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

The Government and the government of each state of India, have broad powers to affect the Indian economy and our business. In the past, the Government and state governments have used these powers to influence, directly and indirectly, Indian import/export trade. Examples of such measures include: (i) imposing import restrictions and customs duties on imported commodities, in particular on coal, (ii) granting concessions for operation of new ports, and (iii) allocating Government and state government funding for infrastructure programs. The Government also provided significant tax incentives and relaxed certain regulatory restrictions in order to encourage foreign investment in specified industries of the economy.

A change in the Government's policies in the future could adversely affect business and economic conditions in India and could also adversely affect our financial condition and results of operations. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally, and specifically those of our Company.

73. Terrorist attack, war, natural disaster, an outbreak of an infectious disease or any other serious public health concerns, or other catastrophic events may disrupt or otherwise adversely affect the markets in which we operate, our business and operations.

Our business may be adversely affected by war, terrorist attacks, natural disasters, outbreak of infectious diseases, oil and toxic chemical spills or any other serious public health concerns or other catastrophes. A catastrophic event could have a direct negative impact on us or an indirect impact on us by, for example, affecting our customers or the overall economy. In addition, any interruption or cessation of activities resulting from damage to our customers' facilities may have an adverse effect on our business, results of operations, financial condition and cash flow. Such events may have an adverse effect on the Indian and global financial markets. If India were to become engaged in armed hostilities, particularly hostilities that were protracted or involved the threat or use of nuclear weapons, our Indian customers might not be able to continue to operate. As a result, our business, results of operations and financial condition may be adversely affected.

The occurrence of natural disasters, such as floods caused by unusually heavy rains or tsunamis in or nearby areas in which we operate, could also adversely affect our business, results of operations and financial condition. Further, the outbreak of infectious diseases, such as the H5N1 "avian flu" virus, or H1N1, in Asia or elsewhere or any other serious public health concerns in areas where we or our customers operate may affect our business. These factors may affect our employees' living or working in the affected areas and thus reduce their productivity, resulting in an adverse effect on our business and operations.

74. The Indian economy has sustained varying levels of inflation in the recent past.

India has experienced fluctuating rates of inflation in the recent past. In the event of an increase in the rate of inflation, our costs, such as salaries, price of transportation, wages, raw materials or any other of our expenses may increase. Further, we will not be able to adjust our costs or pass our costs which have been fixed during periods of lower inflation to our customers. Accordingly, high rates of inflation in India could increase our costs, could have an adverse effect on our profitability and, if significant, on our financial condition.

75. Our ability to raise foreign capital may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for our projects under development or acquisitions and other strategic transactions, and hence could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse impact on our business growth, financial condition and results of operations.

76. Any downgrading of India's debt rating by an independent agency may harm our ability to raise debt financing.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This may have an adverse effect on our capital expenditure plans, business and financial performance.

77. A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which may adversely impact its financial condition.

The Reserve Bank of India's foreign exchange reserves have grown significantly since 2002, from USD 54.1 billion as of March 31, 2002 to US$309.7 billion as of March 31, 2008. However, from March 31, 2008 to March 31, 2010, foreign exchange reserves declined by 10.96% to US$279.1 billion. *(Source: Reserve Bank of India - Report on Foreign Exchange Reserves, August 4, 2010)*. Such declines in the Reserve Bank of India's foreign exchange reserves may adversely impact the valuation of the Indian Rupee and may result in reduced liquidity and higher interest rates that may adversely affect our future financial performance and the market price of the Equity Shares.

78. Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition.

Our financial statements, including the restated financial statements provided in this Red Herring Prospectus are prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. Each of US GAAP and IFRS differs in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

79. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors.

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. Our ability to pay dividends may also be restricted under certain financing arrangements that we may enter into. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements for our vessels, financial condition, results of operations and Government policy. There can be no assurance that we shall have distributable funds in the future.

80. After this Issue, the price of the Equity Shares may be volatile, or an active trading market for the Equity Shares may not develop.

The trading price of the Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, the performance of the Indian economy and significant developments in India's the financial year regime. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue, or that the price at which the Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

81. You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue.

The Equity Shares will be listed and traded on the Stock Exchanges where it is currently listed. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Thereafter, upon receipt of final trading approval from the Stock Exchanges trading in the Equity Shares is expected to commence within 12 Working Days of the Bid Closing Date. We cannot assure that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above.

82. Our vessels call on ports located in countries that are subject to restrictions imposed by the U.S. government and the EU, which could negatively affect investor perceptions of us and impact our stock market value.

From time to time, vessels in our fleet call on ports located in Sanctions Targets such as Syria and Iran. In Fiscal Years 2008, 2009 and 2010, vessels in our fleet have made 29 calls to ports in Iran and in addition, they have made 18 calls to ports in Sudan. On June 30, 2006, Libya was removed from the U.S. Government's list of state sponsors of terrorism and is not subject to sanctions or embargoes, while Sudan, Syria and Iran continue to Sanctions Targets and are identified by the U.S. Government as state sponsors of terrorism. Although these sanctions and embargoes do not prevent our vessels from making calls to ports in these countries, potential investors could view such port calls negatively, which could adversely affect our reputation and the market for our common stock. Investor perception of the value of our common stock may be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

Certain U.S. state and municipal governments, universities and institutional investors have proposed or adopted divestment initiatives regarding investments in companies doing business with Iran and other Sanctions Targets. If our business activities regarding Iran or other Sanctions Targets were deemed to fall within the scope of such initiatives, then such investors holding interests in us may sell these interests. If significant, these sales could have adverse effects on our business or the price of our shares.

83. U.S. Person "Facilitation" of the activities of non-U.S. persons that would otherwise be unlawful if performed by a U.S. person is unlawful under the U.S. Economic Sanctions Laws.

Under the U.S. Economic Sanctions Laws, U.S. persons are generally prohibited from facilitating activities undertaken by non-U.S. persons, if those activities would be prohibited to the U.S. person. OFAC has interpreted the term broadly and extended the notion of "facilitation" to any type of activity that assists a third country entity or person in its business dealings with Sanctions Targets, including financing that aids that third country entity or person in its activities relating to the Sanction Target.

Prominent Notes:

- Public Issue of 84,690,730 Equity Shares for cash at a price of Rs. [●] per Equity Share of our Company aggregating Rs. [●]. The Issue comprises a Fresh Issue of 42,345,365 Equity Shares and an Offer for Sale of 42,345,365 Equity Shares by the Selling Shareholder. The Issue comprises a Net Issue to the Public of 84,267,276 Equity Shares and a reservation of 423,454 Equity Shares for subscription by Eligible Employees. The Issue would constitute 18.18% of the post Issue paid-up capital of our Company. The Net Issue would constitute 18.09% of the post Issue paid-up capital of our Company.

- The net worth of our Company as of March 31, 2010 and September 30, 2010 as per our audited restated financial statements included in this Red Herring Prospectus was Rs. 63,620.01 million and Rs. 67,941.28 million, respectively.

- The average cost of acquisition per Equity Share of our Promoter is Rs. 6.67. See risk factor number 48 on page xxviii.

- The net asset value per Equity Share as of March 31, 2010 and September 30, 2010 was Rs. 150.24 and Rs. 160.45, respectively, as per our audited restated financial statements included in this Red Herring Prospectus.

- For details of the related party transactions, see "Related Party Transactions" in section "Financial Statements" beginning on page 126.

- There has been no financing arrangement whereby our Promoter, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period from six months immediately preceding the date of filing of the Draft Red Herring Prospectus with SEBI until date.

- The Investors may contact any of the BRLMs who have submitted the due diligence certificate to SEBI, for any complaint pertaining to the Issue.

SECTION III - INTRODUCTION

SUMMARY OF INDUSTRY

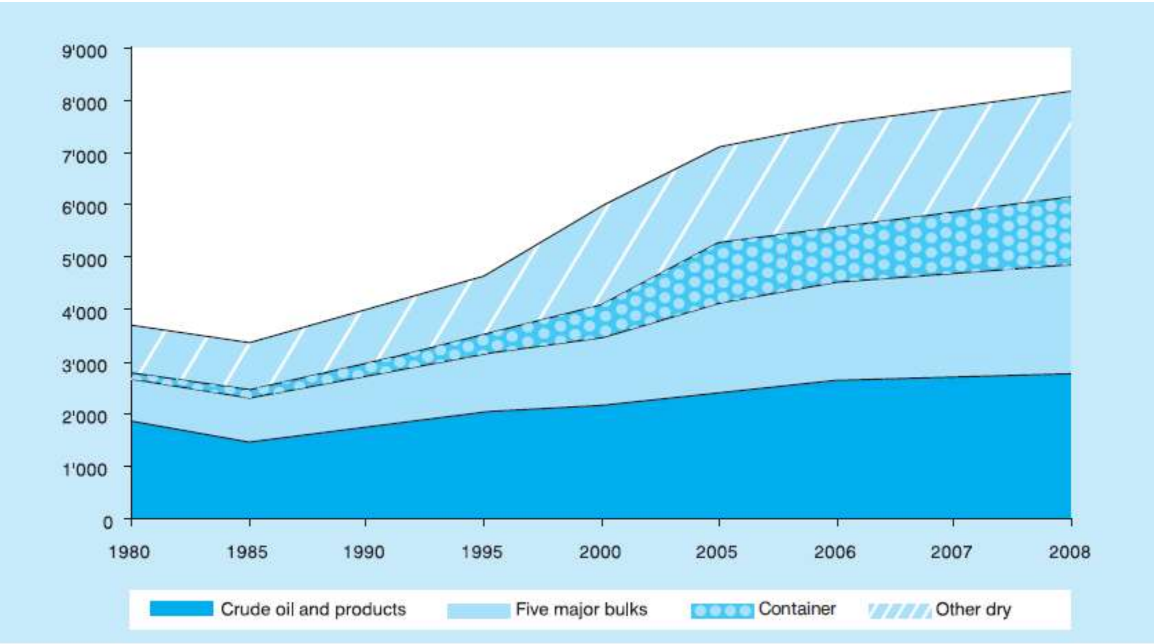
The shipping industry is fundamental to international trade, being the only practicable and cost effective way means of transporting large volumes of many essential commodities and finished goods. In 2008, total annual world seaborne trade amounted to 8.7 billion tonnes of goods (loaded). Dry cargo, including bulk, break bulk and containerized cargo, accounted for the largest share of goods loaded (66.3%) while oil and related products made up the balance *(Source: International Shipping and World Trade - facts and figures - IMO).* The United Nations Conference on Trade and Development (UNCTAD) estimates that the operation of merchant ships contributes about US$380 billion (Rs. 17,069.60 billion) in freight rates within the global economy, equivalent to about 5% of total world trade.

World Seaborne Trade

Although maritime transport has generally been associated with the carriage of high-volume, low-value goods such as iron ore and coal, over recent years the share of low-volume, high-value goods such as manufactured goods carried by sea has been growing. This shift is a function of global and regional GDP growth and a growing dislocation between the locations of resources, manufacturing bases and key areas of consumption. World seaborne trade has grown almost continuously since the 1970s. The growth in world seaborne trade is strongly influenced by any changes in global industrial and economic development trends *(Source: Review of Maritime Transport, 2008, UNCTAD (UNCTAD/RMT/2008)).*

During the past three decades, the annual average growth rate of world seaborne trade is estimated to have been 3.1% per annum. At this rate of growth, UNCTAD expects global seaborne trade to increase by 44% in 2020 and double by 2031, potentially reaching 11.5 billion tonnes and 16.04 billion tonnes, respectively *(Source: Review of Maritime Transport, 2008, UNCTAD (UNCTAD/RMT/2008)).*

World Seaborne Trade For Selected Years

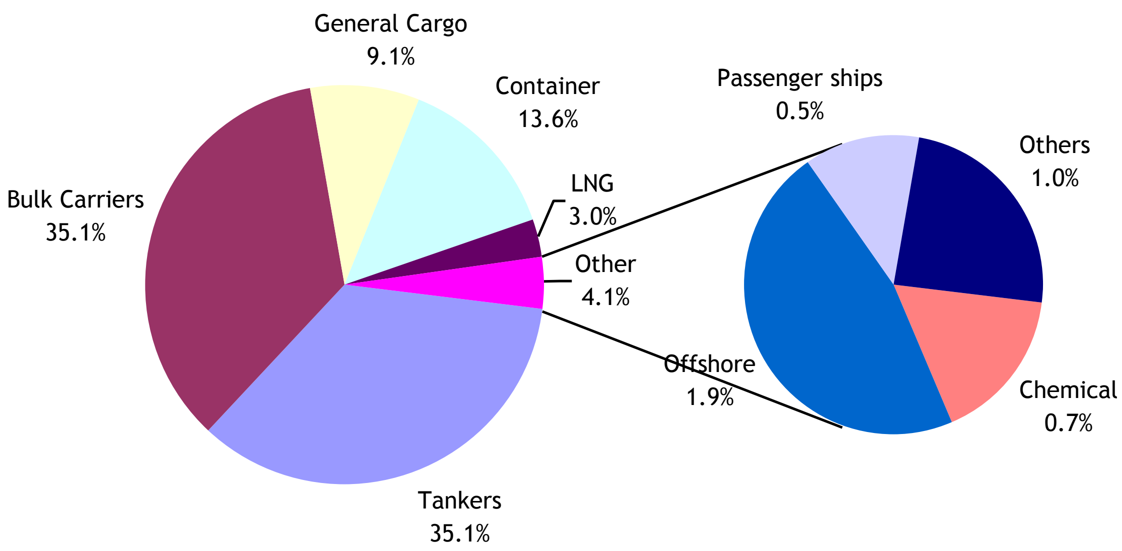


(Source: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009))

World Merchant Fleet

As of January, 2009, the world merchant shipping fleet reached 1.19 billion DWT in the aggregate, representing 6.7% growth over the last year *(Source: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)*. There are four main segments in the shipping industry: bulk carriers, which transport such raw materials as coal and grain; tankers, which transport such cargo as crude oil, petroleum products and chemicals; container vessels, which transport freight shipped in containers; and gas tankers which transport mostly liquefied petroleum gas (or "LPG") and LNG.

Composition of the World Merchant Fleet



(Source: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009))

The size of vessels that comprise the world merchant shipping fleet has grown over time. According to UNCTAD, as of January, 2009, 57.2% of such vessels were more than 20 years old. On the other hand, only 23.8% of vessel tonnage is more than 20 years old. Younger vessels thus contribute more total DWT to the world merchant shipping fleet *(Source: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009).*

Age Distribution of World Fleet

Categories		0–4 years	5–9 years	10–14 years	15–19 years	20 years and +	Average age
Bulk carriers	*Ships*	16.7	14.9	15.8	10.1	42.5	17.22
	dwt	22.9	18.7	17.5	12.1	28.8	14.27
Container ships	*Ships*	31.5	19.5	21.7	11.0	16.4	10.92
	dwt	39.8	23.5	17.1	8.6	11.1	9.01
General cargo	*Ships*	9.3	7.8	9.6	11.0	62.3	24.44
	dwt	13.7	9.9	12.9	9.4	54.1	22.12
Oil tankers	*Ships*	22.1	14.8	11.1	12.2	39.7	17.55
	dwt	29.9	28.3	15.7	13.6	12.6	10.72
Other types	*Ships*	8.2	9.3	9.1	9.5	63.9	25.26
	dwt	24.9	15.4	9.6	9.6	40.5	18.24
All ships	*Ships*	11.6	10.4	10.5	10.2	57.2	23.00
	dwt	26.9	21.7	15.8	11.7	23.8	13.97

(Source: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009))

The supply of vessels is dependent upon delivery of new vessels and the removal of vessels from the global fleet, either through scrapping or loss. In general, the prices of new vessels fell considerably during the first quarter of 2009. The largest price declines were recorded for dry bulk carriers and container ships, while prices for LNG and LPG tankers remained relatively stable. The most expensive ship continues to be the LNG carrier, which in April, 2009 cost US$ 325 million (Rs. 14,599.00 million) on average *(Source: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)).*

New-built prices for ships

Type and size of vessel (USD million)	1985	1990	1995	2000	2005	2006	2007	2008	April 2009
45,000 dwt dry bulk carrier	11	24	25	20	28	31	39	36	29
72,000 dwt dry bulk carrier	14	32	29	23	35	40	54	42	37
170,000 dwt dry bulk carrier	27	45	40	40	59	70	97	89	72
45,000 dwt tanker	18	29	34	29	43	47	52	48	42
110,000 dwt tanker	22	42	43	41	58	81	72	76	65
300,000 dwt tanker	47	90	85	76	120	130	145	151	130
150,000 m^3 LNG	200	225	245	165	205	220	220	245	235
78,000 m^3 LPG	44	78	68	60	89	92	93	90	85
20,000 dwt general cargo	12	24	21	19	18	24	25	40	30
2,500 TEU full container ship	26	52	50	35	42	46	66	n.a.	n.a.
4,000 TEU full container ship	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	130	70	48
8,000 TEU full container ship	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	160	130	110
12,500 TEU full container ship	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	165	150

(Source: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009))

SUMMARY OF OUR BUSINESS

Our Company's ability to successfully implement its business strategy, growth and expansion plans, may be affected by various factors. Our Company's business overview, strengths and strategies must be read along with the "Risk Factors" beginning on page xi.

Overview

Our Company was incorporated as 'Eastern Shipping Corporation Limited' on March 24, 1950 under the Companies Act, 1913 in Mumbai. With effect from October 2, 1961, Western Shipping Corporation Limited was amalgamated with our Company under the Shipping Corporations Amalgamation Order, 1961, issued by the Government. The name of our Company was changed from Eastern Shipping Corporation Limited to The Shipping Corporation of India Limited on October 21, 1961. We are one of India's largest shipping companies in terms of Indian flagged tonnage, with approximately a 35.0% share of Indian flagged tonnage as of June 30, 2010, according to the website of Directorate General of Shipping, Government of India (D.G. Shipping). As of October 31, 2010, we owned a fleet of 77 vessels of 5.37 million dead weight tonnage (DWT). As of October 31, 2010, we had ordered the construction of 26 vessels, which we expect to be delivered between the year ended 2010 and 2013, the acquisition of four of such vessels will be funded through the Net Proceeds of the Issue, and we have plans to order an additional 20 vessels in Fiscal Year 2011. In addition, as of October 31, 2010, we managed 62 vessels of 0.22 million DWT on behalf of Government agencies, public sector undertakings, and our joint ventures.

Our fleet includes dry bulk carriers, very large crude carrier (VLCC) tankers, crude oil tankers, product tankers, container vessels, passenger-cum-cargo vessels, phosphoric acid and chemical carriers, LPG and ammonia carriers, and offshore supply vessels. As of October 31, 2010, our fleet included 18 dry bulk carriers of 781,777 DWT, four VLCCs of 1,274,175 DWT, 18 crude oil tankers of 2,081,003 DWT, 15 product tankers of 877,726 DWT, ten offshore supply vessels of 17,904 DWT, five container vessels of 202,413 DWT, three phosphoric acid and chemical carriers of 99,174 DWT, two gas carriers of 35,202 DWT, and two passenger-cum-cargo vessels of 5,303 DWT.

Our customers are primarily comprised of Government agencies, large industrial concerns, international oil companies and public sector undertakings. We have also entered into six strategic joint ventures which we believe provide us with various advantages and access to markets we would have otherwise not enjoyed. For example, we have entered into three joint ventures with Japanese companies to own and operate LNG tanker vessels.

Our operating income was Rs. 37,389.92 million, Rs. 41,667.72 million, Rs. 34,603.96 million and Rs. 17,893.64 million for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010, respectively. Our adjusted profit was Rs. 7,546.26 million, Rs. 9,626.41 million, Rs. 3,866.95 million and Rs. 4,325.83 million for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010, respectively. Our income is principally generated from our bulk carrier and tanker division which contributed 71.14%, 71.71%, 68.43% and 62.88% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010, respectively, and our liner division which contributed 20.3%, 18.09%, 21.37%, and 27.56% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010, respectively.

Our business is directly impacted by levels of economic activity in general and international shipping volumes, particularly in the energy-related shipping sector. In the twelve months ended December 31, 2009, demand for shipping services as well as the prices charged by international shipping companies dropped significantly, as the world economy came under pressure and shipping markets underwent a correction, including the Indian shipping market. Compared to Fiscal Year 2009, our total income and net profit for Fiscal Year 2010 dropped by 14.49% and 59.83%, respectively. According to the International Monetary Fund, since general economic conditions have improved, the world trade volume is expected to grow at 9.0% and 6.3% in 2010 and 2011, respectively. Nevertheless, demand and pricing levels for our services have generally remained well below the highs reported in previous years.

Our worldwide operations are supported by offices in the four metros of India, namely Mumbai, Delhi, Chennai and Kolkata and we also have an office in London. As of October 31, 2010, we were further supported by a network of more than 121 agents worldwide that assist us in our marketing and logistics efforts.

In 1990, we signed our first Memorandum of Understanding with the Government specifying our performance and operational targets. The Government bestowed the status of “Navratna” on our Company in August 2008 leading to enhanced delegation of powers to our Board, including, but not limited to, the areas of capital investment, formation of joint venture, and opening of new offices. Our performance has been rated “excellent,” the highest rating, for 18 years pursuant to our Memorandum of Understanding with the Government.

Competitive Strengths

We believe that our future success will be principally attributable to the following competitive strengths:

Established brand name and reputation

We started our operations in 1950 and have been one of India’s leading shipping companies with a long established reputation and strong customer relationships with various public sector undertakings and the Government, among others. We have received numerous awards from the Government and the private sector for excellence in customer satisfaction and operational efficiencies, human resource training, environment consciousness, safety and emergency preparedness. The Government bestowed the status of “Navratna” on our Company in August 2008. See “Awards” below for the list of additional awards received by our Company. We intend to continue to leverage the goodwill of our brand to enhance our relationships with existing customers and to seek new customers to help us grow our business. We believe that our strong brand name and the reputation that our Company has built over the last five decades provides us with access to opportunities to bid for large contracts for our services.

Diversified fleet

We own a variety of modern and technologically-advanced vessels including bulk carriers, VLCCs, crude oil tankers, product tankers, container vessels, passenger-cum-cargo vessels, phosphoric acid and chemical carriers, LPG and ammonia carriers, and offshore supply vessels. This fleet diversification allows us to enter into chartering arrangements of varying duration with different types of customers. We believe that our existing fleet as well as next generation of fleet will have better functional capabilities and operate more efficiently than equivalent older vessels thereby allowing us to provide improved services to our customers.

Experienced management team

We are led by an experienced and qualified management team with a proven track record of success and knowledge of the Indian and international shipping industry. Many of our senior managers are former sailors with years of operational experience. We believe that our management’s expertise in managing growth, diversifying our fleet and implementing our strategies provides us with significant competitive advantages.

Well-positioned to grow our fleet size to take advantage of India’s growth

As one of India’s oldest, largest and reputable shipping companies, we are well-positioned to take advantage of expected future growth in the Indian economy. Since 1961, we have grown our fleet from 19 vessels of 0.19 million DWT to 77 vessels of 5.37 million DWT as of October 31, 2010. We believe that our ability to grow our fleet size positions us well to take advantage of attractive asset prices and anticipated growth in the shipping industry as the Indian economy and its ties to international markets grows. The GDP of India grew from US$837.0 billion (Rs. 37,598.04 billion) to US$1,310.0 billion (Rs. 58,845.20 billion) from the period of 2005 to 2010, representing a growth of 56.5%, according to the World Bank. Due to our fleet’s ability to provide services to all major ports on the east and west coast of India, we believe that we are well-positioned to reap the benefits of expected future growth in the Indian economy.

Strong balance-sheet

As of September 30, 2010, we had Rs. 23,103.38 million cash and cash equivalents on our balance sheet with a debt to equity ratio of 0.55 and a current ratio of 2.96. We believe that our strong balance sheet and cash on hand provides us with greater working capital and the flexibility to sustain our business during difficult economic times. In addition, our strong balance sheet has allowed us to service interest and principal payments on our debt in a timely manner. We believe that our strong balance sheet and history of timely loan payments permit us to enter into favorable financing terms for the acquisition of vessels.

Strategic joint ventures

We have entered into six strategic joint ventures which we believe provide us with various advantages and access to markets we would have otherwise not enjoyed. Through these joint ventures, we strengthen our ties with our joint venture partners some of whom are also our charterers. These joint ventures add value to our business. We believe that we are the first Indian shipping company to participate in the transportation of LNG. We have partnered with three Japanese shipping companies to own and operate three LNG tankers and we have taken over the operation and management of two LNG tankers. In addition, we have formed a joint venture with Forbes Gokak Limited and Sterling Investment Corporation Private Limited for the purpose of entering into the chemical tanker segment. Our joint venture with the Steel Authority of India Limited (SAIL) will pay us on a cost plus basis and provides us with certainty of cash flows on a long-term basis and provides a benefit in times of difficult market conditions. We believe that these joint ventures and those we enter into in the future will provide us with economic and strategic benefits.

Preferred Indian shipping company with the largest all-India flagged fleet

We own the largest fleet in terms of tonnage under the Indian flag, according to D.G. Shipping. All of our owned vessels are Indian flagged vessels. This fact has in the past provided us with certain advantages under cabotage laws and in capturing domestic contracts including those from the Government. See “Regulatory Matters” below for discussion regarding cabotage laws. In addition, because of our long standing history, the Government and public sector companies look to us for their shipping requirements, including transport services for certain sensitive sectors such as oil and gas. In addition, in obtaining Indian shipping customers, we believe that we have a competitive advantage over foreign vessels that have to obtain certain certifications under Indian cabotage laws.

Our Business Strategy

Our objective is to maintain our dominant market position in the Indian shipping industry with a focus on high growth segments. We intend to achieve our objectives through implementation of the following strategies:

Continue to focus on energy-related transportation

The market for energy-related transportation provides opportunities for significant growth. We believe that our tanker division will continue to benefit from growth in India’s oil refining industry, which requires increased crude oil imports and refined oil exports, and that our bulk carrier division will benefit from growth in India’s domestic power and steel industries, both of which are expected to increase the country’s coal imports. According to the Planning Commission, Government of India, the annual growth rate in India’s demand for coal and production of coal, during the Government’s 11^{th} five year plan is projected at 9.0% and 7.9%, respectively. We intend to take advantage of these growth opportunities by employing our vessels for the transportation of coal and oil. We intend to increase our participation in these markets through direct capital investment and by entering into strategic alliances with established and significant industry participants.

Improve and optimize our fleet mix through acquiring newly built vessels

The total Indian shipping fleet has not grown in tandem with the overall growth of the Indian seaborne trade thereby creating opportunities to meet unmet demand. According to the Indian National Shipowners Association (INSA), during the period from 1999 to 2008 total Indian shipping tonnage increased by 37.0% while the share of Indian shipping tonnage in Indian overseas trade decreased from 31.5% to 9.5%. We believe that we can capture additional market share in India and worldwide through investments in additional vessels. As of October 31, 2010, we had 26 vessels on order to be delivered over the course of the next three years. These vessels include Aframax tankers and Large Range tankers, AHTSVs, platform supply vessels, Handymax bulk carriers, Panamax bulk carries and Kamsarmax bulk carriers. The additional vessels we have on order are expected to allow us to increase our total DWT from 5.37 million to 6.83 million.

Apart from the existing vessels on order, we currently have plans to order an additional 20 vessels in Fiscal Year 2011. These new vessels will lower the average age of our fleet, and we believe, thereby reduce our operating costs. Investments in additional vessels will also allow us to bid on additional charters worldwide thereby increasing our market share and further diversifying our sources of income. See “Fleet on Order”.

Improve our operating efficiency, quality of service and overall competitiveness

We believe that our customers place high value on our efficiency, high quality of service and responsiveness under varying market conditions. We intend to improve our operating efficiency and the capacity of our fleet by (i) ordering the construction of new vessels, thereby reducing the average age of our fleet, (ii) implementing a new information technology system that will integrate our operations across divisions and connect us to our network of agents worldwide, thereby increasing efficiency in the areas of booking, scheduling and tracking of our vessels, and (iii) increasing the scope of our logistics capabilities, so as to provide our clients with door to door solutions, in connection with our container and break-bulk services.

Leverage strong relationships with customers

We intend to further strengthen our relationships with customers by striving to meet or exceed their business needs. As a major portion of our income is generated from repeat clients, we intend to leverage our existing relationships with these customers to expand our business. We will continue to explore and evaluate measures to integrate our shipping activities with the overall maritime and logistic requirements of our customers with a view to providing efficient and economical, maritime and logistical solutions to the end users.

Maintain diversity in contracts and customers

We will continue to employ our bulk and tanker vessels as well as our containerships to a large number of companies and Government organizations under short, medium and long-term charters and, in the case of our bulk and tanker vessels only, contracts of affreightment (COA), in order to maintain a highly diverse portfolio of customers and charterers. Our contracts have terms that range from twenty days to three years and our customers are geographically diverse with headquarters and operations based throughout the world. We believe that our strategy minimizes our exposure to any one customer and allows us to employ our vessels during any particular period in the charter market cycle. See “Chartering” below.

Identify and pursue additional strategic alliances

We intend to partner with companies that we believe will enhance our business, fleet or profitability when suitable opportunities arise. We intend to focus on entering into consortia arrangements in the container segment and to pursue highly capital intensive segments, such as LNG transportation. The joint ventures we have currently formed also provide us access to markets that we may otherwise not enjoy. For example, through our joint ventures we acquired access to the LNG transportation segment, which we previously had not pursued. We may execute strategic alliances to expand our service offerings and fleet size in India or worldwide.

Expand and further develop our container and break-bulk services

We intend to further expand and develop our container services, as we believe that this is an area of potential income growth in the future. As part of our service routes, we plan to extend our reach into Southeast Asia, Southern Africa, and North America. We are also reviewing ways in which we can connect our services to ports in East Africa as we believe that India is emerging as the biggest exporter of goods and project cargo to this region. We also intend to recommence our India-U.S. containership service in the future.

We intend to continue to further expand and develop our break-bulk business by entering into new joint service agreements with vessel owners to operate in trade lanes that we believe present areas for diversification and growth such as Europe to the Middle East, the East Coast of the U.S. to Europe and Southeast to Far East Asia. We intend to enter into joint ventures with reputable logistics providers for end to end logistical operations for projects in the area of power, oil and gas and infrastructure.

THE ISSUE

Issue (1)	84,690,730 Equity Shares
Of which	
Fresh Issue	42,345,365 Equity Shares
Offer for Sale	42,345,365 Equity Shares
Of which	
Employee Reservation Portion(2)	423,454 Equity Shares
Therefore,	
Net Issue to the Public(2)	84,267,276 Equity Shares
Of which	
A) QIB Portion	Up to 42,133,638 Equity Shares(3)
Of which	
Available for allocation to Mutual Funds only	2,106,682 Equity Shares
Balance for all QIBs including Mutual Funds	40,026,956 Equity Shares
B) Non-Institutional Portion	Not less than 12,640,091 Equity Shares (3)
C) Retail Portion	Not less than 29,493,547 Equity Shares (3)
Equity Shares outstanding prior to the Issue	423,453,645 Equity Shares
Equity Shares outstanding after the Issue	465,799,010 Equity Shares
Use of Issue Proceeds	See "Objects of the Issue" beginning on page 34

(1) *The Ministry of Shipping, Government of India has through its letter (no. SS-11036/37/2009-SY-II)) dated October 11, 2010 has granted approval for the Issue. The Issue has been authorized by the Board of Directors pursuant to a board resolution dated August 11, 2010 and by the shareholders of our Company pursuant to a special resolution dated September 29, 2010 passed at the annual general meeting of shareholders under section 81(1A) of the Companies Act.*

(2) *Any under-subscription in the Employee Reservation Portion will be added to the Net Issue. In the event of any under-subscription in the Net Issue, spill over to the extent of under-subscription will be met from the Employee Reservation Portion. Subject to valid Bids being received at or above the Issue Price, any under-subscription in any other category will be allowed to be met with the spillover from other categories or a combination of categories, at the discretion of the Selling Shareholder and our Company in consultation with the BRLMs and the Designated Stock Exchange.*

(3) *In the event of over subscription, Allotment will be made on a proportionate basis, subject to valid Bids being received at or above Issue Price.*

For details of the terms of the Issue, see "Terms of the Issue" beginning on page 223.

SELECTED FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our restated financial statements for the six month period ending September 30, 2010 and fiscal years ending March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations and are presented in "Financial Statements" beginning on page 126. The summary financial information presented below should be read in conjunction with our restated financial statements, the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 177.

RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Million)

	AS AT	30th September 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
A.	**FIXED ASSETS**						
	Gross Block	91,336.96	88,931.99	81,618.20	66,942.48	67,053.81	68,188.66
	Less: Depreciation	42,670.65	43,783.52	43,248.31	40,350.30	37,323.97	35,589.68
	Net Block	48,666.31	45,148.47	38,369.89	26,592.18	29,729.84	32,598.98
	Assets under Construction	27,561.98	18,547.02	20,998.51	20,071.95	7,625.52	2,372.59
	Assets held for Disposal	0.16	0.15	0.17	0.18	-	-
	Total Fixed Assets	**76,228.45**	**63,695.64**	**59,368.57**	**46,664.31**	**37,355.36**	**34,971.57**
B.	**INVESTMENTS**	2,802.76	1,666.66	1,114.65	414.65	240.01	89.63
C.	**CURRENT ASSETS, LOANS & ADVANCES**						
	Inventories	888.68	832.07	633.36	900.66	738.49	702.50
	Sundry Debtors	3,918.75	3,399.29	4,398.98	3,983.25	3,451.94	3,852.14
	Cash & Bank Balances	23,103.38	24,064.59	26,728.59	20,912.08	26,246.86	20,973.28
	Deposit with Public Financial Institutions	5,225.00	2,700.00	1,600.00	1,650.00	-	1,500.00
	Other Current Assets	1,549.91	1,391.21	1,018.08	938.71	1,095.57	828.60
	Amounts advanced to Joint Venture Companies	2,278.59	2,348.26	2,634.34	2,658.96	3,142.84	2,189.32
	Loans and Advances	3,216.27	3,198.55	3,314.22	2,951.32	3,260.56	3,561.65
	Total Current Assets	**40,180.58**	**37,933.97**	**40,327.57**	**33,994.98**	**37,936.26**	**33,607.49**
	LIABILITIES & PROVISIONS						
D.	**LOAN FUNDS**						
	Secured Loans	37,682.04	26,968.57	24,716.78	14,542.03	12,447.07	13,744.03
E.	**CURRENT LIABILITIES & PROVISIONS**						
	Sundry Creditors & Other Liabilities	10,175.39	9,301.44	9,789.16	8759.38	11,393.15	10,542.08

	AS AT	30th September 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
	Provisions	3,413.08	3,406.25	4,068.10	1929.80	579.62	689.63
	Total Current Liabilities & Provisions	**13,588.47**	**12,707.69**	**13,857.26**	**10,689.18**	**11,972.77**	**11,231.71**
F.	**NET WORTH**	**67,941.28**	**63,620.01**	**62,236.75**	**55,842.73**	**51,111.79**	**43,692.95**
	Represented by:						
	Share Capital	4,234.54	4,234.54	4,234.54	2,823.03	2,823.03	2,823.03
	Reserves& Surplus	63706.74	59385.47	58002.21	53019.70	48288.76	40869.92
	Net Worth	**67,941.28**	**63,620.01**	**62,236.75**	**55,842.73**	**51,111.79**	**43,692.95**

Note:

a. Reserve & Surplus comprises of Staff Welfare Fund, Corporate Social Responsibility Reserve, Capital Reserve, General Reserve, Tonnage Tax Reserve u/s 115VT of Income Tax Act, Special Reserve u/s 33AC of the Income Tax Act and Balance in profit & loss Account carried forward.

b. The above statement should be read with the 'Details of the adjustment made in Restated Summary Statement of Profit & loss' (Refer Annexure IV-A), 'Explanatory Notes for the adjustment made & other material Notes' (Refer Annexure – IV-B) and 'Significant Accounting Policies ' and 'Changes in Accounting Policies during the period commencing from 1st April 2005 to 30th Sept 2010' (Refer Annexure-V).

RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. In Million)

	Period/ Year ended on	30th September 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
A.	**INCOME**						
	Operating Earnings	17,893.64	34,603.96	41,667.72	37,389.92	37,175.58	36,136.48
	Profit on sale of Ships (Net)	1,434.87	1,225.13	344.62	-	827.80	120.96
	Interest Income	881.08	2,181.53	2,727.17	2,276.92	2,196.91	1,725.77
	Other Income	114.37	327.37	769.15	239.95	226.79	247.67
	Excess provisions/ Sundry credit balances written back	173.69	661.75	101.52	577.59	1,581.89	244.16
	Total	**20,497.65**	**38,999.74**	**45,610.18**	**40,484.38**	**42,008.97**	**38,475.04**
B.	**EXPENDITURE**						
	Operating Expenses	12,228.33	27,652.92	28,104.59	26,037.28	25,558.08	21,386.45
	Administration Expenses	1,096.91	1,989.00	2,050.13	1,823.74	1,351.64	1,262.52
	Other Expenses, Provisions etc.	88.82	161.08	538.05	404.19	262.11	110.36
	Interest	255.62	525.30	646.67	608.93	801.27	790.50
	Depreciation	2,052.14	3,811.73	3,251.79	3,028.46	2,916.17	3,035.81
	Total	**15,721.82**	**34,140.03**	**34,591.23**	**31,902.60**	**30,889.27**	**26,585.64**
C.	**PROFIT BEFORE EXTRAORDINARY ITEMS**	**4,775.83**	**4,859.71**	**11,018.95**	**8,581.78**	**11,119.70**	**11,889.40**
D.	**EXTRA-ORDINARY ITEMS**						
	Less: Provision towards loss of Ship / other incidental charges	-	-	214.00	-	-	-
	Less: Provision towards NYSA USA pension liability due to exit from IDX Service	-	-	39.15	137.61	-	-
E.	**PROFIT BEFORE TAX**	**4,775.83**	**4,859.71**	**10,765.80**	**8,444.17**	**11,119.70**	**11,889.40**
	Provision for Indian Income Tax						
	- Current	450.00	992.76	1,099.39	859.41	929.42	694.69
	- Fringe Benefit Tax	-	-	40.00	38.50	29.00	30.00
F.	**PROFIT AFTER TAX**	**4,325.83**	**3,866.95**	**9,626.41**	**7,546.26**	**10,161.28**	**11,164.71**
	Less: Transferred to Tonnage Tax Reserve u/s 115VT of Income Tax Act	-	800.00	2,000.00	1,700.00	2,250.00	3,000.00
G.	**BALANCE**	**4,325.83**	**3,066.95**	**7,626.41**	**5,846.26**	**7,911.28**	**8,164.71**
	Add: Balance brought forward from last year	4,998.32	4,847.98	4,118.40	5,915.26	4,968.72	3,547.36
H.	**AMOUNT AVAILABLE FOR APPROPRIATION**	9,324.15	7,914.93	11,744.81	11,761.52	12,880.00	11,712.07
	Appropriations						
	Staff Welfare Fund	-	10.00	7.50	7.50	6.00	6.00
	Corporate Social Responsibility Reserve	-	37.69	94.07	-	-	-

	Period/ Year ended on	30th September 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
	Capital Reserve	-	-	75.03	28.24	222.63	1.24
	General Reserve	-	400.00	3,500.00	4,800.00	4,000.00	4,000.00
	Interim Dividend	-	-	-	1,270.36	2,399.57	2,399.57
	Tax on Interim Dividend	-	-	-	215.90	336.54	336.54
	Proposed Dividend	-	2,117.27	2,752.45	1,129.21	-	-
	Tax on Proposed Dividend	-	351.65	467.78	191.91	-	-
I.	**BALANCE CARRIED TO BALANCE SHEET**	**9,324.15**	**4,998.32**	**4,847.98**	**4,118.40**	**5,915.26**	**4,968.72**

Note:

The above statement should be read with the ‘Details of the adjustment made in Restated Summary Statement of Profit & loss’ (Refer Annexure IV-A), ‘Explanatory Notes for the adjustment made & other material Notes’ (Refer Annexure – IV-B) and ‘Significant Accounting Policies ’ and ‘Changes in Accounting Policies during the period commencing from 1st April 2005 to 30th Sept 2010’ (Refer Annexure-V).

RESTATED SUMMARY CASH FLOW STATEMENT

(Rs. In Million)

Period/ Year ended		30th September 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
(A) CASH FROM OPERATING ACTIVITIES							
Profit before Tax		**4775.83**	**4859.71**	**10765.80**	**8444.17**	**11119.70**	**11889.40**
ADJUSTMENTS FOR:							
Depreciation		2052.14	3811.73	3251.79	3028.46	2916.17	3035.81
Interest Income		(881.08)	(2181.53)	(2727.17)	(2276.92)	(2196.91)	(1725.77)
Interest paid		255.62	525.30	646.67	608.93	801.27	790.50
Dividend received		(2.60)	(23.18)	(20.87)	(19.28)	(93.27)	(20.07)
Surplus on sale of Fixed Assets (other than ships)		(9.62)	0.00	(1.73)	(34.93)	(0.47)	(2.94)
Surplus on sale of Ships		(1434.87)	(1225.13)	(344.62)	0.00	(827.80)	(120.96)
Provision for doubtful debts & Advances (Net)		0.00	27.07	449.00	66.39	18.34	(42.04)
Debts & Advances written off		0.00	0.69	0.20	176.68	0.75	0.00
Sundry credit balances written back		(5.41)	(33.23)	(17.08)	(258.83)	(595.63)	(4.74)
Deferred Revenue Expenditure write-off		0.00	0.00	0.00	0.00	0.00	(0.01)
Operating Profit before Working Capital Changes		**4750.01**	**5761.43**	**12001.99**	**9734.67**	**11142.15**	**13799.18**
Adjustments for: Increase in working capital							
(a) Trade and other receivables		(214.84)	863.36	(1306.28)	(202.32)	10.61	(1744.15)
(b) Inventories		(56.60)	(198.72)	267.30	(162.17)	(35.99)	(198.38)
(c) Trade Payables		842.26	(192.56)	1159.74	120.40	(415.03)	(1307.04)
(a) +(b)+(c)		**570.82**	**472.08**	**120.76**	**(244.09)**	**(440.41)**	**(3249.57)**
Cash generated from Operations		**5320.83**	**6233.51**	**12122.75**	**9490.58**	**10701.74**	**10549.61**
Tax paid (Net of Refunds)		(445.56)	(1003.56)	(1070.29)	(1021.51)	(1151.27)	(360.30)
Net Cash from Operating activities	**(A)**	**4875.27**	**5229.95**	**11052.46**	**8469.07**	**9550.47**	**10189.31**
(B) CASH FROM INVESTING ACTIVITIES							
Purchase/ Acquisition of Fixed assets (including Assets under construction)		(14594.39)	(8139.95)	(15940.46)	(12339.15)	(5314.20)	(4431.41)
Investment with Public Financial Institutions		(2525.00)	(1100.00)	0.00	(1650.00)	0.00	(1500.00)
Receipts from Maturity of Investments		0.00	0.00	50.00	0.00	1500.00	0.00
Sale of Fixed Assets		1453.80	1226.35	330.45	36.60	842.57	135.80
Income from Investments		79.83	189.52	198.57	198.98	298.57	356.47
Interest Received		507.13	1936.17	2431.24	2131.80	1901.54	1377.75
Sale/ Purchase of Investments		(1136.10)	(552.01)	(700.00)	(174.64)	(150.38)	(75.11)
Advances to Joint Venture Companies		(118.51)	228.94	70.72	417.19	(924.52)	(156.62)
Net cash used in investing Activities	**(B)**	**(16333.24)**	**(6210.98)**	**(13559.48)**	**(11379.22)**	**(1846.42)**	**(4293.12)**

Period/ Year ended		30th September 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
(C) CASH FROM FINANCING ACTIVITIES							
Loans Borrowed (Net of Repayments)		10713.47	2251.79	10174.75	2094.96	(1296.96)	(282.55)
Dividends Paid (Incl. Dividend Tax)		0.00	(3218.70)	(1322.73)	(3883.58)	(338.08)	(2734.24)
Interest Charges		(212.14)	(701.32)	(516.32)	(628.08)	(789.10)	(757.85)
Staff Welfare Activities (Net)		(3.71)	(8.13)	(12.17)	(7.93)	(6.33)	(5.79)
Corporate Social Responsibilities Activities		(0.86)	(6.61)	0.00	0.00	0.00	0.00
Net cash flow from Financing Activities	**(C)**	**10496.76**	**(1682.97)**	**8323.53**	**(2424.63)**	**(2430.47)**	**(3780.43)**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(A+B+C)	**(961.21)**	**(2664.00)**	**5816.51**	**(5334.78)**	**5273.58**	**2115.76**
Cash & Cash Equivalents at the beginning of the Year		**24064.59**	**26728.59**	**20912.08**	**26246.86**	**20973.28**	**18857.52**
Cash & Cash Equivalents at the end of the Year		**23103.38**	**24064.59**	**26728.59**	**20912.08**	**26246.86**	**20973.28**

GENERAL INFORMATION

Registered Office and registration number of our Company

Shipping House
245, Madame Cama Road
Mumbai 400 021
Tel: (91 22) 2202 6666
Fax: (91 22) 2202 6906
Website: www.shipindia.com
CIN: L63030MH1950GOI008033

Address of Registrar of Companies

Our Company is registered with the Registrar of Companies, Maharashtra, situated at the following address:

The Office of the Registrar of Companies, Maharashtra, Mumbai
Everest, 5th Floor
100 Marine Drive
Mumbai 400 002
Maharashtra

Board of Directors

The Board of Directors consists of:

Name of the Director	Designation	DIN	Address
S. Hajara	Chairman & Managing Director Whole-time Director	00004485	84, Somerset House 61-G/Off Bhulabhai Desai Road Westfield Compound Lane Mumbai 400 026
Vijay Chhibber	(Official part-time) Director nominated by the Government	00396838	D-1/174, Satya Marg New Delhi 110 021
Rajeev Gupta	(Official part-time) Director nominated by the Government	01980381	23, Dayanand Vihar Vikas Marg, New Delhi 110 092
J. N. Das	Director (Liner & Passenger Service) Whole-time Director	00450563	Flat No. 13, 1st Floor, Chitrakoot Cooperative Housing Society, Altamount Road, Mumbai 400 026
Rear Admiral (Retd.) T. S. Ganeshan	Non Official Part-time (Independent) Director	00409241	526, Jalvayu Towers NGEF Layout, Sadananda Nagar Bangalore 560 038
Kailash Gupta	Director (Personnel & Administration) Whole-time Director	00547007	11B, Anita CHS, Mount Pleasant Road, Malabar Hill, Mumbai 400 006
Sushil Khanna	Non Official Part-time (Independent) Director	00115364	218 B, Lake Terrace Extension Second floor Kolkata 700 029
B. K. Mandal	Director (Finance) Whole-time Director	00003904	151, Jolly Makers Apartment No. 3 Varuna Premises CHS Limited 119, Cuffe Parade, Colaba Mumbai 400 005
Nasser Munjee	Non Official Part-time (Independent) Director	00010180	Benedict Villa, House No. 471 Saud Vaddo Chorao Island, Tiswadi Goa 403 102
Capt. K. S. Nair	Director (Bulk Carrier & Tanker)	02437184	A/21, Twin Towers, off Veer Savarkar Marg, Prahadevi

Name of the Director	Designation	DIN	Address
	Whole-time Director		Mumbai 400 025
Arun Ramanathan	Non Official Part-time (Independent) Director	00308848	6A, 6 West Cross Street Shenoy Nagar Chennai 600 030
U. Sundararajan	Non Official Part-time (Independent) Director	00001533	1302, 13th floor, Whispering Palms, Building No.3, Lokhandwala Township Akurli Road, Kandivli (East) Mumbai 400 101
S. C. Tripathi	Non Official Part-time (Independent) Director	00941922	No. 27, Sector 15A Noida Uttar Pradesh 201 301
Arun Kumar Verma	Non Official Part-time (Independent) Director	03220124	A-14, Shahid Nagar Bhubaneshwar 751 007
Arun Kumar Gupta	Director (Technical & Offshore) Whole-time Director	03310218	68/B, Nandanvan CHS, Sector-17, Nerul, Navi Mumbai-400 706, Dist. Thane, Maharashtra
S.K. Roongta	Non-official part-time (Independent) Director	00309302	D-91, DLF Pinnacle, DLF Phase V, Gurgaon – 122 009

For further details of the Directors, see “Management” beginning on page 100.

Company Secretary and Compliance Officer

Dipankar Haldar
Sr. Vice President (Legal Affairs) & Company Secretary
Shipping House
245, Madame Cama Road
Mumbai 400 021
Tel: (91 22) 2202 6666
Fax: (91 22) 2202 6906
Email: cs@sci.co.in

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of Allotment, credit of Allotted shares in the respective beneficiary account and refund orders.

Book Running Lead Managers

SBI Capital Markets Limited
202, Maker Tower ‘E’
Cuffe Parade
Mumbai 400 005
Tel: (91 22) 2217 8300
Fax: (91 22) 2218 8332
E-mail: scifpo@sbicaps.com
Investor Grievance Email:
investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Rochelle Dsouza/Anshika Malaviya
SEBI Registration No.: INM000003531

IDFC Capital Limited
Naman Chambers, C-32
G-Block, Bandra Kurla Complex
Bandra (East)
Mumbai 400 051
Tel: (91 22) 6622 2600
Fax: (91 22) 6622 2501
Email: sci.fpo@idfc.com
Investor Grievance Email: complaints@idfc.com
Website: www.idfccapital.com
Contact Person: Hiren Raipancholia
SEBI Registration No.: INM000011336

ICICI Securities Limited
ICICI Centre
H. T. Parekh Marg
Churchgate
Mumbai 400 020
Tel: (91 22) 2288 2460
Fax: (91 22) 2282 6580
Email: sci.fpo@icicisecurities.com
Investor Grievance Email: customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Rajiv Poddar
SEBI Registration No.: INM000011179

Legal Counsels

Domestic Legal Counsel to the Issue

Amarchand & Mangaldas & Suresh A. Shroff & Co.
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg,
Lower Parel
Mumbai 400 013
Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

International Legal Counsel to the Issue

O'Melveny & Myers LLP

9 Raffles Place
#22-01/02 Republic Plaza 1
Singapore 048619
Tel: (65) 6593 1800
Fax: (65) 6593 1801

Syndicate Members

SBICAP Securities Limited
191, Maker Towers F,
19th Floor, Cuffe Parade,
Mumbai – 400 005
Tel: (91 22) 3047 8591
Fax: (91 22) 3046 8670
E-mail ID: archana.dedhia@sbicapsec.com
Website: www.sbicapsec.com
Contact Person: Ms. Archana Dedhia
SEBI Registration Number: INB 231052938

Sharekhan Limited
A-206, Phoenix Mills Compound
S.B. Marg Lower Parel,
Mumbai 400 013, Maharashtra, India
Telephone: +91 22 6748 2000
Facsimile: +91 22 2498 2626
E-Mail: pankajp@sharekhan.com
Website: www.sharekhan.com
Contact Person: Mr. Pankaj Patel
SEBI Registration No.: BSE INB011073351, NSE INB231073330

Auditors to our Company

P.S.D. & Associates, Chartered Accountants
324, 3rd Floor
Ganpati Plaza, M.I. Road
Jaipur 302 001
Tel: (91 141) 2389 181
Fax: (91 141) 2389 180
Email: prakash_psd@rediffmail.com
Firm Registration No. 004501C

Sarda & Pareek, Chartered Accountants
Mahavir Apartments, 3rd Floor
598, M.G. Road, Near Suncity Cinema
Vile Parle (East)
Mumbai 400 057
Tel: (91 22) 2610 1124
Fax: (91 22) 2613 4015
Email: nvjca@sardapareek.com

Firm Registration No. 109262W

Registrar to the Issue

Karvy Computershare Private Limited
Plot no. 17 to 24, Vithalrao Nagar
Madhapur
Hyderabad 500 081
Tel: (91 40) 4465 5000
Fax: (91 40) 2343 1551
Email: sci.fpo@karvy.com
Website: http:\\karisma.karvy.com
Contact Person: M. Murali Krishna
SEBI Registration No.: INR000000221

Issue Grading

Grading of the Issue is not required as it is a further public offering.

Expert Opinion

Our Company has received consent from the Statutory Auditors namely, P.S.D & Associates, Chartered Accountants, and Sarda & Pareek, Chartered Accountants to include their names as an expert in this Red Herring Prospectus in relation to the report of the auditors dated November 15, 2010 and statement of tax benefits dated October 11, 2010 in the form and context in which it appears in this Red Herring Prospectus.

Bankers to the Issue and Escrow Collection Banks

ICICI Bank Limited
30 Mumbai Samachar Marg, Fort
Mumbai 400 001
Tel: (91 22) 6631 0312
Fax: (91 22) 6631 0350
E-mail: viral.bharani@icicibank.com
Website: www.icicibank.com
Contact Person: Viral Bharani

State Bank of India
Capital Market Branch
Videocon Heritage (Killic House)
Ground Floor, Chiranjit Rai Marg
Mumbai 400 001
Tel: (91 22) 2209 4932
Fax: (91 22) 2209 4921
Email: nib.11777@sbi.co.in / sbi.11777@sbi.co.in
Website: www.sbi.org.in
Contact Person: Surekha Shinde

Axis Bank Limited
Atlanta, Ground Floor
Nariman Point
Mumbai 400 021
Tel: (91 22) 2283 4296
Fax: (91 22) 6639 0935
E-mail: narimanpoint.branchhead@axisbank.com
Website: www.axisbank.com
Contact Person: Uday Kumar

HDFC Bank Limited
FIG-OPS Department, Lodha
I Think Techno Campus, O-3 Level,
Kanjurmarg (East
Mumbai 400 042
Tel: (91 22) 3075 2928
Fax: (91 22) 2579 9801
E-mail: deepak.rane@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Deepak Rane

Kotak Mahindra Bank Limited
5th Floor, Dani Corporate Park
158, CST Road
Kalina, Santacruz (East)
Mumbai 400 098
Tel: (91 22) 6759 5559
Fax: (91 22) 6759 5374
E-mail: amit.kr@kotak.com
Website: www.kotak.com
Contact Person: Amit Kumar

Yes Bank Limited
9th Floor, Nehru Centre
Discovery of India
Dr. Annie Besant Road, Worli
Mumbai 400 018
Tel: (91 22) 6699 9000
Fax: (91 22) 2490 0314
E-mail: dlbtiservices@yesbank.in
Website: www.yesbank.com
Contact Person: Mahesh Shirali

Bankers to our Company

State Bank of India
Overseas branch
World Trade Centre
Post Box No. 16094
Cuff Parade
Mumbai 400 005
Tel: (91 22) 2218 9161
Fax: (91 22) 2218 1518
E-mail:sbi.04791@sbi.co.in
Website: www.statebankofindia.com
Contact Person: Ravi Ranjan

Bank of Maharashtra
Nariman Point Branch
Mittal Chambers
Nariman Point
Mumbai 400 021
Tel: (91 22) 2281 8864
Fax: (91 22) 2204 9953
E-mail: bom671@mahabank.co.in
Website:www.mahabank.com
Contact Person: R.C. Mishra

Oriental Bank of Commerce
Large Corporate Branch
181-A, Maker Tower 'E'
Cuff Parade,
Mumbai 400 005
Tel: (91 22) 2215 4656
Fax: (91 22) 2215 3533
E-mail: bm0902@obc.co.in
Website: www.obcindia.co.in
Contact Person: K.K. Acharya

The Bank of Nova Scotia
Mittal Tower, 'B' Wing
Nariman Point
Mumbai 400 021
Tel: (91 22) 6636 4251
Fax: (91 22) 2287 3125
E-mail: s.ravindran@scotiabank.com
Website: www.scotiabank .com
Contact Person: S.Ravindran

Citibank
Citigroup Centre,
Bandra Kurla Complex, G Block,
Bandra East,
Mumbai 400 051
Tel: (91 22) 40015256
Fax: (91 22) 26535824
E-mail: sachin.bafna@citi.com
Website:www.citibank.com
Contact Person: Sachin Bafna

HDFC Bank Limited
1201 Raheja Centre
Free Press Journal Marg
Nariman Point
Mumbai 400 021
Tel: (91 22) 3023 3255
Fax: (91 22) 2204 9750
E-mail: gayatri.rao@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Gayatri Rao

Indian Bank
Nariman Point Branch
210 Mittal Tower
Nariman Point
Mumbai 400 021
Tel: (91 22) 2284 0708
Fax: (91 22) 2204 5290
E-mail: narimanpoint@indianbank.co.in
Website: www.indianbank.in
Contact Person: G.V. Balsubramanian

Syndicate Bank
Nariman Point Branch
227, Nariman Bhavan
Nariman Point
Mumbai 400 021
Tel: (91 22) 2284 2865
Fax: (91 22) 2202 4812
E-mail: mh.5037mumnp@syndicatebank.co.in
Website: www.syndicatebank.com
Contact Person: Bhaskar Hande

The Hongkong and Shanghai Banking Corporation Limited
16 Veer Nariman Road
Fort
Mumbai 400 001
Tel: (91 22) 2268 1020
Fax: (91 22) 6653 6014
E-mail: piyushagarwal@hsbc.co.in
Website: www.hsbc.co.in
Contact Person: Piyush Agarwal

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as a SCSB for the ASBA process are provided on http://www.sebi.gov.in/pmd/scsb.html. For details on Designated Branches of SCSBs collecting the ASBA Bid Cum Application Forms, please refer to the above mentioned link.

Monitoring Agency

State Bank of India
Capital Market Branch
Videocon Heritage (Killic House)
Ground Floor, Chiranjit Rai Marg
Mumbai 400 001
Tel: (91 22) 2209 4932
Fax: (91 22) 2209 4921
Email: nib.11777@sbi.co.in / sbi.11777@sbi.co.in
Contact Person: Surekha Shinde

The appointment of the monitoring agency is in accordance with Regulation 16 of the SEBI Regulations.

Inter Se Allocation of Responsibilities between the BRLMs

The following table sets forth the *inter se* allocation of responsibilities for various activities among the BRLMs for the Issue:

S. No.	Activity	Responsibility	Designated Coordinating Book Running lead Manager
1.	Capital structuring with relative components and formalities such as type of instruments., etc.	SBI Caps, IDFC, I-Sec	SBI Caps
2.	Due-diligence of our Company including operations/management/ business plans/legal, etc. drafting and design of the Draft Red Herring Prospectus including the memorandum containing salient features of the Prospectus. The Book Running Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI, including finalization of Prospectus and the RoC filing	SBI Caps, IDFC, I-Sec	SBI Caps
3.	Drafting and approving all statutory advertisements, non-statutory advertisements including corporate advertisements	SBI Caps, IDFC, I-Sec	Statutory Ads - SBI Caps Non Statutory Ads - IDFC
4.	Appointment of Printer(s)	SBI Caps, IDFC, I-Sec	SBI Caps
5.	Appointment of Registrar to the Issue	SBI Caps, IDFC, I-Sec	I-Sec
6.	Appointment of Advertising Agency	SBI Caps, IDFC, I-Sec	IDFC
7.	Appointment of Bankers to the Issue	SBI Caps, IDFC, I-Sec	IDFC
8.	Preparation and finalization of the road-show presentation and frequently asked questions for the road-show team	SBI Caps, IDFC, I-Sec	IDFC
9.	International and domestic institutional marketing of the Issue, which will cover, inter alia, • Institutional marketing strategy • Finalizing the list and division of investors for one to one meetings, and • Finalizing road show schedule and investor meeting schedules	SBI Caps, IDFC, I-Sec	IDFC

S. No.	Activity	Responsibility	Designated Coordinating Book Running lead Manager
10.	Non-institutional and retail marketing of the Issue, which will cover, inter alia, • Formulating marketing strategies, preparation of publicity budget • Finalizing media and public relations strategy • Finalizing centers for holding conferences for brokers, etc. • Follow-up on distribution of publicity and Issue material including application form, Prospectus and deciding on the quantum of the Issue material • Finalizing collection centers	SBI Caps, IDFC, I-Sec	IDFC
11.	Co-ordination with Stock Exchanges for Book Building Process software, bidding terminals and mock trading	SBI Caps, IDFC, I-Sec	I-Sec
12.	Managing the book and finalization of pricing in consultation with our Company and the Selling Shareholder	SBI Caps, IDFC, I-Sec	I-Sec
13.	Post bidding activities including essential follow-up steps with Bankers to the Issue and Self Certified Syndicate Bank to get quick estimates of collection and advising the issuer about the closure of issue, management of escrow accounts, co-ordination of allocation, finalization of basis of Allotment / weeding out of multiple applications, intimation of allocation and dispatch of certificates or demat credit and refunds to bidders, dealing with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue, Self Certified Syndicate Banks and the bank handling refund business, listing of the Equity Shares etc. The designated coordinating Book Running Lead Manager shall be responsible for ensuring that the intermediaries fulfill their functions and enable him to discharge this responsibility through suitable agreements with our Company and the Selling Shareholder.	SBI Caps, IDFC, I-Sec	I-Sec

Credit Rating

As the Issue is of Equity Shares, there is no credit rating for this Issue.

Trustees

As the Issue is of Equity Shares, the appointment of trustees is not required.

Book Building Process

Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band, which will be decided by our Company and the Selling Shareholder in consultation with the BRLMs and advertised at least one working day prior to the Bid Opening Date. The Issue Price is finalised after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

1. our Company;
2. the Selling Shareholder;
3. the BRLMs;
4. the Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/ NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the BRLMs;
5. the SCSBs;
6. the Registrar to the Issue; and
7. the Escrow Collection Banks.

The Issue will be made through the 100% Book Building Process wherein up to 50% of the Net Issue will be allocated on a proportionate basis to QIBs. Out of the QIB Portion, 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

In accordance with the SEBI Regulations, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid Closing Date. For further details, see "Terms of the Issue" beginning on page 223.

Our Company and the Selling Shareholder shall comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company and the Selling Shareholder have appointed the BRLMs to manage the Issue and procure subscriptions to the Issue.

The Book Building Process under the SEBI Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

Illustration of Book Building Process and Price discovery process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per equity share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices which is collated from bids received from various investors.

Bid Quantity	Bid Amount (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the BRLMs, will finalise the issue price at or below such cut-off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (see "Issue Procedure - Who Can Bid?" on page 231);

2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;

3. Ensure that you have mentioned your PAN, Client ID and DP ID in the Bid cum Application Form. In accordance with the SEBI Regulations, PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (see "Issue Procedure - Permanent Account Number or PAN" beginning on page 243);

4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form;

5. Except for bids on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, for Bids of all values ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form and the ASBA Form (see "Issue Procedure" on page 229). The exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the

beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;

6. Bids by QIBs will only have to be submitted to the BRLMs and/or their affiliates, other than Bids by QIBs who Bid through ASBA process, who shall submit the Bids to the Designated Branches of the SCSBs;

7. ASBA Bidders will have to submit Bids (physical form) to the Designated Branches. ASBA Bidders should ensure that the ASBA Account has adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.

Underwriting Agreement

After the determination of the Issue Price but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholder will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded by the Underwriters including through its respective Syndicate Member/ sub-syndicate. The Underwriting Agreement is dated [●].

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in Million)
SBI Capital Markets Limited 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005	[●]	[●]
IDFC Capital Limited Naman Chambers, C-32, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	[●]	[●]
ICICI Securities Limited ICICI Centre, H. T. Parekh Marg, Churchgate, Mumbai 400 020	[●]	[●]
SBICAP Securities Limited 191, Maker Towers F, 19th Floor, Cuffe Parade, Mumbai – 400 005	[●]	[●]
Sharekhan Limited A-206, Phoenix Mills Compound S.B. Marg Lower Parel, Mumbai 400 013, Maharashtra, India	[●]	[●]

The above mentioned is indicative underwriting and this will be finalised after determination of the Issue Price and actual allocation.

In the opinion of the Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The Board of Directors, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the table above, the BRLMs and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/subscribe to Equity Shares to the extent of the defaulted amount.

Notwithstanding the foregoing, the Issue is also subject to obtaining final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

CAPITAL STRUCTURE

The equity share capital of our Company as at the date of this Red Herring Prospectus is set forth below:

(In Rs. except share data)

		Aggregate Value at Face Value	Aggregate Value at Issue Price
A	**AUTHORISED SHARE CAPITAL**		
	1,000,000,000 Equity Shares	10,000,000,000	
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**		
	423,453,645 Equity Shares	4,234,536,450	
C	**PRESENT ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS**		
	84,690,730 Equity Shares	846,907,300	[●]
	of which		
	Fresh Issue of 42,345,365 Equity Shares[1]	423,453,650	[●]
	Offer for Sale of 42,345,365 Equity Shares[2]	423,453,650	[●]
D	Employee Reservation of 423,454 Equity Shares	4,234,540	[●]
E	Net Issue to the public of 84,267,276 Equity Shares	842,672,760	[●]
F	**EQUITY CAPITAL AFTER THE ISSUE**		
	465,799,010 Equity Shares	4,657,990,100	
G	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue	Nil	
	After the Issue	[●]	

1 *The Fresh Issue has been authorised by a resolution of our Company's Board dated August 11, 2010 and by a special resolution passed pursuant to section 81(1A) of the Companies Act, at the Annual General Meeting of the shareholders of our Company held on September 29, 2010.*

2 *Approval of the Selling Shareholder vide letter dated October 12, 2010, approving the Offer for Sale.*

Changes in the Authorised Equity Share Capital

(1) The initial authorised equity share capital of Rs. 100,000,000 divided into 1,000,000 equity shares of Rs. 100 each was increased to Rs. 150,000,000 divided into 1,500,000 equity shares of Rs. 100 each, pursuant to a resolution of the shareholders of our Company dated December 31, 1960.

(2) The authorised equity share capital of Rs. 150,000,000 divided into 1,500,000 equity shares of Rs. 100 each was increased to Rs. 350,000,000 divided into 3,500,000 equity shares of Rs. 100 each, pursuant to the Shipping Corporations Amalgamation Order, 1961 dated October 1, 1961 effective from October 2, 1961. For further details, see "History and Certain Corporate Matters" beginning on page 85.

(3) The authorised equity share capital of Rs. 350,000,000 divided into 3,500,000 equity shares of Rs. 100 each was increased to Rs. 1,000,000,000 divided into 10,000,000 equity shares of Rs. 100 each, pursuant to a resolution of the shareholders of our Company dated January 23, 1984.

(4) The authorised equity share capital of Rs. 1,000,000,000 divided into 10,000,000 equity shares of Rs. 100 each was increased to Rs. 3,500,000,000 divided into 35,000,000 equity shares of Rs. 100 each pursuant to a resolution of the shareholders of our Company dated August 29, 1991.

(5) The authorised equity share capital of Rs. 3,500,000,000 divided into 35,000,000 equity shares of Rs. 100 each was split into 350,000,000 equity shares of Rs. 10 each pursuant to a resolution of the shareholders of our Company dated September 18, 1992.

(6) The authorised equity share capital of Rs. 3,500,000,000 divided into 350,000,000 equity shares of Rs. 10 each was increased to Rs. 4,500,000,000 divided into 450,000,000 equity shares of Rs. 10 each pursuant to a resolution of the shareholders of our Company dated September 21, 1995.

(7) The authorised equity share capital of Rs. 4,500,000,000 divided into 450,000,000 equity shares of Rs. 10 each was increased to 10,000,000,000 divided into 1,000,000,000 equity shares of Rs. 10 each pursuant to a resolution of the shareholders of our Company dated July 21, 2010.

Notes to the Capital Structure

1. **Share Capital History of our Company**

(a) The following is the history of the equity share capital and securities premium account of our Company:

Date of allotment of the Equity Shares	No. of Equity Shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Consideration (cash, other than cash etc)	Cumulative No. of Equity Shares	Cumulative paid-up Equity Share Capital (Rs.)	Cumulative Securities Premium (Rs.)
March 24, 1950	200,000	100	100	Cash	200,000	20,000,000	-
March 17, 1952	100,000	100	100	Cash	300,000	30,000,000	-
November 27, 1953	250,000	100	100	Cash	550,000	55,000,000	-
March 15, 1959	75,000	100	100	Cash	625,000	62,500,000	-
December 10, 1959	195,000	100	100	Cash	820,000	82,000,000	-
September 12, 1960	180,000	100	100	Cash	1,000,000	100,000,000	-
October 3, 1961	1,300,000	100	-	Other than cash[(1)]	2,300,000	230,000,000	-
March 10, 1962	45,000	100	100	Cash	2,345,000	234,500,000	
October 30, 1972	449,844	100	-	Other than cash[(2)]	2,794,844	279,484,400	-
March 5, 1973	100	100	-	Other than cash[(3)]	2,794,944	279,494,400	-
October 16, 1983	4,205,000	100	100	Other than cash[(4)]	6,999,944	699,994,400	-
June 30, 1986	19,012	100	-	Other than cash[(5)]	7,018,956	701,895,600	-
November 4, 1991	19,104,000	100	100	Other than cash[(6)]	26,122,956	2,612,295,600	-
April 2, 1992	2,107,287	100	100	Other than cash[(7)]	28,230,243	2,823,024,300	-
September 18, 1992	-	10[(8)]	-	-	282,302,430	2,823,024,300	-
November 3, 2008	141,151,215	10	10	Bonus issue of in the ratio of 1:2	423,453,645	4,234,536,450	-

[(1)] 1,300,000 equity shares were allotted to our Promoter pursuant to the Shipping Corporations Amalgamation Order, 1961 ("Order") dated October 1, 1961.

[(2)] Our Company issued 449,843 fully paid up equity shares of Rs. 100 each and one equity share as partly paid up to our Promoter as consideration for the transfer of 2,88,028 equity shares of Jayanti Shipping Company Limited. One partly paid equity share was called upon and made fully paid up on December 19, 1972.

[(3)] Our Company issued 100 equity shares of Rs. 100 each to eight persons in lieu of 100 equity shares of Jayanti Shipping Company Limited pursuant to the Shipping Corporation of India and Jayanti Shipping Company Limited Amalgamation Order, 1973. These equity shares were then transferred to our Promoter.

[(4)] Our Company issued 4,205,000 equity shares of Rs. 100 each to our Promoter to be adjusted against the repayment of loan due to the Ship Development Fund Committee.

[(5)] Our Company issued 19,012 equity shares of Rs. 100 each to our Promoter pursuant to the Shipping Corporation of India Limited and the Mogul Line Limited Amalgamation Order dated June 26, 1986.

[(6)] Our Company issued 19,104,000 equity shares of Rs. 100 each to our Promoter upon conversion of part of the outstanding loans due to the Government of India in terms of Government directives contained in the letter (No. SS-11021/1/87-SY-II (Vol-II)) dated March 27, 1991.

(7) *Our Company issued 2,107,287 equity shares of Rs. 100 each to our Promoter upon conversion of part of the outstanding loans due to the Government of India in terms of Government directives contained in the letter (No. SS-11021/1/87-SY-II (Vol-II)) dated March 31, 1992.*

(8) *Our authorised capital of Rs. 3,500,000,000 divided into 35,000,000 equity shares of Rs. 100 each was split into 350,000,000 equity shares of Rs. 10 each pursuant to a resolution of the shareholders of our Company dated September 18, 1992.*

(b) Equity Shares allotted for consideration other than cash

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration
October 3, 1961	1,300,000	100	-	Equity shares were allotted to our Promoter pursuant to the Shipping Corporations Amalgamation Order, 1961 ("Order") dated October 1, 1961
October 30, 1972	449,844	100	-	Equity shares were allotted to our Promoter as consideration for the transfer of 2,88,028 equity shares of Jayanti Shipping Company Limited
March 5, 1973	100	100	-	Equity shares were allotted to eight persons in lieu of 100 equity shares of Jayanti Shipping Company Limited pursuant to the Shipping Corporation of India and Jayanti Shipping Company Limited Amalgamation Order, 1973. These 100 equity shares were transferred to our Promoter by the above mentioned eight persons.
October 16, 1983	4,205,000	100	100	Equity shares were allotted to our Promoter to be adjusted against the repayment of loan due to the Ship Development Fund Committee
June 30, 1986	19,012	100	-	Equity shares were allotted each to our Promoter pursuant to the Shipping Corporation of India Limited and the Mogul Line Limited Amalgamation Order dated June 26, 1986
November 4, 1991	19,104,000	100	100	Equity shares were allotted to our Promoter upon conversion of part of the outstanding loans due to the Government of India in terms of Government directives contained in the letter (No. SS-11021/1/87-SY-II (Vol-II)) dated March 27, 1991
April 2, 1992	2,107,287	100	100	Equity shares were allotted to our Promoter upon conversion of part of the outstanding loans due to the Government of India in terms of Government directives contained in the letter (No. SS-11021/1/87-SY-II (Vol-II)) dated March 31, 1992

2. History of the Equity Share Capital held by the Promoter

(a) Details of the build up of the Promoter's shareholding in our Company:

Date of Allotment/ Transfer	No. of Equity Shares Allotted/ Transferred	Face Value (Rs.)	Issue/ Acquisition Price (Rs.)	Nature of consideration (Cash, gift, etc.)	Nature of transaction	% of pre-Issue Capital	% of post-Issue Capital
March 24, 1950	148,000	100	100	Cash	Allotment	0.35	0.32
March 17, 1952	74,000	100	100	Cash	Allotment	0.18	0.16
November 27, 1953	185,000	100	100	Cash	Allotment	0.44	0.40
April 11, 1957	143,000	100	-*	Cash	Transferred from Scindia Steam Navigation Company Limited and various	0.34	0.31

Date of Allotment/ Transfer	No. of Equity Shares Allotted/ Transferred	Face Value (Rs.)	Issue/ Acquisition Price (Rs.)	Nature of consideration (Cash, gift, etc.)	Nature of transaction	% of pre-Issue Capital	% of post-Issue Capital
					persons		
March 15, 1959	75,000	100	100	Cash	Allotment	0.18	0.16
December 10, 1959	195,000	100	100	Cash	Allotment	0.46	0.42
September 12, 1960	180,000	100	100	Cash	Allotment	0.43	0.39
October 3, 1961	1,300,000	100	-*	Other than cash(1)	Allotment	3.07	2.80
March 10, 1962	45,000	100	100	Cash	Allotment	0.11	0.10
October 30, 1972	449,844	100	-*	Other than cash(2)	Allotment	1.06	1.00
March 5, 1973	100	100	-*	Other than cash(3)	Transferred from various persons	0.00	0.00
October 16, 1983	4,205,000	100	100	Other than cash(4)	Allotment	9.93	9.03
June 30, 1986	19,012	100	-*	Other than cash(5)	Allotment	0.05	0.04
November 4, 1991	19,104,000	100	100	Other than cash(6)	Allotment	45.12	45.01
April 2, 1992	2,107,287	100	100	Other than cash(7)	Allotment	4.98	4.52
September 29, 1992	(52,245,900)	10(8)	34.41(9)	Cash	Transferred to various banks and other institutions pursuant to the disinvestment	12.34	11.22
June 15, 1995	(3,864,300)	10	72.61(10)	Cash	Transferred to various banks and other institutions pursuant to the disinvestment in October 1994	0.91	0.83
November 3, 2008	113,096,112	10	-	Bonus issue in the ratio of 1:2	Allotment	26.71	24.28
Total	**339,288,342**						

* *Details unavailable. However, for the purposes of calculating the average cost per Equity Share of our Promoter, we have assumed these equity shares to have been transferred at the face value i.e. Rs. 100. Based on this assumption, the average cost of acquisition per Equity Share of our Promoter in our Company is Rs. 6.67.*

(1) *1,300,000 equity shares were allotted to the Promoter pursuant to the Shipping Corporations Amalgamation Order, 1961 ("Order") dated October 1, 1961.*

(2) *Our Company issued 449,843 fully paid up equity shares of Rs. 100 each and one equity share as partly paid up to our Promoter as consideration for the transfer of 2,88,028 equity shares of Jayanti Shipping Company Limited. One partly paid equity share was called upon and made fully paid up on December 19, 1972.*

(3) *Our Company issued 100 equity shares of Rs. 100 each to eight persons in lieu of 100 equity shares of Jayanti Shipping Company Limited pursuant to the Shipping Corporation of India and Jayanti Shipping Company Limited Amalgamation Order, 1973. These equity shares were then transferred to our Promoter.*

(4) *Our Company issued 4,205,000 equity shares of Rs. 100 each to Ship Development Fund Committee to be adjusted against the repayment of loan due to Ship Development Fund Committee.*

(5) *Our Company issued 19,012 equity shares of Rs. 100 each to our Promoter pursuant to the Shipping Corporation of India Limited and the Mogul Line Limited Amalgamation Order dated June 26, 1986.*

(6) *Our Company issued 19,104,000 equity shares of Rs. 100 each to our Promoter upon conversion of part of the outstanding loans due to the Government of India in terms of Government directives contained in the letter (No. SS-11021/1/87-SY-II (Vol-II)) dated March 27, 1991.*

(7) *Our Company issued 2,107,287 equity shares of Rs. 100 each to our Promoter upon conversion of part of the outstanding loans due to the Government of India in terms of Government directives contained in the letter (No. SS-11021/1/87-SY-II (Vol-II)) dated March 31, 1992.*

(8) *Our authorised capital of Rs. 3,500,000,000 divided into 35,000,000 equity shares of Rs. 100 each was split into 350,000,000 equity shares of Rs. 10 each pursuant to a resolution of the shareholders of our Company dated September 18, 1992.*

(9) *Average price at which the Equity Shares were transferred during the disinvestment in the year 1992.*

(10) *Average price at which the Equity Shares were transferred during the disinvestment in the year 1994.*

None of the Equity Shares held by the Promoter are pledged.

Promoter's contribution and lock-in for three years

Since the Issue is a further public offer and (i) the Equity Shares are not infrequently traded on BSE and NSE for a period of three years and (ii) our Company has a track record of dividend payment during the three fiscal years preceding the date of the Red Herring Prospectus, in terms of Regulation 34 (b) of the SEBI Regulations, the Promoter of our Company is exempted from the requirement of the minimum promoter's contribution as provided under Regulation 32 of the SEBI Regulations.

(b) *Details of Equity Shares locked-in for one year*:

The Ministry of Shipping through its letter dated October 12, 2010 has granted approval for the lock-in of its entire post-Issue shareholding, other than Equity Shares offered in the Offer for Sale, for a period of one year from the date of Allotment in the Issue or for such other time as may be required in terms of Regulation 36(b) of the SEBI Regulations.

(c) *Other requirements in respect of lock-in*:

The Equity Shares held by the Promoter which are locked-in for a period of one year can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such bank or financial institution, provided that the pledge of the Equity Shares is one of the terms of sanction of the loan.

3. **Shareholding Pattern of our Company**

1. The table below presents the shareholding pattern of Equity Shares before the proposed Issue and as adjusted for the Issue as on November 12 , 2010:

Category Code (I)	**Category of shareholder (II)**	**No. of share holders (III)**	**Total No. of shares (IV)**	**No. of shares held in dematerialised form (V)**	**Total shareholding as a percentage of total no. of shares**		**Shares pledged or otherwise encumbered**	
					As a percentage of (A+B) (VI)	**As a percentage of (A+B+C) (VII)**	**Number of shares (VIII)**	**As a Percentage (IX)= (VIII)(IV)*100**
(A)	Shareholding of Promoter and Promoter and Group 2							
1)	**Indian**							
(a)	Individuals/Hindu Undivided Family	8	3,057	0	0.00	0.00	0	0
(b)	Central Government/State Government(s)	1	339,285,285	339,285,270	80.12	80.12	0	0
(c	Bodies Corporate	0	0	0	0.00	0.00	0	0
(d)	Financial Institutions/Banks	0	0	0	0.00	0.00	0	0
(e)	Any other (Specify)	0	0	0	0.00	0.00	0	0
	SUB TOTAL (A)(1)	**9**	**339,288,342**	**339,285,270**	**80.12**	**80.12**	0	0
2)	**Foreign**							
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)							
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0
c)	Institutions/FII	0	0	0	0.00	0.00	0	0

Category Code (I)	Category of shareholder (II)	No. of share holders (III)	Total No. of shares (IV)	No. of shares held in dematerialised form (V)	Total shareholding as a percentage of total no. of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a Percentage (IX)= (VIII)(IV)*100
(d)	Any other (Specify)	0	0	0	0.00	0.00	0	0
	SUB TOTAL (A)(2)	**0**	**0**	**0**	**0.00**	**0.00**	**0.00**	**0**
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**9**	**339,288,342**	**339,285,270**	**80.12**	**80.12**	**0**	**0**
(B)	**Public shareholding3**						**NA**	**NA**
1)	Institutions							
(a)	Mutual Funds/UTI	13	170,574	168,374	0.04	0.04		
(b)	Financial Institutions/Banks	10	343,440	343,140	0.08	0.08		
c)	Central Government/State Government(s)	0	0	0	0.00	0.00		
(d)	Venture Capital Fund	0	0	0	0.00	0.00		
(e)	Insurance Companies	12	56,013,595	56,013,595	13.23	13.23		
(f)	Foreign Institutional Investors	56	9,124,683	9,121,983	2.15	2.15		
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00		
	Sub-Total(B)(1)	**91**	**65,652,292**	**65,647,092**	**15.50**	**15.50**	**0**	**0**
2)	**Non-Institutions**						**NA**	**NA**
(a)	Bodies Corporate	1264	5,450,145	5,435,094	1.29	1.29		
(b)	Individuals							
	i) Individual shareholdrs holding nominal share Capital up to Rs.1 lakh	43704	10,496,140	10,463,001	2.48	2.48		
	ii) Individual shareholders holding nominal share capital in excess of Rs.1lakh	89	1,947,902	1,917,752	0.46	0.46		
c)	Any other							

Category Code (I)	Category of shareholder (II)	No. of shareholders (III)	Total No. of shares (IV)	No. of shares held in dematerialised form (V)	Total shareholding as a percentage of total no. of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a Percentage (IX)= (VIII)(IV)*100
	(Specify)							
	i) O C B	1	5,250	5,250	0.00	0.00		
	ii) Non-Resident -Non Rep	158	88,427	88,427	0.02	0.02		
	iii) Non-Resident -Rep	559	405,422	349,322	0.10	0.10		
	iv)Trust	20	119,725	119,725	0.03	0.03		
	Sub-Total(B) (2)	**45795**	**18,513,011**	**18,378,571**	**4.37**	**4.37**	**0**	**0**
	Total Public Shareholding (B)=(B)(1)+(B)(2)	**45886**	**84,165,303**	**84,025,663**	**19.88**	**19.88**	**0**	**0**
	Total (A)+(B)	**45895**	**423,453,645**	**423,310,933**	**100**	**100**		
C)	**Shares held by Custodians and against which Depository Receipts have been issued**							
	GRAND TOTAL (A)+(B)+C)	**45895**	**423,453,645**	**423,310,933**	**100.00**	**100.00**	**0**	**0**

4. The list of top 10 shareholders of our Company and the number of Equity Shares held by them is as under:

(a) As of the date of the Red Herring Prospectus (as per latest available beneficiary position, i.e., November 12, 2010):

Sr. No.	Name of the shareholder	No. of Equity Shares held	Percentage (%) (Pre-Issue)
1.	President of India	339,285,285	80.12
2.	Life Insurance Corporation of India	33,615,130	7.94
3.	LIC of India Market Plus - 1	8,026,684	1.90
4.	General Insurance Corporation of India	4,901,088	1.16
5.	The New India Assurance Company limited	3,389,651	0.80
6.	Life Insurance Corporation Of India	2,716,215	0.64
7.	National Insurance Company Ltd	1,473,488	0.35
8.	Wisdomtree India Investment Portfolio Inc	1,267,289	0.30
9.	Lok Prakashan Ltd	1,220,046	0.29
10.	Barclays Capital Mauritius Limited	1,042,000	0.25
	Total	**396,936,861**	**93.39**

(b) As of 10 days prior to the date of the Red Herring Prospectus (as per latest available beneficiary position, i.e., November 5, 2010):

Sr. No.	Name of the shareholder	No. of Equity Shares held	Percentage (%) (Pre-Issue)
1.	President of India	339,285,285	80.12
2.	Life Insurance Corporation Of India	33,615,130	7.94
3.	LIC of India Market Plus – 1	8,026,395	1.90
4.	General Insurance Corporation Of India	4,901,088	1.16
5.	The New India Assurance Company Limited	3,389,651	0.80
6.	Life Insurance Corporation Of India – Profitplus	2,716,215	0.64
7.	National Insurance Company Limited	1,473,488	0.35
8.	Lok Prakashan Limited	1,220,046	0.29
9.	Wisdomtree India Investment Portfolio Inc.	1,218,517	0.29
10.	Bajaj Allianz Life Insurance Company Limited	1,109,694	0.26
	Total	**396,955,509**	**93.75**

(c) As of two years prior to the date of the Red Herring Prospectus (as per latest available beneficiary position, i.e., November 14, 2008):

Sr. No.	Name of the shareholder	No. of Equity Shares held	Percentage (%) (Pre-Issue)
1.	President of India	339,285,285	80.12
2.	Life Insurance Corporation of India	24,842,830	5.87
3.	General Insurance Corporation of India	4,901,088	1.16
4.	BSMA Limited	4,880,814	1.15
5.	The New India Assurance Company Limited	3,218,545	0.76
6.	Franklin Templeton Investment Funds	3,047,610	0.72
7.	United India Insurance Company Limited	2,311,366	0.55
8.	National Insurance Company Limited	1,903,488	0.45
9.	Skagen Kon-Tiki Verdipapirfond	1,500,000	0.35
10.	Templeton India Equity Income Fund	1,429,642	0.34
	Total	**387,320,668**	**91.47**

5. Our Company, the Selling Shareholder, the Directors and the BRLMs have not entered into any buy-back arrangement and/or safety net facility for the purchase of Equity Shares from any person.

6. ICICI Bank Limited, an associate of I-Sec, holds 75 Equity Shares in our Company. Except as aforementioned, neither the BRLMs nor their associates hold any Equity Shares of our Company as on the date of filing this Red Herring Prospectus.

7. Our Company has not raised any bridge loans against the Issue Proceeds.

8. Except as stated in "Management" beginning on page 100, none of the Directors or key management personnel hold any Equity Shares in our Company.

9. Neither the Promoter, the Directors and their immediate relatives have purchased or sold any Equity Shares during a period of six months preceding the date on which the Draft Red Herring Prospectus was filed with SEBI.

10. Our Company has not made any issue of Equity Shares during a period of one year preceding the date of this Red Herring Prospectus at a price lower than the Issue Price.

11. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the nearer multiple of minimum allotment lot.

12. No person connected with the Issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Bidder.

13. Up to 50% of the Net Issue shall be allocated to QIBs on a proportionate basis. 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available

for allocation to the QIB Bidders including Mutual Funds subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Under-subscription, if any, in any of the categories would be allowed to be met with spill over from any other category at the discretion of our Company, the Selling Shareholder and the BRLMs, in consultation with the Designated Stock Exchange.

14. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares.

15. There will be no further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of this Red Herring Prospectus with SEBI until the Equity Shares have been listed.

16. Our Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or issue of bonus or rights or further public issue of specified securities or qualified institutions placement or otherwise. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures. For further details, see “Issue Structure” beginning on page 226.

17. Our Company has complied with the provisions of applicable SEBI guidelines at the time of bonus issue in the year 2008.

18. The Promoter will not participate in the Fresh Issue.

19. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

20. Our Company has 45,895 members as of the date of filing of this Red Herring Prospectus (as per latest available beneficiary position, i.e., November 12, 2010).

21. Our Company has not issued any Equity Shares out of revaluation reserves. Except as stated above on page 27, our Company has not issued any Equity Shares for consideration other than cash.

22. All Equity Shares will be fully paid-up at the time of Allotment failing which no Allotment shall be made.

23. There has been no financing arrangement whereby our Promoter, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period from six months immediately preceding the date of filing of the Draft Red Herring Prospectus with SEBI until date.

OBJECTS OF THE ISSUE

The Issue comprises a Fresh Issue and an Offer for Sale.

Offer for Sale

One of the objects of the Issue is to carry out the divestment of 42,345,365 Equity Shares by the Selling Shareholder. Our Company will not receive any proceeds from the Offer for Sale and all such proceeds shall go to the Selling Shareholder.

Objects of the Net Proceeds

Our Company intends to utilize the Net Proceeds for the following objects:

(a) Part funding the acquisition of certain vessels by our Company; and
(b) General corporate purposes.

The main objects clause of the Memorandum of Association enables our Company to undertake the activities for which the funds are being raised through the Fresh Issue. Further, we confirm that the activities we have been carrying out until now are in accordance with the objects clause of our Memorandum of Association.

The details of the proceeds of the Fresh Issue are summarized in the table below:

(In Rs. Millions)

	Amount
Gross Proceeds from the Fresh Issue	[•]
Issue related Expenses	[•]
Net Proceeds*	[•]

* *To be finalized upon determination of the Issue Price*

Utilization of Net Proceeds

The intended utilization of the Net Proceeds is summarized in the table below:

(*In Rs. Millions*)

Particulars	**Estimated Total Cost**	**Amount proposed to be financed from debt**	**Total Amount to be financed from the Net Proceeds/ Internal Accruals**
Acquisition of certain vessels by our Company	26,639.60	20,261.23	6,378.37
General corporate purposes(1)	[•]	-	[•]
Total	**[•]**	**20,261.23**	**[•]**

(1) *The amount to be deployed towards general corporate purposes will be decided after finalization of Issue Price*

The above fund requirements are based on internal management estimates and have not been appraised by any bank or financial institution. Until definitive agreements are signed in this regard, the acquisition costs of the vessels are subject to ongoing variation primarily on account of changes in external circumstances, or other financial condition, business or strategy.

Our Company operates in a highly competitive and dynamic market, and may have to revise its estimates of the acquisition cost from time to time, on account of prevailing market conditions. Consequently, the fund requirements may also change. In the event, the estimated utilization of the Net Proceeds in a Fiscal is not completely met; the same shall be utilized in the next Fiscal.

The following table details the schedule of utilization of Net Proceeds:

(*In Rs. Millions*)

Vessel	**Fiscal Year 2011**	**Fiscal Year 2012**
Funding the acquisition of certain vessels(1)	4,701.88	1,676.49
General corporate purposes(2)	[•]	[•]

Vessel	Fiscal Year 2011	Fiscal Year 2012
Total	[•]	[•]

(1) *Deployment of funds in Fiscal Year 2011 will depend on our Company executing definitive agreements for the identified vessels. There may be spill over in the deployment of Net Proceeds to the next Fiscal Year in case of any delay in entering into the contract and/or change in the terms of the payment.*

(2) *The amount to be deployed towards general corporate purposes will be decided after finalisation of the Issue Price.*

Details of the Objects

1. Part funding the acquisition of certain vessels by our Company

Our Company formulates tonnage acquisition programme on an annual basis which is within a broad outlay of the ship acquisition programme as per the five year plans of the government. The said tonnage acquisition is approved by our Board and the Ministry of Shipping. Subsequently for acquisition of particular vessels, our Company presents the acquisition proposal to our Board for their in-principle approval. Thereafter the tenders are floated for inviting bids from various shipbuilders. Once a bidder is selected on the basis of technical and commercial qualifications, the proposal is put forth to our Board for the final approval. Post the final approval, our Company may further negotiate with the ship builder and enter into a vessel acquisition contract/shipbuilding agreement with the concerned ship builder. Pursuant to the execution of the contract, it takes a period of two to three years for the delivery of the vessel. The payments to the shipbuilder are spread out over a period of time and are payable on the milestones as agreed under the contract.

Our Company has formulated the vessel acquisition plan for the Fiscal year 2011, which outlines the acquisition of the following 24 vessels. This plan has been approved by our Board.

Vessel acquisition plan for Fiscal Year 2011:

Type of vessel	Specification of the vessel	Number of vessels	Total DWT
Supramax Bulk carriers	57,000 DWT	4	228,000
MR Product tankers	47,000 DWT	3	141,000
6500 Container Vessels	6,500 TEU	3	150,000
VLCCs	300,000 DWT	2	600,000
Panamax/Kamsarmax Bulk Carriers	80,000 DWT	4	320,000
AHTSVs	80 TBP	6	12,000
PSVs	30,000 DWT	2	60,000
Total		**24**	**1,511,000**

Out of the aforesaid vessel acquisition plan for Fiscal Year 2011, we intend to deploy the Net Proceeds to partially finance the acquisition of the following vessels:

Type of the vessel	Description of the vessel	DWT	Number of vessels	Estimated time of delivery (Fiscal Year)	Status of the proposal
Kamsarmax Bulk Carriers	Single Hull Bulk Carrier	82,000	4	2013	Contract entered into on September 24, 2010 with Jiangsu Eastern Heavy Industries Company Limited
VLCC[#]	Crude Oil Tanker	300,000	2	2014	Board approval obtained consequent to the evaluation of bids received from the ship builders. Contract to be signed.
6500 TEU Container Vessel [#]	Container Vessel	50,000	3	2014	Board approval obtained consequent to the evaluation of bids received from the ship builders. Contract to be signed.
Total			**9**		

(#) *Depending on the prevailing market conditions, our Company may decide to utilize the Net Proceeds, to the extent of pending utilization towards the acquisition of such other vessels as mentioned under table "Vessel Acquisition Plan for Fiscal Year 2011"*

Cost of the vessels:

The details of the cost of acquisition of the Identified Vessels are set forth below:

(In Rs. millions)

S. No.	Type of vessel	Number of vessels	Estimated cost of acquisition*	Amount to be financed through third party debt*	Amount proposed to be deployed from Net Proceeds/ Internal Accruals*
1	Kamsarmax Bulk Carriers	4	6,260.40	5,008.32	1,252.08
2	VLCC**	2	9,874.70	7,899.76	1,974.94
3	Container Vessel***	3	10,504.50	7,353.15	3,151.35
Total		**9**	**26,639.60**	**20,261.23**	**6,378.37**

* *The cost of acquisition of vessels has been converted from US$ into Rupees at an assumed exchange rate of 1 US$ = Rs. 47.00*

** *The Board has approved the acquisition of two VLCC vessels at the Board meeting dated October 29, 2010. The ship building contracts in relation to these two VLCC vessels are yet to be entered into.*

*** *The Board has approved the acquisition of three cellular container vessels with a capacity of 6500 TEU each at the Board meeting dated October 29, 2010. The ship building contracts in relation to these three cellular container vessels are yet to be entered into.*

Means of Finance:

(In Rs. Million)

Means of Finance	Amount
Total Cost(1)	26,639.60
(*Less*) Expected funding from the Net Proceeds/internal accruals	6,378.37
Balance funds required	20,261.23
75% debt tie-up(2)	15,195.92
In principle sanction of debt available to our Company(2)	20,000.00

(1) *Out of the total cost of Rs. 26,639.60 million for the acquisition of nine vessels mentioned above, an amount of Rs. 20,261.23 million shall be funded through debt and an amount of Rs. 6,378.37 million shall be funded through the Net Proceeds and/or internal accruals of our Company.*

(2) *Our Company has received in-principle sanction of Rs. 20,000 million from State Bank of India vide its letter no. IBG/MB/S-109/557 dated October 8, 2010 towards the debt requirement of the nine vessels identified above.*

We shall use the internal accruals for the acquisition of the aforesaid vessels pending receipt of the Net Proceeds. The internal accruals so utilized shall be recouped from the Net Proceeds of the issue.

Funding Arrangement

SCI has made debt arrangements for an amount exceeding 75% of the total fund requirements for acquisitions of the vessels identified above excluding the Net Proceeds. Further, our Company has adequate internal accruals to meet the gap in the funding requirements, if any. The auditors of our Company have, *vide* their certificate dated November 09, 2010, stated that, as of November 08, 2010, our Company has Rs. 24,347.40 million as internal accruals, available in the form of liquid assets, i.e. cash and cash equivalents. Our Company undertakes to utilise these internal accruals for acquisition of the aforesaid vessels, pending receipt of the term loan(s), if required. The BRLMs are thus satisfied about the adequacy of resources available with our Company to meet the funding gap, if any.

The management of our Company, in accordance with the policies set up by our Board, will have the flexibility for revising its vessel acquisition plan from time to time. We may have to revise our expenditure and fund requirements as a result of variations in cost estimates on account of a variety of factors such as changes in type, design or configuration of the vessel, changes in construction schedule of the vessels, delay in delivery, incremental pre-operative expenses, exchange rate fluctuations and external factors which may not be within the control of our management and may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of our management. In the event of significant variations in the proposed utilisation of Net Proceeds as per acquisition plan of our Company for Fiscal Year 2011, approval of the shareholders of our

Company shall be duly sought. In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for the aforesaid object may be financed by surplus funds, if any available for general corporate purposes. If such surplus funds are unavailable, the required financing will be met through internal accruals and/or debt. Our Company believes that such alternative arrangements would be available to fund any such shortfall. In the event any surplus funds remain from the Net Proceeds after meeting the aforesaid object, such surplus proceeds will be used for general corporate purposes including for meeting future growth opportunities.

2. General Corporate Purposes

The Net Proceeds will be first utilised towards the objects referred to above and the balance amount is proposed to be utilised for general corporate purposes including but not restricted to strategic initiatives, acquisition of vessels, repayment of debt, meeting exigencies which our Company in the ordinary course of business may face, or any other purposes as approved by the Board.

Our Company will take such action as may be necessary to insure that the Net Proceeds are not used to fund, directly or indirectly, any business activities that would be prohibited by sanctions administered or enforced by the Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury or any sanctions contained in any Resolution of the United Nations Security Council or Council of the European Union ("Sanctions Laws"), including, without limitation, our Company's joint venture with the Islamic Republic of Iran Shipping Lines, Irano-Hind Shipping Company. Our Company will place the Net Proceeds into a separate account of our Company that is segregated from all other accounts of our Company. The use of the Net Proceeds in such segregated account will be monitored by our Company to insure that such funds are not used to fund, directly or indirectly, any business activities involving any person subject to Sanctions Laws, including without limitation any investment in, financing of or other business activities with or for the benefit of Irano-Hind.

Issue Expenses

Other than listing fees, which will be paid by our Company, all expenses with respect to the Issue will be shared between our Company and the Selling Shareholder, in proportion to the Equity Shares contributed to the Issue.

The estimated Issue related expenses are as follows:

(*In Rs. Million*)

Particulars	Amount*	As % of total expenses	As a percentage of Issue Size
Lead merchant bankers (including, underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Fees to the Registrars to the Issue	[●]	[●]	[●]
Fees to the legal advisors	[●]	[●]	[●]
SCSB commission	[●]	[●]	[●]
Bankers to the Issue	[●]	[●]	[●]
Others (Listing fees, Advertising and marketing expenses, monitoring agency and others)	[●]	[●]	[●]
Total Estimated Issue Expenses	[●]	[●]	[●]

**Will be incorporated after finalisation of Issue Price*

Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Red Herring Prospectus.

Interim use of Net Proceeds

Our Company, in accordance with the policies formulated by its Board from time to time, will have flexibility in deploying the Net Proceeds received from the Issue. The particular composition, timing and schedule of deployment of the Net Proceeds will be determined by our Company based on the development of the projects. Pending utilisation of the Net Proceeds for the purposes described above, our Company intends to temporarily invest the funds in interest bearing liquid instruments including deposits with banks and investments in money market mutual funds and other financial products, temporarily deploy the funds in working capital loan accounts and investment grade interest bearing securities as may be approved by the Board.

Monitoring of Utilization of Funds

Our Company has appointed State Bank of India as monitoring agency to monitor the use of Net Proceeds. The Board of Directors and State Bank of India will monitor the utilization of the Net Proceeds. Our Company will disclose the utilization of the Net Proceeds under a separate head along with details, for all such proceeds that have not been utilized. Our Company will indicate investments, if any, of unutilized proceeds of the Net Proceeds in the balance sheet for the relevant financial years subsequent to our listing.

Pursuant to clause 49 of the Listing Agreement, our Company shall, on a quarterly basis, disclose to its Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditors of our Company. Furthermore, in accordance with clause 43A of the Listing Agreement, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations if any, in the utilisation of the Net Proceeds from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

No part of the Issue proceeds (except the proceeds from the Offer for Sale) will be paid by our Company as consideration to Promoters, the Directors, our Company's key management personnel except in the ordinary course of business.

BASIS FOR THE ISSUE PRICE

The Issue Price of Rs. [●] has been determined by the Selling Shareholder and our Company in consultation with the BRLMs, on the basis of assessment of market demand from the investors for the offered Equity Shares by way of the Book Building Process. The face value of the equity shares is Rs. 10 each and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Investors should also refer to the sections titled "Risk Factors" and "Financial Statements" on pages xi and 126, to have an informed view before making the investment decision.

QUALITATIVE FACTORS

- Established brand name and reputation
- Diversified fleet
- Experienced management team
- Well-positioned to grow our fleet size to take advantage of India's growth
- Strong balance-sheet
- Strategic joint ventures
- Preferred Indian shipping company with the largest all-India flagged fleet.

For more details on qualitative factors, refer to section "Our Business" on page 62.

QUANTITATIVE FACTORS

Information presented in this section is derived from our Restated Financial Statements prepared in accordance with Indian GAAP.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. EARNING PER SHARE (EPS)

As per our restated financial statements:

Year ended	Basic & Diluted EPS (in Rs.)	Weight
March 31, 2010	9.13	3
March 31, 2009	22.73	2
March 31, 2008	17.82	1
Weighted Average	15.11	
September 30, 2010	10.22 [(1)]	

[(1)] Not annualized

Note:

1) Earnings per share represents basic earnings per share calculated as net profit after tax attributable to equity shareholders as restated, divided by a weighted average number of shares outstanding at the end of the year.
2) Face value per share is Rs.10
3) EPS calculations have been done in accordance with Accounting Standard 20-"Earning per share" issued by the Institute of Chartered Accountants of India.

2. PRICE EARNING RATIO (P/E RATIO)

Price/Earning (P/E) ratio in relation to Issue Price of Rs. [●] per share of face value of Rs. 10 each:

a) As per our restated financial statements for year ended March 31, 2010: [●]
b) Industry P/E:

Highest	99.0
Lowest	8.7
Industry Composite	20.5

(Source: Capital Market Volume dated November 15-28, 2010, 2010, Industry - Shipping)

3. RETURN ON NET WORTH:

Return on net worth as per restated financial statements:

Year ended	RONW (%)	Weight
March 31, 2010	6.08%	3
March 31, 2009	15.47%	2
March 31, 2008	13.51%	1
Weighted Average	10.45%	
September 30, 2010	6.37% (1)	

(1) *Not annualized*

Note:
Return on Net Worth (%) = Net profit after tax / Net Worth (excluding revaluation reserve + Capital Grant received against Fixed Assets)

4. Minimum Return on Increased Net worth required to maintain pre-Offer EPS for the year ended March 31, 2010: [●]

5. NET ASSET VALUE PER EQUITY SHARE:

a. As of March 31, 2010: Rs. 150.24
b. Issue Price [●]*
c. As of March 31, 2010 after the Offer : Rs. [●]
**Issue Price shall be determined on conclusion of the Book Building Process.*

Note:

Net asset Value (Rs.) = Net Worth (excluding revaluation reserve + Capital Grant received against Fixed Assets) / Number of equity shares outstanding at the end of the year

5. COMPARISON WITH INDUSTRY PEERS:

Name of the entities	Face Value per equity share (Rs.)	Basic EPS (Rs.)	P/E	Return on Net Worth (%)	Book Value per share (Rs.)
		(For the year ended March 31,2010)			
Shipping Corporation of India Limited (1)	10	9.13(1)	18.96(2)	6.08%(1)	150.24(1)
Peer Group (3)					
Great Eastern Shipping Co.	10	25.99	14.40	7.3	352.69
Mercator Lines Limited	1	0.27	257.22	1.9	44.66
Varun Shipping Co	10	0.84	48.21	1.5	54.13

[1] *The EPS, RONW and Book Value per share figures for our Company are based on the restated audited results for the year ended March 31, 2010.*
[2] *P/E is computed based on the close price on NSE as on November 12, 2010 divided by EPS based on the restated audited results for the year ended March 31, 2010.*
[3] *Source:*
a) The Face value per equity share and the Basic EPS (on a non-consolidated basis) are based on the respective annual reports for the year ended March 31, 2010.
b) The RONW(on a non-consolidated basis) and Book Value per share (on a non-consolidated basis) for the peers have been computed based on the respective annual reports for the year ended March 31, 2010 as follows:
Return on Net Worth = Profit After Tax/ Shareholders' fund (Share Capital + Reserves and Surplus)
Book Value per share = Shareholders' fund(Share Capital+Reserves and Surplus)/ paid-up number of shares
c) The P/E figures for the peers is computed based on the close price on NSE as on November 12, 2010 divided by EPS(on a non-consolidated basis) based on the annual reports for the year ended March 31, 2010.

Since the Offer is being made through the Book Building Process, the Issue Price will be determined on the basis of investor demand.

The face value of our Equity Shares is Rs. 10 each and the Issue Price is [●] times of the face value of our Equity Shares.

The Issue Price of Rs. [●] has been determined by the Selling Shareholder and our Company in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book Building Process and is justified based on the above accounting ratios. For further details, see "Risk Factors" on page xi and the financial information of our Company including important profitability and return ratios, as set out in the "Financial Statements" on page 126 to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in "Risk Factors" and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

The Board of Directors
The Shipping Corporation of India Limited
Shipping House, 245,
Madame Cama Road,
Mumbai 400 021
India

Dear Sirs,

We hereby clarify that the enclosed statement states the possible tax benefits available to The Shipping Corporation of India Limited (the Company) and to its shareholders under the provisions of Income Tax Act, 1961 and other direct tax laws, presently in force in India. Several of the benefits outlined in the statement will be dependent upon the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits will be dependent upon such conditions being fulfilled.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

(i) The Company is currently availing any of these benefits or will avail these benefits in future; or

(ii) The Company's share holders will avail these benefits in future; or

(iii) The conditions prescribed for availing the benefits would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of the understanding of the business activities and operations of the Company.

This report is intended solely for informational purposes for the inclusion in the Offer Document in connection with the Proposed Offer for Sale of Equity Shares of “the Company” by the President of India ("the Offer") and is not to be used in, referred to or distributed for any other purpose.

For P. S. D. & Associates
Chartered Accountants
Firm Registration No. 004501C

(Prakash Sharma)
Partner
Membership Number: 072332

For SARDA & PAREEK
Chartered Accountants
Firm Registration No. 109262W

(Niranjan Joshi)
Partner
Membership Number: 102789

Place: Mumbai
Dated: October 11, 2010

STATEMENT OF TAX BENEFITS

The following possible tax benefits shall be available to the Company and the prospective shareholders under the Current Direct Tax Laws. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon the fulfilling such conditions.

A. To the Company

Under the Income Tax Act, 1961 (IT Act)

- With effect from Financial Year 2004-05 the Company has opted for its assessment of income under `Tonnage Scheme'.
- A new Chapter XII-G is inserted in the Act containing Sections 115V to 115VZC which provides for special provisions relating to taxation of the income of shipping companies popularly known as tonnage tax scheme for taxation of shipping profits. Provisions are introduced with effect from 1st April, 2005 and, are applicable accordingly, in relation to assessment year 2005 – 2006 and subsequent years. It has following features:-
- It is a scheme of presumptive taxation whereby the notional income arising from the operation of a ship is determined based on the tonnage of the ship which is than taxed at the normal corporate rate applicable for the year.
- Section 115VG gives the manner of computation of the daily tonnage income which when multiplied by the number of days the ship operated, will give the annual tonnage income from the ship. A company owning at least one ship may charter in ships subject to certain limits for the purpose of operation. Relevant shipping income, which replaces the actual income from the operations, is defined in section 115 V-I Section 115VJ gives the treatment of common costs.
- The profits from the business of operating qualifying ships will not be taken into consideration for the purpose of MAT as per section 115VO.
- In terms of section 115VT, a tonnage tax company has to create a reserve of at least 20% of its book profits to be utilized for the purpose of acquisition of new ships.
- As per section 115VU a tonnage tax company has to comply with a minimum training requirement in accordance with the guidelines to be issued by the DG (Shipping).
- The company will be expelled if the training requirements are not met for 5 consecutive years. Section 115VV lays down the limit of 49 percent for chartering in. In terms of section 115VW, maintenance of separate books of account and the audit of the same is compulsory for a company opting for the scheme. Section 115VX lays down the details regarding valid certificate which indicates the net tonnage of ships. Sections 115VY and 115VZ provide for the contingencies of amalgamation and de-merger. Section 115VZB enjoins upon a company not to abuse the preferential tax regime and section 115VZC provides for expulsion of a company in case of abuse.
- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from another domestic company referred to in Section 115-0 of the IT Act, are exempt from tax in the hands of the company, subject to provisions of section 14A and rules framed there under.
- By virtue of section 10(35) income earned by way of dividend from units of mutual funds specified under clause 10 (23D) is exempt from tax, subject to the provisions of Section 14A and Rules framed there under.

B. To the Members of the Company

Bl. Under the Income Tax Act, 1961 (IT Act)

1. All Members

- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income as referred to in Section 115-0 of the IT Act, are exempt from tax in the hands of the shareholders, subject to provisions of section 14A and rules framed there under, wherever applicable.

- By virtue of Section 10 (38) inserted by Finance (No.2 Act, 2004) income arising from transfer of long term capital asset, being an equity share in the Company is exempt from tax, if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force and such transaction is chargeable to Securities Transaction Tax under that Chapter.

- By virtue of Section 111A of the Income Tax Act, short term capital gain on transfer of equity share in the Company shall be chargeable to tax @ 15% (Plus applicable surcharge and education cess), if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force and such transaction is chargeable to Securities Transaction Tax under the Chapter.

2. Resident Members

- In terms of section 10(23D) of the Income Tax Act, 1961, all mutual funds set up by public sector banks or public financial institutions *or* mutual funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India subject to the conditions specified therein are eligible for exemption from income tax on their entire income, including income from investment in the shares of the company, subject to provisions of section 14A and rules framed there under, wherever applicable.

- Under Section 112 of the income Tax Act, 1961 and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after- indexation as provided in the second proviso to Section 48; or at 10% (plus applicable surcharge and education cess) (without indexation), at the option of the Shareholders.

3. Non Resident Indians/Members (other than FIIs and Foreign Venture Capital investors) Tax on Investment Income and Long Term Capital Gain

- A non resident Indian (i.e. an individual being a citizen of India or person of Indian Origin) has an option to be governed by the provisions of Chapter XIIA of the Income Tax Act, 1961 viz. "Special Provisions Relating to certain Incomes of Non-Residents".

- Under Section 115E of the Income Tax Act, 1961, where shares in the Company are subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall (in cases not covered under Section 10(38) of the Act) be concessionally taxed at the flat rate of 10%(plus applicable, surcharge and education cess) without indexation benefit but with protection against foreign exchange fluctuation.

- As per section 90(2) of the Act, the provision of the Act would prevail over the provision of the tax treaty to the extent they are more beneficial to the Non Resident. Thus, a Non Resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases

- Under provisions of Section 115F of the Income Tax Act, 1961, long term capital gains (not covered under Section 10(38) of the Act) arising to a non resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange shall be exempt from Income Tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

Return of Income not to be filed in certain cases

- Under provisions of Section 115G of the Income Tax Act, 1961, it shall not be necessary for a Non-Resident Indian to furnish his return of Income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

Other Provisions

- Under Section 115-1 of the Income Tax Act, 1961, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any Assessment Year by furnishing his Return of Income under Section 139 of the Income Tax Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this chapter shall not apply to him instead the other provisions of the Act shall apply.

- Under the first proviso to Section 48 of the Income Tax Act, 1961, in case of a non-resident, in computing the capital gains arising from transfer of shares of the Company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

- Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (not covered under section 10(38) of the Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain upto Rs.50 lacs are invested within a period of six months from the date of transfer in “Long Term specified assets”. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets *are* transferred or converted within three years from the date of their acquisition.

- Under Section 54F of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gain tax subject to other conditions, if the net sales consideration from such shares *are* used for purchase of residential house property within a period of one year before and two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

If any part of the Capital gain is reinvested the exemption will be reduced proportionately. The amount so exempted shall be chargeable to tax subsequently, if residential property is transferred within a period of three years from the date of purchase/construction. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

B.2 Under the Wealth Tax Act, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of Section 2 (ea) of Wealth Tax Act, 1957; hence Wealth Tax Act will not be applicable.

Notes:

- All the above benefits are as per the current tax law as amended by the Finance Act, 2010 and will be available only to the sole/first named holder in case the shares *are* held by joint holders

- In respect of non residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.

- In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

- The above statement of possible direct taxes benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

SECTION IV – ABOUT OUR COMPANY

INDUSTRY OVERVIEW

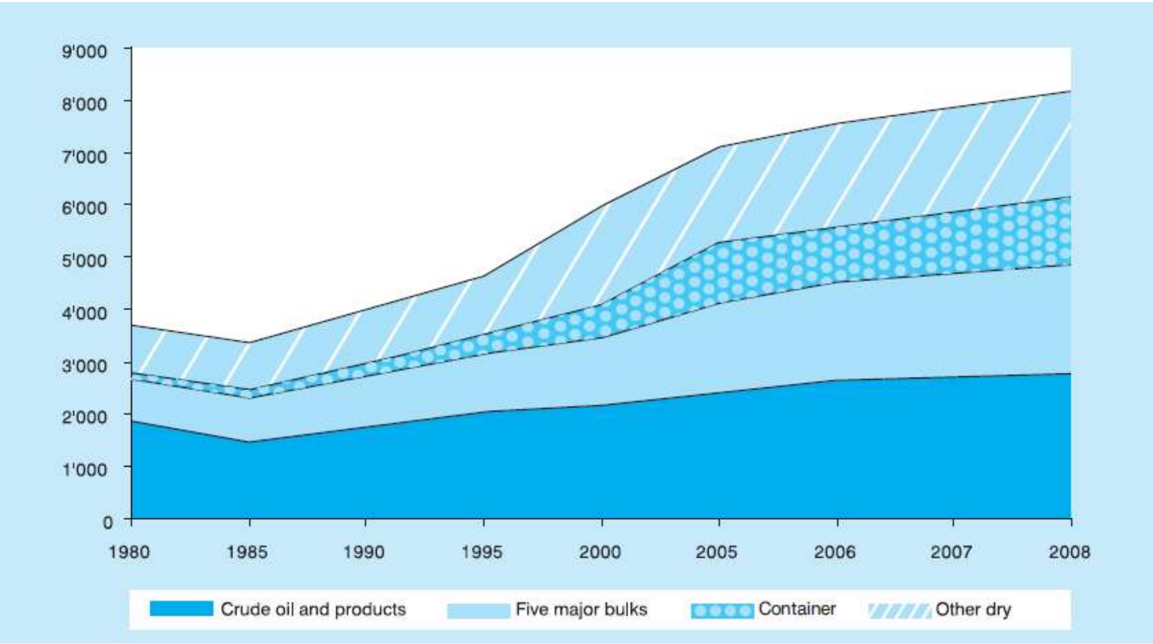
The shipping industry is fundamental to international trade, being the only practicable and cost effective way means of transporting large volumes of many essential commodities and finished goods. In 2008, total annual world seaborne trade amounted to 8.7 billion tonnes of goods (loaded). Dry cargo, including bulk, break bulk and containerized cargo, accounted for the largest share of goods loaded (66.3%) while oil and related products made up the balance *(Source: International Shipping and World Trade - facts and figures - IMO).* The United Nations Conference on Trade and Development (UNCTAD) estimates that the operation of merchant ships contributes about US$380 billion (Rs. 17,069.60 billion) in freight rates within the global economy, equivalent to about 5% of total world trade.*).*

World Seaborne Trade

Although maritime transport has generally been associated with the carriage of high-volume, low-value goods such as iron ore and coal, over recent years the share of low-volume, high-value goods such as manufactured goods carried by sea has been growing. This shift is a function of global and regional GDP growth and a growing dislocation between the locations of resources, manufacturing bases and key areas of consumption. World seaborne trade has grown almost continuously since the 1970s. The growth in world seaborne trade is strongly influenced by any changes in global industrial and economic development trends *(Source: Review of Maritime Transport, 2008, UNCTAD (UNCTAD/RMT/2008)).*

During the past three decades, the annual average growth rate of world seaborne trade is estimated to have been 3.1% per annum. At this rate of growth, UNCTAD expects global seaborne trade to increase by 44% in 2020 and double by 2031, potentially reaching 11.5 billion tonnes and 16.04 billion tonnes, respectively *(Source: Review of Maritime Transport, 2008, UNCTAD (UNCTAD/RMT/2008)).*

World Seaborne Trade For Selected Years

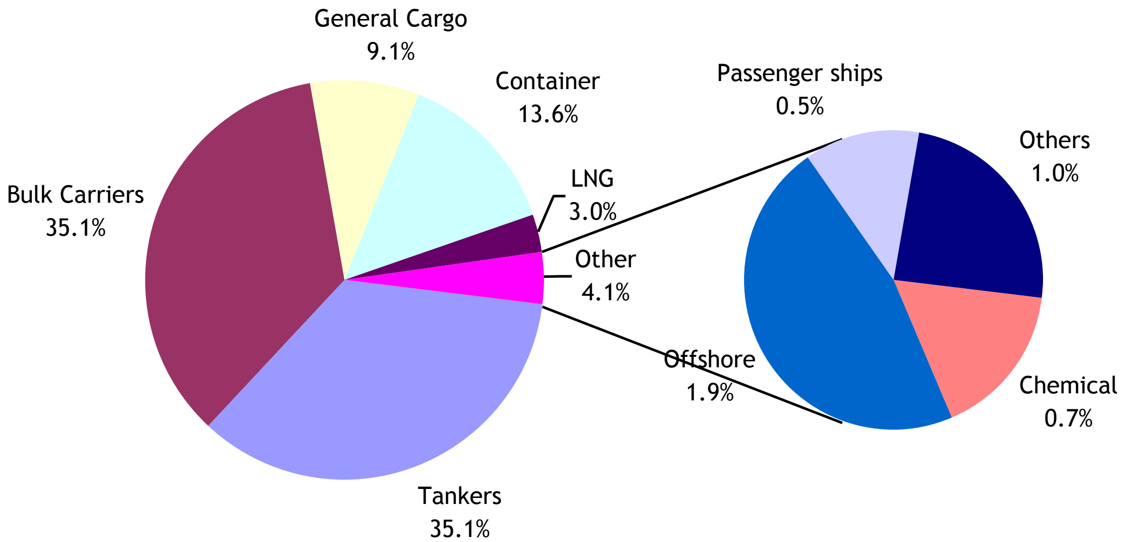


(Source: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009))

World Merchant Fleet

As of January, 2009, the world merchant shipping fleet reached 1.19 billion DWT in the aggregate, representing 6.7% growth over the last year *(Source: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)*. There are four main segments in the shipping industry: bulk carriers, which transport such raw materials as coal and grain; tankers, which transport such cargo as crude oil, petroleum products and chemicals; container vessels, which transport freight shipped in containers; and gas tankers which transport mostly liquefied petroleum gas (or “LPG”) and LNG.

Composition of the World Merchant Fleet



(Source: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009))

The size of vessels that comprise the world merchant shipping fleet has grown over time. According to UNCTAD, as of January, 2009, 57.2% of such vessels were more than 20 years old. On the other hand, only 23.8% of vessel tonnage is more than 20 years old. Younger vessels thus contribute more total DWT to the world merchant shipping fleet *(Source: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009).*

Age Distribution of World Fleet

Categories		0–4 years	5–9 years	10–14 years	15–19 years	20 years and +	Average age
Bulk carriers	*Ships*	16.7	14.9	15.8	10.1	42.5	17.22
	dwt	22.9	18.7	17.5	12.1	28.8	14.27
Container ships	*Ships*	31.5	19.5	21.7	11.0	16.4	10.92
	dwt	39.8	23.5	17.1	8.6	11.1	9.01
General cargo	*Ships*	9.3	7.8	9.6	11.0	62.3	24.44
	dwt	13.7	9.9	12.9	9.4	54.1	22.12
Oil tankers	*Ships*	22.1	14.8	11.1	12.2	39.7	17.55
	dwt	29.9	28.3	15.7	13.6	12.6	10.72
Other types	*Ships*	8.2	9.3	9.1	9.5	63.9	25.26
	dwt	24.9	15.4	9.6	9.6	40.5	18.24
All ships	*Ships*	11.6	10.4	10.5	10.2	57.2	23.00
	dwt	26.9	21.7	15.8	11.7	23.8	13.97

(Source: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009))

The supply of vessels is dependent upon delivery of new vessels and the removal of vessels from the global fleet, either through scrapping or loss. In general, the prices of new vessels fell considerably during the first quarter of 2009. The largest price declines were recorded for dry bulk carriers and container ships, while prices for LNG and LPG tankers remained relatively stable. The most expensive ship continues to be the LNG carrier, which in April, 2009 cost US$325 million (Rs. 14,599.00 million) on average *(Source: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)).*

New-built prices for ships

Type and size of vessel (USD million)	1985	1990	1995	2000	2005	2006	2007	2008	April 2009
45,000 dwt dry bulk carrier	11	24	25	20	28	31	39	36	29
72,000 dwt dry bulk carrier	14	32	29	23	35	40	54	42	37
170,000 dwt dry bulk carrier	27	45	40	40	59	70	97	89	72
45,000 dwt tanker	18	29	34	29	43	47	52	48	42
110,000 dwt tanker	22	42	43	41	58	81	72	76	65
300,000 dwt tanker	47	90	85	76	120	130	145	151	130
150,000 m^3 LNG	200	225	245	165	205	220	220	245	235
78,000 m^3 LPG	44	78	68	60	89	92	93	90	85
20,000 dwt general cargo	12	24	21	19	18	24	25	40	30
2,500 TEU full container ship	26	52	50	35	42	46	66	n.a.	n.a.
4,000 TEU full container ship	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	130	70	48
8,000 TEU full container ship	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	160	130	110
12,500 TEU full container ship	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	165	150

(Source: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009))

Indian Seaborne Trade

At the end of 1951, India had five Major Ports with a throughput of 20 million tonnes per annum. Over the next three decades, India's throughput increased to 78 million tonnes per annum. In 1990, India had 12 Major Ports, and these ports achieved a total throughput of 148 million tonnes per annum, 272 million tonnes per annum and 561 million tonnes per annum in Fiscal Years 1990, 2000 and 2010, respectively *(Source: Indian Ports Association & National Maritime Development Programme, 2006, Ministry of Shipping).* The traffic at Indian ports has grown at a compound annual growth rate of 7.4% during the period from 1994 to 2010.

Ports: Commodity Traffic at all Major Ports ("000 tonnes)

	Petroleum Oil & Lube	Fertilizers (finished)	Fertilizer (raw material)	Foodgrain	Iron ore	Coal	Other cargo	Total
1993–94	76,922	4,256	3,187	1,440	34,128	26,427	32,900	179,260
1998–99	107,444	4,664	8,105	3,571	34,288	42,762	50,886	251,720
2003–04	122,163	2,857	8,973	6,831	58,810	53,538	91,627	344,799
2007–08	168,897	10,612	6,052	2,903	91,974	64,725	174,077	519,240
2008–09	176,138	12,153	6,074	NA	94,036	70,399	171,733	530,533
2009–10	165,482	10,949	6,779	NA	99,914	71,584	196,260	560,968

(*Sources: Indian Ports Association*).

The Indian Merchant Fleet

Shipping plays an important role in India's economy. Approximately 95% of the country's import and export merchandise trade by volume, and 70% by value, is moved by sea. The size of the Indian merchant shipping fleet has grown with the volume of Indian import and export trade. During this period, the Indian merchant shipping fleet grew from 59 vessels of 192,000 GT (Gross Tonnage) in 1947 to 1007 vessels of 9.61 million GT as of June 30, 2010.

Approximately 9.5% of India's overseas trade is carried by the Indian merchant fleet. Historically, there has been a significant gap between growth in India's overseas trade and available tonnage in the Indian merchant fleet. As a result, the share of Indian overseas trade being shipped by the Indian merchant fleet has declined.

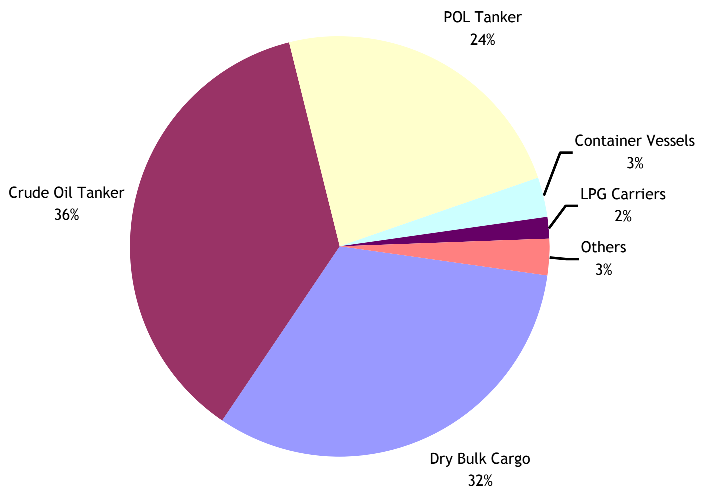
Declining share of Indian Shipping in Indian Overseas Trade

Year	General Cargo		Dry Bulk		POL & Products (Petroleum Oil & Lubricants (POL))		Total Cargo on Indian Vessels		Total Cargo on Indian and Foreign Vessels
	mn tonnes	%	mn tonnes	%	mn tonnes	%	mn tonnes	%	mn tonnes
1999-00	2.94	7.3	11.95	14.4	55.96	55.0	70.85	31.5	224.62
2000-01	3.54	8.3	11.10	12.2	40.02	36.2	54.66	22.4	244.33
2001-02	3.34	5.9	7.80	7.6	35.16	30.9	46.30	17.0	273.04
2002-03	2.89	5.6	9.38	7.9	30.16	27.4	42.43	15.1	280.34
2003-04	4.33	5.6	7.75	5.9	35.51	25.8	47.59	13.8	345.65
2004-05	7.56	8.0	7.82	5.0	39.50	26.6	54.88	13.7	400.58
2005-06	3.95	3.9	14.63	8.0	42.54	26.4	61.12	13.7	447.14
2006-07	4.59	3.6	12.13	6.3	44.14	24.7	60.86	12.2	497.81
2007-08	5.79	3.7	14.52	6.8	34.34	16.4	54.65	9.5	576.35

(Source: Working group report on shipping and inland water transport, 11th five year Plan, INSA Annual Review 2008 -09)

According to DG Shipping, the Indian merchant fleet consists of 1,007 vessels comprising of 15.9 million DWT, as of June 30, 2010, which makes its fleet one of the largest merchant shipping fleets among developing countries, and ranked 15th in the world. Crude oil tankers comprise 36% of the Indian merchant fleet by tonnage, representing 74 vessels of 5.82 million DWT. The next largest category is dry bulk cargo carriers, comprising 32% of the fleet, and representing 175 vessels of 5.1 million DWT *(Source: Indian Tonnage Statement, June 30, 2010 published by DG Shipping.)*

Composition of Indian Shipping Fleet – 15.9 million DWT



(Source: Indian Tonnage Statement, June 30, 2010 published by DG Shipping)

The Indian merchant shipping fleet includes near coastal vessels and foreign and coastal vessels of in excess of 25 years old. The Indian National Shipowners Association (INSA) expects that about 356 vessels of 4.43 million DWT will need to be scrapped between 2007-2012 as a result of being over 25 years old or for being a single-hull vessel. As of September 30, 2010, 356 vessels are due for scrapping because of age.

Age Distribution of Indian Fleet

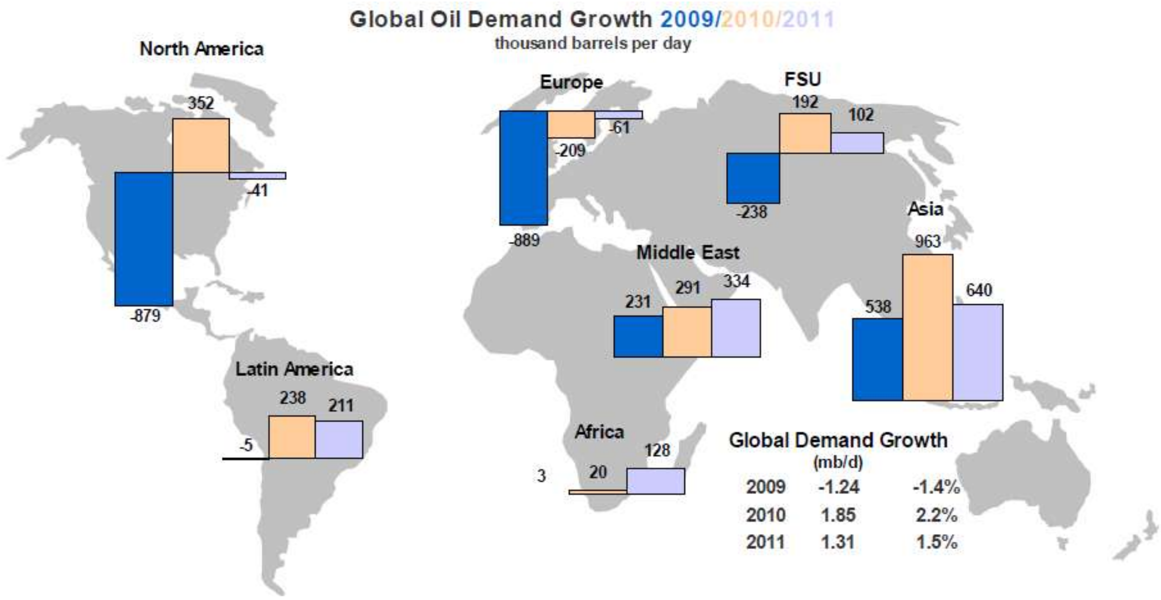
	0-5 years	5- 10 Years	10-15 years	15-20 years	20 -25 years	> 25 years	Total
Foreign Vessels (no)	85	30	32	46	31	101	325
Coastal Vessels (no)	112	90	85	76	64	255	682
Total Number of Vessels	197	120	117	122	95	356	1007
Foreign Vessels (DWT)	3,832,669	3,504,323	477,923	1,689,329	1,525,372	3,850,417	14,880,033
Coastal Vessels (DWT)	70,717	77,848	41,554	71,634	153,554	579,934	995,241
Total Indian Tonnage	3,903,386	3,582,171	519,477	1,760,963	1,678,926	4,430,351	15,875,274

(Source: Indian Tonnage Statement, June 30, 2010 published by DG Shipping)

Tanker Industry

Global Crude Oil and Petroleum Trade

The tanker industry is the most voluminous element of global seaborne trade. Crude oil and petroleum products are major transport commodities, representing approximately one-third of the total world seaborne trade, according to UNCTAD. It is a major part of the transport structure of an oil industry which, according to BP Statistical Review data, produced an average of 79.95 million barrels of crude oil per day in 2009. The demand for tanker capacity is closely linked to the wider oil market. Crude oil demand grew steadily at an annual compound growth rate of 1.2% between 1999 and 2009, from approximately 76.2 million barrels per day (bpd) to 84.9 million bpd, primarily as a result of global economic growth. The economic slowdown experienced in 2008 and much of calendar year 2009 had an impact on overall crude oil demand, with global demand falling 1.4% in 2009. However, beginning January 2010, global crude oil demand is expected to recover by 2%, with growth in demand coming primarily from non-OECD countries (*Sources: IEA Oil Market Report, April 2010, IEA Annual Statistical Bulletin, 2009*).

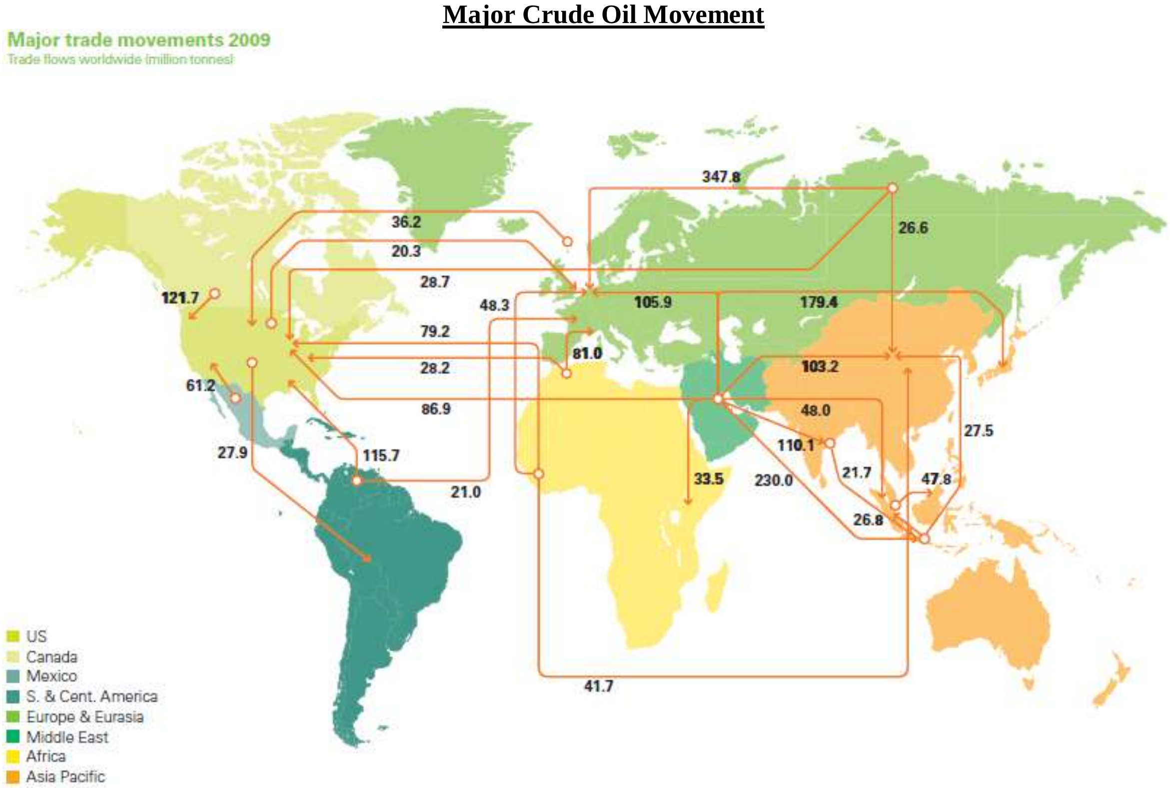


(Source: BP Statistical Review of World Energy June 2010)

Global crude oil movement is determined by demand patterns. In 2009, demand for crude oil remained relatively muted in the Organisation for Economic Cooperation and Development (OECD) countries (mainly Europe) as a result of economic conditions. Global demand for crude oil is expected to increase in 2010 as demand grows in non-OECD countries and in North America. The demand recovery is expected to continue in

2011, driven primarily by consumption in non-OECD countries, but the pace of demand growth is expected to decline to 1.5% from 2.2% in 2010 as a result of declining demand in OECD countries (*Source: IEA*).

Major Crude Oil Movement



(Source: BP Statistical Review of World Energy June 2010) *Indian Crude Oil and Petroleum Trade*

According to The Directorate General of Hydrocarbon of the Government of India (DGH), India is the fifth largest consumer of energy, accounting for approximately 3.9% of world consumption. Currently, about three-fourths of India's crude oil requirements are met through imports at current levels of economic growth. The DGH currently expects India's primary energy demand to more than double by 2030, growing an average rate of 3.6% per annum (*Sources: Petroleum Exploration and Production Activities, 2009 published by Directorate General of Hydrocarbon, India*).

Crude Oil Production and Consumption in India

('000 MT)	2004-05	2005-06	2006-07	2007-08	2008-09*
Onshore Production	11,590	11,430	11,326	11,213	11,274
Offshore Production	22,391	20,760	22,662	22,905	22,232
Total Production	33,981	32,190	33,988	34,118	33,506
Refining Throughput	127,416	130,109	146,551	156,103	160,772
Import of Crude Oil	93,435	97,919	112,563	121,985	127,266
Import % age	73.3%	75.3%	76.8%	78.1%	79.2%

(*Sources: Basic Statistics on Indian Petroleum & Natural Gas, Ministry of Petroleum & Natural Gas, India*).

India imported 121.67 million metric tonnes per annum (MMTPA) and 128.15 MMTPA of crude oil during 2007-08 and 2008-09, and exported 40.77 MMTPA and 36.93 MMTPA, respectively, during the same period (*Sources: Mid Term Appraisal for Eleventh Five Year Plan 2007-2012, Planning Commission*).

The total refining capacity in India at the end during Fiscal Year 2007 was 148.97 MMTPA and is projected to be 255.83 MMTPA by Fiscal Year 2012. The current refining capacity is 182.09 MMTPA. There are currently three green field projects at Bhatinda (9 MMTPA), Bina (6 MMTPA) and Paradip (15 MMTPA) with an aggregate refining capacity of 30 MMTPA under construction. In addition, some refineries are implementing expansion of the existing capacities at Panipat, Mangalore and Koyali at Vadodara. The total refining capacity is further expected to be 358 MMTPA to process 364 MMTPA of crude oil by 2025 (*Sources: India Hydrocarbon Vision 2025*).

Domestic consumption of petroleum products as per the Eleventh Plan was estimated to reach 141.8 MMTPA by Fiscal Year 2012 against consumption of 120.74 MMTPA in Fiscal Year 2007. However, domestic consumption of petroleum products has already surpassed the consumption level projected during Fiscal Year 2008 and Fiscal Year 2009 (*Sources: Mid Term Appraisal for Eleventh Five Year Plan 2007-2012, Planning Commission*).

Tanker Fleet

Crude oil tankers transport crude oil cargoes from points of production to points of consumption, typically oil refineries. Customers include oil companies, oil traders, large oil consumers, refiners, petroleum product producers, government agencies and storage facility operators. Product tankers normally move refined petroleum products, typically gasoline, jet fuel, kerosene, fuel oil, naphtha and other soft chemicals and edible oils. Trading patterns are sensitive both to major geographical events and to small shifts, imbalances and disruptions at all stages from wellhead production through refining to end use. Seaborne trading distances are also influenced by infrastructural factors, such as the availability of pipelines and canal "shortcuts".

Tankers are classified on the basis of vessel size. VLCC /ULCC represent some of the world's largest ships and offer the best economies of scale for transportation of oil where pipelines are non-existent. Suezmax ships are the largest tankers able to transit the Suez Canal. Capable of operating on other routes, Suezmax vessels play an important role in trading from West Africa to North-West Europe and to the Caribbean East coast of North America, as well as the Mediterranean (*Source: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)*).

Tanker Classification

Tanker Category	Size of the Vessel (DWT)
VLCC / ULCCs	200,000 +
Suezmax	100,000 – 160,000
Aframax	70,000 – 100,000
Handysize	less than 50,000

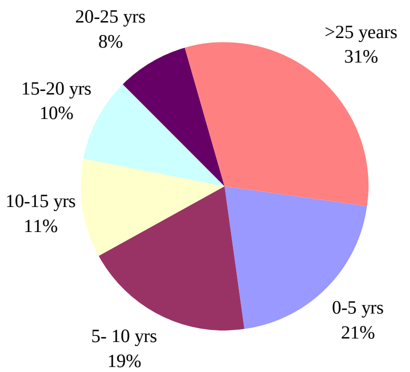
(*Sources: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)).*

As of January, 2009, the global tanker fleet aggregated to 418.26 million DWT. During 2008, there were 903 tankers delivered totaling 43.5 million DWT, and 202 vessels totaling to 43.5 million DWT were scrapped. Worldwide shipyards received new orders during 2009 of 907 vessels of 60 million DWT, increasing the global orderbook to 2,812 vessels of 190 million DWT *(Sources: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)).*

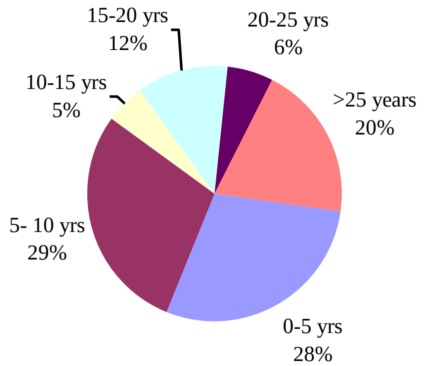
Indian Tanker and the POL Product Fleet.

As of June 30, 2010, 60% of India's merchant Fleet by DWT is represented by crude oil carriers and the product carriers *(Source: Indian Tonnage Statement, June 30, 2010 published by DG Shipping)*. As of June 30, 2010, the Indian crude tanker fleet stood at 63 vessels aggregating to 5.85 million DWT with an average age of 15 years and average capacity of approximately 93,000 DWT, and the Indian product tanker fleet stood at 70 vessels aggregating to 3.61 million DWT with an average age of 17.6 years and an average capacity of 51,650 DWT *(Source: Indian Tonnage Statement, June 30, 2010 published by DG Shipping)*.

Indian Crude Oil Tanker fleet - 63 vessels

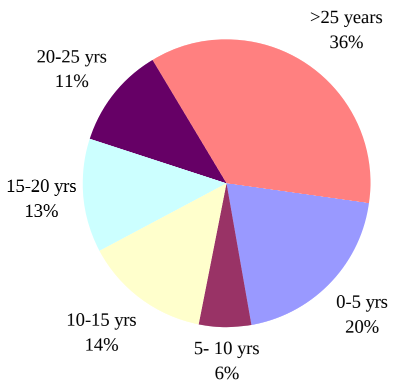


Indian Crude Oil Tanker Fleet - 5.85 mn DWT

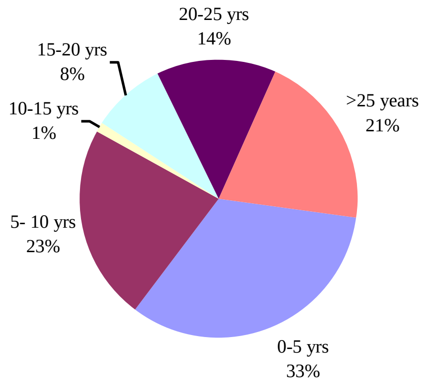


(*Sources: Indian Tonnage Statement as of June 30, 2010 published by DG Shipping, India*).

Indian Product Tanker fleet - 70 vessels



Indian Product Tanker Fleet - 3.62 mn DWT



(*Sources: Indian Tonnage Statement as of June 30, 2010 published by DG Shipping, India*).

Crude Oil and Product Tanker Freight Market

Tanker freight rates are measured in World Scale (WS), a unified measure for establishing spot rates in the world tanker market, on specific major routes by various vessel sizes (*Source: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)*). Freight rates for tanker vessels fluctuate with demand for tanker services, which correlate with demand for crude oil and petroleum products. Tanker freight rates in the first quarter of 2009 were down when compared with the same period in previous year. Tanker freight rates fluctuated in 2008, peaking in the middle of the year, before dropping. The most dramatic rate drops in 2008 occurred in the VLCC/ULCC classes.

Vessel Type and Routes	2007	2008												Annual Change (2008/ 2007)	2008					
	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Spt	Oct	Nov	Dec		Jan	Feb	Mar	Apr	May	Jun
ULCC/VLCC (200,000 + DWT)																				
Persian Gulf – Japan	195	122	96	97	109	212	204	238	84	105	81	57	66	-66.2%	51	44	41	27	27	46
Persian Gulf - Republic of Korea	189	127	99	88	102	167	190	211	83	115	104	63	61	-67.7%	53	42	36	27	27	41
Persian Gulf - Europe	163	135	88	84	69	160	145	141	70	80	62	61	-	-62.6%	-	35	30	-	-	28
Persian Gulf - Caribbean / East coast of North America	159	85	86	84	95	132	142	144	82	95	91	54	54	-66.0%	44	34	30	21	20	32
Persian Gulf – Japan	220	-	-	-	160	-	-	-	-	99	-	67	-	-69.5%	-	55	-	35	-	38
Suezmax (100,000 - 160,000 DWT)																				
West Africa - Noth West Europe	237	149	124	173	200	237	199	252	159	166	158	118	140	-40.9%	84	68	68	53	52	64
West Africa - Caribbean / East coast of North America	251	135	125	157	175	249	190	241	162	166	144	122	139	-44.6%	86	71	77	53	50	61
Mediterranean - Mediterranean	223	165	113	224	226	273	214	345	158	167	151	135	121	-45.7%	90	70	73	58	62	78

Aframax (70,000 – 100,000 DWT)																				
Noth West Europe - Noth West Europe	190	163	128	159	196	240	206	229	194	178	149	126	165	-13.2%	99	80	81	72	66	80
Noth West Europe - Caribbean / East coast of North America	190	170	138	173	194	258	246	222	230	220	165	133	185	-2.6%	105	92	97	82	85	79
Caribbean - Caribbean/ East coast of North America	299	204	168	240	226	288	309	233	226	264	206	130	258	-13.7%	105	78	112	59	73	77
Mediterranean - Mediterranean	205	183	146	192	251	263	222	272	182	186	157	126	212	3.4%	107	86	74	62	68	103
Mediterranean - North West Europe	193	187	137	174	240	265	218	268	166	187	160	118	173	-10.4%	106	90	71	59	69	90
Indonesia - Far East	237	180	143	140	164	210	226	283	216	175	164	153	153	-35.4%	81	69	67	58	54	54
Handysize (<50,000 DWT)																				
Mediterranean - Mediterranean	260	198	180	191	211	235	300	314	270	-	-	250	200	-23.1%	118	100	109	87	80	109
Mediterranean - Caribbean / East coast of North America	262	200	174	187	212	279	290	297	275	265	258	153	175	-33.2%	110	96	112	72	80	101
Caribbean - East coast of North America/ Gulf of Mexico	334	194	159	221	236	275	344	299	282	291	258	142	243	-27.2%	131	80	108	70	83	106
All Clean Tankers																				
Persian Gulf - Japan (70,000 - 80,000 DWT)	195	198	150	135	141	172	260	276	339	327	-	-	145	-25.6%	84	106	62	55	56	78
Persian Gulf - Japan (70,000 - 80,000 DWT)	236	224	171	182	166	207	288	309	371	354	336	240	156	-33.9%	85	118	79	52	63	85
Caribbean - East coast of North America/ Gulf of Mexico (35,000 - 50,000 DWT)	203	216	190	189	227	298	302	303	299	260	187	165	166	-18.2%	130	116	93	72	106	96
Singapore - East Asia (25,000 - 35,000 DWT)	322	287	224	260	221	220	306	326	303	403	328	330	236	-26.7%	105	131	98	82	77	-

(*Sources: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)*).

The Bulk Carrier Industry

Dry bulk cargo is used in a variety of industrial applications such as energy, construction and manufacturing. The top five cargoes in the dry bulk shipping market are iron ore, coal, grain, bauxite/alumina and phosphate. These cargoes are processed as inputs for products. According to UNCTAD, the dry bulk sector accounted for approximately 66% of total volume transported by sea.

Demand for Dry Bulk Carrier Shipping

Demand for bulk commodities is affected by world and regional macro-and micro-economic and political conditions. The resulting demand for dry bulk carriers is a product of (a) the amount of cargo transported, multiplied by (b) the distance over which this cargo is transported. This is further affected by other factors such as developments in international trade, changes in seaborne and other transportation patterns, weather patterns, crop yields, armed conflicts, port congestion, canal closures and other diversions of trade. Generally, demand for larger vessels is affected by the demand for and trade patterns in a small number of commodities. As a result, charter rates and vessel values of larger ships tend to exhibit greater volatility. Demand for the services of smaller dry bulk vessels is more diversified and is determined by trade in a larger number of commodities. Market cycles move broadly in line with developments in the global economy, and dry bulk demand has benefited from the recent expansion in industrial production in Asia. Iron ore is an important commodity as it finds its application in production of steel. Around 98% of iron ore is used for production of steel with remaining being used in coal washeries and cement plants. Brazil and Australia account for two-thirds of the world's export of iron ore, whereas China accounts for almost 50% of the world's iron ore imports, followed by Japan at 18% (*Source: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)*).

Indian Trade Movement with respect to Top Five Bulk Commodities

Indian bulk commodity movement has increased significantly primarily because of shortages of coal to meet energy demand and iron ore exports fueled by Chinese economic growth. Traffic at India's major ports has grown at a compound annual growth rate of 8% during the period 1994 - 2008. Coal and iron ore trade volumes have grown at a compound annual growth rate of 7% (*Sources: Indian Ports Association*).

<u>Ports: Bulk Commodity Traffic at Major Ports ("000 tones)</u>

	Fertilizers (Finished)	Fertilizer (raw material)	Foodgrain	Iron ore	Coal	Total Dry Bulk cargo
1993–94	4,256	3,187	1,440	34,128	26,427	69,438
1998–99	4,664	8,105	3,571	34,288	42,762	93,390
2003–04	2,857	8,973	6,831	58,810	53,538	131,009
2007–08	10,612	6,052	2,903	91,974	64,725	176,266
2008–09	12,153	6,074	NA	94,036	70,399	182,662
2009–10	10,949	6,779	NA	99,914	71,584	189,226

(*Sources: Indian Ports Association*).

During the Eleventh Plan, consumption/off-take of coal is likely to grow at 9.0 % resulting in total demand in Fiscal Year 2012 of 713 MMTA, The 11th Five Year Plan expects that against an overall coal import of 43.08 MMTA in the Fiscal Year 2007, total coal imports are likely to reach 83.33 MMTA by the end of Fiscal Year 2012, accounting for 11.7 per cent of estimated demand. It is also expected that the degree of import dependence will increase in the and the gap between imports and consumption/off-take demand to be much larger at the end of the 12th Five Year Plan.

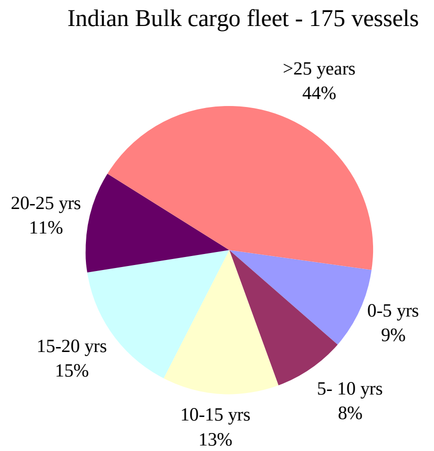
Bulk Carrier Fleet

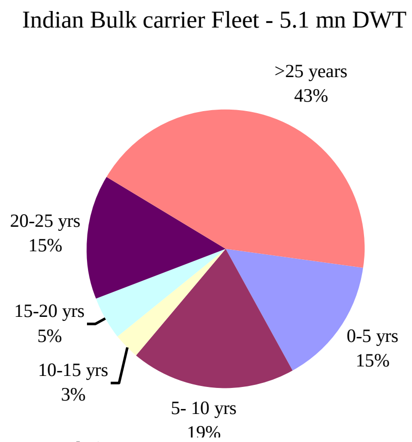
The bulk carrier fleet is generally divided into four major vessel types based on carrying capacity: Capesize, Panamax, Handymax and Handysize. (*Sources: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)*).

The supply of bulkers is a function of new bulk carrier deliveries, scrapping and loss of tonnage. As of January 2009, the world bulk carrier fleet had capacity of 418.36 million DWT. The global orderbook of dry bulk carriers, which was 292 million DWT as of January 2009, is expected to grow by 70% (*Sources: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)*). During 2008, 333 bulkers of 23.7 million DWT were delivered from shipyards world wide and 76 vessels of 3.3 million DWT were scrapped.

Indian Bulk Carriers.

As of June 30, 2010, the Indian bulk carrier fleet stood at 175 vessels of 5.1 million DWT representing 32% of the Indian merchant fleet. The Indian bulk cargo fleet is relatively old, with an average age of 21.3 years, and with average capacity of 29,180 DWT *(Source: Indian Tonnage Statement, June 30, 2010 published by DG Shipping).*





(*Sources: Indian Tonnage Statement as of June 30, 2010 published by DG Shipping, India*).

Dry Bulk Cargo Freight Rates

The Baltic Dry Index, which is a measure of freight rates for dry bulk cargo ships, reached an all-time high of 11,793 before the global economic slowdown commenced in 2008. Factors contributing to that growth included demand for pre-Olympic delivery in China and congestion at Brazil and Australia.

Bulk Carrier Charter Rates

Period	Dry cargo tramp time charter (1972 = 100)			
	2006	2007	2008	2009
January	302	491	812	193
February	298	480	657	259
March	327	550	810	305
April	326	576	795	254
May	323	671	1055	306
June	331	626	1009	410
July	360	673	868	
August	417	718	716	
September	447	828	550	
October	450	985	313	
November	447	1013	192	
December	484	926	181	
Annual Average	**376**	**711**	**663**	**288**

(*Sources: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)*).

Container Ships and Liner Ships Industry

World Container Trade

Container shipping is an important part of global seaborne trade. Global container trade is spread over a range of long-haul, medium-haul, and short-haul routes. The 'mainlane' container trades on the major east-west routes are the world's largest in volume terms, with the Transpacific trade forming the world's largest container trade, followed by the Far East-Europe trade and the Transatlantic trade. In addition to these trades, there are medium-haul 'intermediate' trades along the mainlane east-west corridor serving the Middle East and the Indian Subcontinent. The underlying key to the expansion in global container trade since 2002 has been the sharp increases in Chinese trade volumes, on the back of increased Chinese economic growth and the continued relocation and outsourcing of manufacturing to China. During periods of global economic slowdown, container activity growth rates can fall significantly and decrease demand for container vessels, such as in 2009 when container activity growth dropped.

The liner shipping market is mainly served by container ships and represents around 16% of world goods loaded in volume terms, according to UNCTAD. While most items can be transported in containers, including cargoes previously transported in bulk, containers mainly carry finished products ready for consumption. In 2008, the world containerized trade was estimated at 1.3 billion MT, an increase of 4.6% over previous year. The share of containerized trade, as part of the world's total dry cargo increased from 5.1% in 1960 to 25.4% in 2008 (*Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)*).

Although the growth in container trade seem to have been less affected on certain routes and in certain directions, including the North-South and South-South directions, growth in container trade has slowed considerably in 2008. Recent analysis suggests that a restructuring of certain economies is taking place. China is expanding its imports (i.e. re-stocking and domestic consumption) without expanding its exports. During the second quarter of 2008, there were about 56 tons of Chinese imports for every 100 tons of exports. In the equivalent quarter in 2009, this ratio increased to 80 tons of Chinese imports for every 100 tons of exports. This shift in the overall balance of containerized trade is likely to have implications for liner shipping operators serving the Chinese market. (*Sources: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)*).

Indian Container Trade

Container cargo traffic at major ports in India has grown at 16.1 % CAGR in the last 10 years i.e. from fiscal year 2000 to 2010 (*Sources: Indian Ports Association*). Container cargo traffic at Indian major ports has on an average grown at 2.9x times the GDP growth rate in India. However, the containerization (total cargo that goes through container of the available cargo which potentially can be containerized) in India is still at 52 - 54%.

Container Traffic at Major Ports and Indian GDP Growth Rate

Fiscal Year	Containerisation	Growth in Container cargo (A)	GDP Growth (B)	A/B Times
2001	42.9%	54.3%	4.40%	12.34
2002	44.8%	16.8%	5.80%	2.89
2003	45.2%	16.7%	3.80%	4.40
2004	47.4%	15.9%	8.50%	1.87
2005	46.1%	8.5%	7.50%	1.14
2006	47.2%	9.0%	9.40%	0.96
2007	47.5%	20.1%	9.60%	2.10
2008	52.2%	19.0%	9.00%	2.11
2009	54.4%	3.8%	6.70%	0.57
2010	51.5%	4.3%	7.40%	0.58

(Source: Indian Ports Association, Ministry of Finance)

Container Fleet

As of January, 2009, the global containership fleet contained 4,638 containerships, with a total capacity of 12.14 million TEUs. As of June 30, 2010, the Indian containership fleet stood at 35 vessels, with a total capacity of 0.458 million DWT. However, the Indian fleet is relatively old, with an average age of vessel of 17.5 years and an average tonnage of 13,000 DWT *(Source: Indian Tonnage Statement, June 30, 2010 published by DG Shipping).* The majority of the Indian fleet is operating under the feeder route movement of the container trade.

Container Freight Rates

The container shipping freight market is characterized by the rate paid by shippers to liner companies to move containers on routes within the global liner network. There are limitations and risks to developments in container freight rates, dependent on future developments in the world economy and global trade patterns and the development of ordering, deliveries and demolitions in the future. Consumption of manufactured goods has dropped significantly since the onset of the global financial crisis in 2008, resulting in a corresponding reduced demand for containerships. According to UNCTAD, over 10 per cent of container ship capacity is reported to be idle, and despite cancellations and slippage, a collapse in demand and cargo flow is putting significant pressure on the container trade sector.

Container Carrier Freight Rates

Ship type	Yearly averages								
(TEUs)	2000	2001	2002	2003	2004	2005	2006	2007	2008
Gearless									
200–299	15.71	15.74	16.88	19.57	25.02	31.71	26.67	27.22	26.00
300–500	14.52	14.72	15.14	17.48	21.73	28.26	21.67	22.27	19.95
Geared/Gearless									
2,000–2,299	10.65	7.97	4.90	9.75	13.82	16.35	10.51	11.68	9.96
2,300–3,400[a]			5.96	9.29	13.16	13.04	10.18	10.74	10.66
Geared/Gearless									
200–299	17.77	17.81	17.01	18.93	27.00	35.35	28.04	29.78	32.12
300–500	14.60	14.90	13.35	15.55	22.24	28.82	22.04	21.34	21.39
600–799[b]			9.26	12.25	19.61	23.70	16.62	16.05	15.64
700–999[c]			9.11	12.07	18.37	21.96	16.73	16.9	15.43
1,000–1,299	11.87	8.78	6.93	11.62	19.14	22.58	14.28	13.69	12.24
1,600–1,999	10.35	7.97	5.67	10.04	16.08	15.81	11.77	12.79	10.77

(Sources: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)).

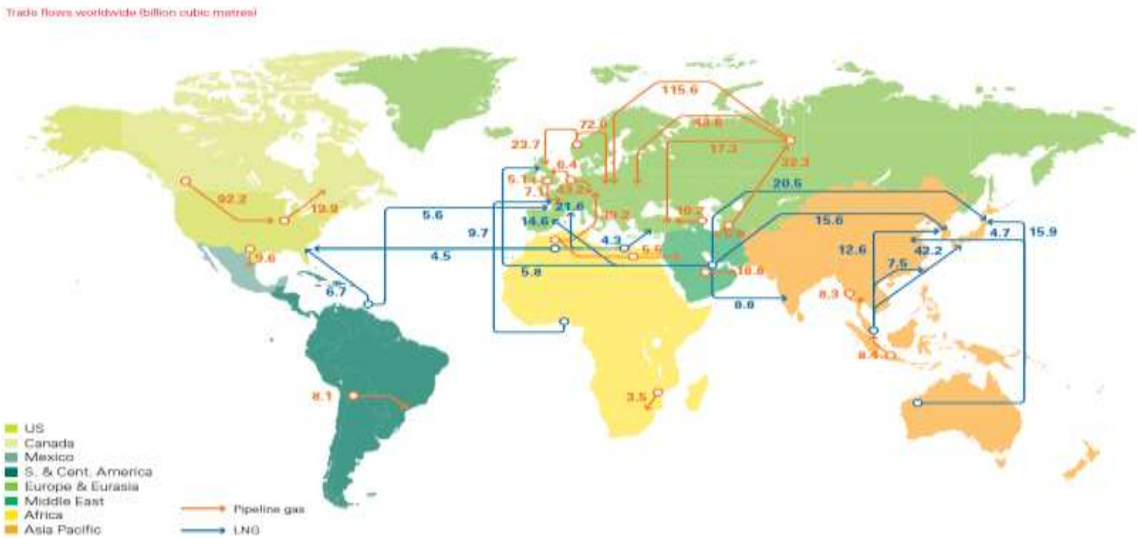
LNG Carrier Industry

Global LNG Trade

Liquefying natural gas reduces its volume by around 600% when it is cooled to -162^0 C, making it possible to transport large volumes by sea. The typical LNG carrier carries between 145,000 and 155,000 cubic meters of natural gas on a single voyage, which upon vaporization becomes 89 million to 95 million cubic meters (*Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)*).

LNG trade has been constrained by difficulties in sourcing sufficient gas supplies, with a number of liquefaction projects suffering from delays in the approval and building process. As most ships are ordered to serve specific LNG projects, a surplus of energy capacity is crated when the completion of the projects is delayed and the relevant cargo is not available for carriage. (*Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)*).

The total consumption of natural gas in Fiscal Year 2009 has been 2.65 billion MMTOE, which represents a consolidated growth rate of 2.4% over the last 10 years. The total consumption of Natural Gas in India during this period has grown from 22.6 MMTOE in 1999 and 46.7 MMTOE in 2009 resulting in a CAGR of 7.5% *(Source: BP Statistical Review of World Energy June 2010).*



(Source: BP Statistical Review of World Energy June 2010)

LNG Carrier Fleet

As of January 2009, the world LNG carrier fleet stood at 280 vessels. There are 42 vessels in the global orderbook and 36 vessels are planned for delivery in 2009 and 2010 respectively (*Sources: Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)*).

Contracts in the LNG Carrier Industry

Most LNG vessels are subject to long term contracts and are not susceptible to widely varying spot market prices that affect other sectors. Daily charter rates in 2008 were on average in the range of $40,000 - $50,000 (Rs. 1,796,800 – Rs. 2,246,000) per day (*Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009)*). In 2009 the LNG trade has grown to 242.77 billion cubic meters from 226.5 billion in 2008 recording a growth of 7.2% (*Review of Maritime Transport, 2009, UNCTAD (UNCTAD/RMT/2009), BP Statistical Review of World Energy June 2010).*

Offshore Vessels Industry

The offshore oil and gas E&P industry plays a vital role in meeting the demand for oil and gas, as approximately 30.0% of global oil production and 19.0% of global gas production is met by offshore activities (Source: IEA World Energy Outlook, 2008). Global oil and gas demand is driven by economic activity. Oil demand reached

86.3 million barrels per day ('bpd') in the first quarter of 2010. India has experienced some of the most significant growth in oil and gas demand over the past 10 years, growing by 26% in the past five calendar years. In the calendar year 2009, Indian oil demand was approximately 3.31 million bpd (Source: IEA Oil Market Report, April 2010). Offshore oil and gas production in India has increased significantly in recent years, with Indian offshore oil production reaching approximately 440,000 bpd in the calendar year 2009 (Source: Ministry of Petroleum and Natural Gas).

Offshore support vessels and drilling units are engaged in supporting the various stages of exploration, development and production of oil and gas from offshore locations. The demand for support vessels and drilling units is affected by the level of offshore activity in production, development and exploration which is, in turn, influenced by a range of economic factors including, oil and gas price trends as well as supply and demand. The location and depth of oil fields is also an important factor in the industry, with a trend towards increased activities in more challenging and deeper environments. The global demand for offshore support vessels declined in the calendar year 2009 as the economic downturn led to reduced global oil demand, oil prices and offshore E&P activity. Oil prices have since recovered and E&P spending is expected to increase in the calendar year 2010 along with offshore activity.

The value of support vessels and drilling units and their charter rates are sensitive to changes in the supply and demand of vessel unit capacity. Competition in the markets for services of offshore support vessels and drilling units is based primarily on charter rates, location, technical specification, and quality of the vessels or drilling units and the reputation of the vessel operators. Utilization rates, day rates and the value of vessels and drilling units reached a historic high in the middle of the calendar year 2008, but fell significantly in the calendar year 2009 as the economic downturn led to reduced oil demand, lower oil prices and reduced offshore E&P activity. A significant part of the decline in day rates and asset values occurred in the six months immediately following the financial crisis in September 2008. Since September 2009, the offshore support vessel and drilling unit markets have improved and if E&P expenditure growth and oil prices remain firm this recovery is expected to continue.

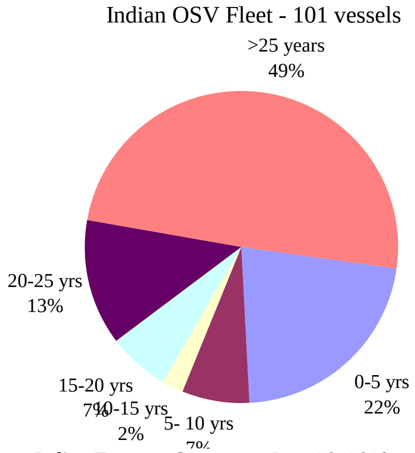
Oil Exploration and Production Market in India

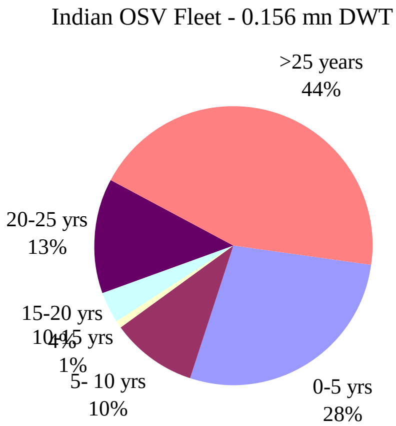
The central feature of the petroleum and natural gas sector is that domestic availability of oil resources is limited and rapid economic growth means that demand will rise rapidly. India's import dependence has therefore been rising and is currently 78 per cent for oil. India's dependence on imported oil is expected to increase in the future, absent a major domestic oil/gas discovery *(Source: Planning Commission).*

Government of India has been inviting private investment in exploration of oil and gas in the country since 1980s. However, initial efforts to attract private investment were limited to offshore areas only. Since 1991, Government of India offered exploration blocks almost on a regular basis for both onshore and offshore areas and announced six bidding rounds till 1995. A New Exploration Licensing Policy (NELP) was formulated in Fiscal Year 1998. Under NELP, Production Sharing Contracts (PSCs) for 231 exploration blocks have already been signed. It is estimated that oil and gas in-place reserves accretion under NELP is approximately 510 million tones oil equivalent (MMTOE) from 16 discoveries *(Source: Planning Commission).*

Indian OSV Fleet

As of June 30, 2010, the Indian OSV fleet stood at 101 vessels of 0.156 million DWT, with average age of 19.5 years and average tonnage of 1,453 DWT *(Source: Indian Tonnage Statement, June 30, 2010 published by DG Shipping).*





(Source: Indian Tonnage Statement, June 30, 2010 published by DG Shipping)

OUR BUSINESS

Overview

Our Company was incorporated as 'Eastern Shipping Corporation Limited' on March 24, 1950 under the Companies Act, 1913 in Mumbai. With effect from October 2, 1961, Western Shipping Corporation Limited was amalgamated with our Company under the Shipping Corporations Amalgamation Order, 1961, issued by the Government. The name of our Company was changed from Eastern Shipping Corporation Limited to The Shipping Corporation of India Limited on October 21, 1961. We are one of India's largest shipping companies in terms of Indian flagged tonnage, with approximately a 35.0% share of Indian flagged tonnage as of June 30, 2010, according to the website of Directorate General of Shipping, Government of India (D.G. Shipping). As of October 31, 2010, we owned a fleet of 77 vessels of 5.37 million dead weight tonnage (DWT). As of October 31, 2010, we had ordered the construction of 26 vessels, which we expect to be delivered between the year ended 2010 and 2013, the acquisition of four of such vessels will be funded through the Net Proceeds of the Issue, and we have plans to order an additional 20 vessels in Fiscal Year 2011. In addition, as of October 31, 2010, we managed 62 vessels of 0.22 million DWT on behalf of Government agencies, public sector undertakings, and our joint ventures.

Our fleet includes dry bulk carriers, very large crude carrier (VLCC) tankers, crude oil tankers, product tankers, container vessels, passenger-cum-cargo vessels, phosphoric acid and chemical carriers, LPG and ammonia carriers, and offshore supply vessels. As of October 31, 2010, our fleet included 18 dry bulk carriers of 781,777 DWT, four VLCCs of 1,274,175 DWT, 18 crude oil tankers of 2,081,003 DWT, 15 product tankers of 877,726 DWT, ten offshore supply vessels of 17,904 DWT, five container vessels of 202,413 DWT, three phosphoric acid and chemical carriers of 99,174 DWT, two gas carriers of 35,202 DWT, and two passenger-cum-cargo vessels of 5,303 DWT.

Our customers are primarily comprised of Government agencies, large industrial concerns, international oil companies and public sector undertakings. We have also entered into six strategic joint ventures which we believe provide us with various advantages and access to markets we would have otherwise not enjoyed. For example, we have entered into three joint ventures with Japanese companies to own and operate LNG tanker vessels.

Our operating income was Rs. 37,389.92 million, Rs. 41,667.72 million, Rs. 34,603.96 million and Rs. 17,893.64 million for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010, respectively. Our adjusted profit was Rs. 7,546.26 million, Rs. 9,626.41 million, Rs. 3,866.95 million and Rs. 4,325.83 million for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010, respectively. Our income is principally generated from our bulk carrier and tanker division which contributed 71.14%, 71.71%, 68.43% and 62.88% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010, respectively, and our liner division which contributed 20.3%, 18.09%, 21.37%, and 27.56% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010, respectively.

Our business is directly impacted by levels of economic activity in general, and international shipping volumes, particularly in the energy-related shipping sector. In the twelve months ended December 31, 2009, demand for shipping services as well as the prices charged by international shipping companies dropped significantly, as the world economy came under pressure and shipping markets underwent a correction, including the Indian shipping market. Compared to Fiscal Year 2009, our total income and net profit for Fiscal Year 2010 dropped by 14.49% and 59.83%, respectively. According to the International Monetary Fund, since general economic conditions have improved, the world trade volume is expected to grow at 9.0% and 6.3% in 2010 and 2011, respectively. Nevertheless, demand and pricing levels for our services have generally remained well below the highs reported in previous years.

Our worldwide operations are supported by offices in the four metros of India, namely Mumbai, Delhi, Chennai and Kolkata and we also have an office in London. As of October 31, 2010, we were further supported by a network of more than 121 agents worldwide that assist us in our marketing and logistics efforts.

In 1990, we signed our first Memorandum of Understanding with the Government specifying our performance and operational targets. The Government bestowed the status of "Navratna" on our Company in August 2008 leading to enhanced delegation of powers to our Board, including, but not limited to, the areas of capital investment, formation of joint venture, and opening of new offices. Our performance has been rated “excellent,” the highest rating, for 18 years pursuant to our Memorandum of Understanding with the Government.

Competitive Strengths

We believe that our future success will be principally attributable to the following competitive strengths:

Established brand name and reputation

We started our operations in 1950 and have been one of India’s leading shipping companies with a long established reputation and strong customer relationships with various public sector undertakings and the Government, among others. We have received numerous awards from the Government and the private sector for excellence in customer satisfaction and operational efficiencies, human resource training, environment consciousness, safety and emergency preparedness. The Government bestowed the status of “Navratna” on our Company in August 2008. See “Awards” below for the list of additional awards received by our Company. We intend to continue to leverage the goodwill of our brand to enhance our relationships with existing customers and to seek new customers to help us grow our business. We believe that our strong brand name and the reputation that our Company has built over the last five decades provides us with access to opportunities to bid for large contracts for our services.

Diversified fleet

We own a variety of modern and technologically-advanced vessels including bulk carriers, VLCCs, crude oil tankers, product tankers, container vessels, passenger-cum-cargo vessels, phosphoric acid and chemical carriers, LPG and ammonia carriers, and offshore supply vessels. This fleet diversification allows us to enter into chartering arrangements of varying duration with different types of customers. We believe that our existing fleet as well as next generation of fleet will have better functional capabilities and operate more efficiently than equivalent older vessels thereby allowing us to provide improved services to our customers.

Experienced management team

We are led by an experienced and qualified management team with a proven track record of success and knowledge of the Indian and international shipping industry. Many of our senior managers are former sailors with years of operational experience. We believe that our management’s expertise in managing growth, diversifying our fleet and implementing our strategies provides us with significant competitive advantages.

Well-positioned to grow our fleet size to take advantage of India’s growth

As one of India’s oldest, largest and reputable shipping companies, we are well-positioned to take advantage of expected future growth in the Indian economy. Since 1961, we have grown our fleet from 19 vessels of 0.19 million DWT to 77 vessels of 5.37 million DWT as of October 31, 2010. We believe that our ability to grow our fleet size positions us well to take advantage of attractive asset prices and anticipated growth in the shipping industry as the Indian economy and its ties to international markets grows. The GDP of India grew from US$837.0 billion (Rs. 37,598.04 billion) to US$1,310.0 billion (Rs. 58,845.20 billion) from the period of 2005 to 2010, representing a growth of 56.5%, according to the World Bank. Due to our fleet’s ability to provide services to all major ports on the east and west coast of India, we believe that we are well-positioned to reap the benefits of expected future growth in the Indian economy.

Strong balance-sheet

As of September 30, 2010, we had Rs. 23,103.38 million cash and cash equivalents on our balance sheet with a debt to equity ratio of 0.55 and a current ratio of 2.96. We believe that our strong balance sheet and cash on hand provides us with greater working capital and the flexibility to sustain our business during difficult economic times. In addition, our strong balance sheet has allowed us to service interest and principal payments on our debt in a timely manner. We believe that our strong balance sheet and history of timely loan payments permit us to enter into favorable financing terms for the acquisition of vessels.

Strategic joint ventures

We have entered into six strategic joint ventures which we believe provide us with various advantages and access to markets we would have otherwise not enjoyed. Through these joint ventures, we strengthen our ties with our joint venture partners some of whom are also our charterers. These joint ventures add value to our business. We believe that we are the first Indian shipping company to participate in the transportation of LNG. We have partnered with three Japanese shipping companies to own and operate three LNG tankers and we have taken over the operation and management of two LNG tankers. In addition, we have formed a joint venture with Forbes Gokak Limited and Sterling Investment Corporation Private Limited for the purpose of entering into the chemical tanker segment. Our joint venture with the Steel Authority of India Limited (SAIL) will pay us on a cost plus basis and provides us with certainty of cash flows on a long-term basis and provides a benefit in times of difficult market conditions. We believe that these joint ventures and those we enter into in the future will provide us with economic and strategic benefits.

Preferred Indian shipping company with the largest all-India flagged fleet

We own the largest fleet in terms of tonnage under the Indian flag, according to D.G. Shipping. All of our owned vessels are Indian flagged vessels. This fact has in the past provided us with certain advantages under cabotage laws and in capturing domestic contracts including those from the Government. See "Regulatory Matters" for discussion regarding cabotage laws. In addition, because of our long standing history, the Government and public sector companies look to us for their shipping requirements, including transport services for certain sensitive sectors such as oil and gas. In addition, in obtaining Indian shipping customers, we believe that we have a competitive advantage over foreign vessels that have to obtain certain certifications under Indian cabotage laws.

Our Business Strategy

Our objective is to maintain our dominant market position in the Indian shipping industry with a focus on high growth segments. We intend to achieve our objectives through implementation of the following strategies:

Continue to focus on energy-related transportation

The market for energy-related transportation provides opportunities for significant growth. We believe that our tanker division will continue to benefit from growth in India's oil refining industry, which requires increased crude oil imports and refined oil exports, and that our bulk carrier division will benefit from growth in India's domestic power and steel industries, both of which are expected to increase the country's coal imports. According to the Planning Commission, Government of India, the annual growth rate in India's demand for coal and production of coal, during the Government's 11^{th} five year plan is projected at 9.0% and 7.9%, respectively. We intend to take advantage of these growth opportunities by employing our vessels for the transportation of coal and oil. We intend to increase our participation in these markets through direct capital investment and by entering into strategic alliances with established and significant industry participants.

Improve and optimize our fleet mix through acquiring newly built vessels

The total Indian shipping fleet has not grown in tandem with the overall growth of the Indian seaborne trade thereby creating opportunities to meet unmet demand. According to the Indian National Shipowners Association (INSA), during the period from 1999 to 2008 total Indian shipping tonnage increased by 37.0% while the share of Indian shipping tonnage in Indian overseas trade decreased from 31.5% to 9.5%. We believe that we can capture additional market share in India and worldwide through investments in additional vessels. As of October 31, 2010, we had 26 vessels on order to be delivered over the course of the next three years. These vessels include Aframax tankers and Large Range tankers, AHTSVs, platform supply vessels, Handymax bulk carriers, Panamax bulk carries and Kamsarmax bulk carriers. The additional vessels we have on order are expected to allow us to increase our total DWT from 5.37 million to 6.83 million.

Apart from the existing vessels on order, we currently have plans to order an additional 20 vessels in Fiscal Year 2011. These new vessels will lower the average age of our fleet, and we believe, thereby reduce our operating costs. Investments in additional vessels will also allow us to bid on additional charters worldwide thereby increasing our market share and further diversifying our sources of income. See "Fleet on Order" below.

Improve our operating efficiency, quality of service and overall competitiveness

We believe that our customers place high value on our efficiency, high quality of service and responsiveness under varying market conditions. We intend to improve our operating efficiency and the capacity of our fleet by (i) ordering the construction of new vessels, thereby reducing the average age of our fleet, (ii) implementing a new information technology system that will integrate our operations across divisions and connect us to our network of agents worldwide, thereby increasing efficiency in the areas of booking, scheduling and tracking of our vessels, and (iii) increasing the scope of our logistics capabilities, so as to provide our clients with door to door solutions, in connection with our container and break-bulk services.

Leverage strong relationships with customers

We intend to further strengthen our relationships with customers by striving to meet or exceed their business needs. As a major portion of our income is generated from repeat clients, we intend to leverage our existing relationships with these customers to expand our business. We will continue to explore and evaluate measures to integrate our shipping activities with the overall maritime and logistic requirements of our customers with a view to providing efficient and economical, maritime and logistical solutions to the end users.

Maintain diversity in contracts and customers

We will continue to employ our bulk and tanker vessels as well as our containerships to a large number of companies and Government organizations under short, medium and long-term charters and, in the case of our bulk and tanker vessels only, contracts of affreightment (COA), in order to maintain a highly diverse portfolio of customers and charterers. Our contracts have terms that range from twenty days to three years and our customers are geographically diverse with headquarters and operations based throughout the world. We believe that our strategy minimizes our exposure to any one customer and allows us to employ our vessels during any particular period in the charter market cycle. See “Chartering” below.

Identify and pursue additional strategic alliances

We intend to partner with companies that we believe will enhance our business, fleet or profitability when suitable opportunities arise. We intend to focus on entering into consortia arrangements in the container segment and to pursue highly capital intensive segments, such as LNG transportation. The joint ventures we have currently formed also provide us access to markets that we may otherwise not enjoy. For example, through our joint ventures we acquired access to the LNG transportation segment, which we previously had not pursued. We may execute strategic alliances to expand our service offerings and fleet size in India or worldwide.

Expand and further develop our container and break-bulk services

We intend to further expand and develop our container services, as we believe that this is an area of potential income growth in the future. As part of our service routes, we plan to extend our reach into Southeast Asia, Southern Africa, and North America. We are also reviewing ways in which we can connect our services to ports in East Africa as we believe that India is emerging as the biggest exporter of goods and project cargo to this region. We also intend to recommence our India-U.S. containership service in the future.

We intend to continue to further expand and develop our break-bulk business by entering into new joint service agreements with vessel owners to operate in trade lanes that we believe present areas for diversification and growth such as Europe to the Middle East, the East Coast of the U.S. to Europe and Southeast to Far East Asia. We intend to enter into joint ventures with reputable logistics providers for end to end logistical operations for projects in the area of power, oil and gas and infrastructure.

Our Existing Business Operations

Our existing business operations are divided into the following three divisions: (1) bulk carrier and tanker, (2) liner and passenger services, and (3) technical and offshore services.

B U S I N E S S   D I V I S I O N S

Bulk Carrier & Tanker

Liner & Passenger

Technical & Offshore

18 Dry Bulk

4 VLCC

18 Crude

15 Product

3 Acid

2 LPG / Ammonia

5 Container

2 Passenger

10 AHTSVs

Bulk Carriers and Tankers

The bulk carrier and tanker division together are the primary income source and a profit centre for our Company, accounting for 71.14%, 71.71%, 68.43% and 62.88% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ending September 30, 2010, respectively.

Bulk Carriers

A bulk carrier, bulk freighter, or bulker is a merchant vessel specially designed to transport unpackaged bulk cargo, such as ore, coal, fertilizers, grains and cement in its cargo holds. Presently, bulk carriers are specially designed to maximize capacity, safety, efficiency, and be able to withstand the rigors of their work. Very small bulkers are almost indistinguishable from general cargo vessels, and they are often classified based more on the vessel's use than its design. Bulkers range in size from single-hold mini-bulkers to mammoth ore vessels able to carry 400,000 DWT. Bulk carriers are available in specialised designs, some are self-unloaders and some depend on third-party facilities for unloading. Bulk carriers traditionally include Handysize (10,000 to 34,999 DWT) Handymax (35,000 to 49,999 DWT), Panamax (50,000 to 79,999 DWT) and Capesize (80,000 plus DWT).

According to D.G. Shipping, as of June 30, 2010 we were the largest bulk carrier operator in terms of Indian flagged tonnage. As of October 31, 2010, we owned 18 dry bulk carriers. Our bulk carriers include 15 Handymax vessels with total DWT of 701,895 and three Handysize vessels with total DWT of 79,882. We deploy our bulk carriers worldwide through a combination of COA, spot chartering and period chartering. For example, we have a COA with SAIL for the carriage of coking coal from Australia to India. Our bulk carrier fleet is approximately 21 years old on average with the age of an individual vessel ranging from ten to 24 years.

We intend to expand our bulk carrier fleet by adding the following vessels which are currently on order and are expected to be delivered between 2011 and 2013:

- Six Handymax bulk carriers of total 344,400 DWT.
- Four Panamax bulk carriers of total 322,620 DWT.
- Four Kamsarmax bulk carriers of total 328,000 DWT.

Tankers

Tankers are specially designed to transport large quantities of liquid cargo, such as oil and other petroleum products. There are two types of oil tankers, namely the crude tanker and the product tanker. While the crude tanker carries unrefined crude oil, product tankers carry petroleum products, including gasoline, jet fuel, kerosene, fuel oil, naphtha and other soft chemicals and edible oils, from refineries to locations near consumer markets. Oil tankers are often classified by their size as well as their occupation. The size classes range from inland or coastal tankers of a few thousand metric DWT to the mammoth ultra large crude carriers of 320,000 DWT and above.

According to D.G. Shipping, as of June 30, 2010, we were the largest tanker operator in terms of Indian flagged tonnage. As of October 31, 2010, we had a fleet of 18 crude oil, four VLCCs, and 15 product tankers. We also own the largest tanker in the Indian fleet, a VLCC of 321,137 DWT. Our tanker fleet is diversified across all sizes: Medium Range, Large Range-I, Large Range-II, Aframax, Suezmax, Liquefied Petroleum Gas and VLCC. We provide integrated shipping solutions to the Indian oil industry such as export-import trade, coastal trade and vessel to vessel transfer of oil. Our tanker fleet is approximately nine years old on average with age of individual vessel ranging from one to 32 years. Our product tankers are engaged in import, export, cross trades and coastal movement. We have COA arrangements with Hindustan Petroleum Corporation Limited (HPCL), Bharat Petroleum Corporation Limited (BPCL), and Mangalore Refinery and Petrochemicals Limited (MRPL) for the transportation of crude oil. In Fiscal Year 2010 we transported 24.9 million metric tonnes (mmt.) of crude oil, including approximately 11.4 mmt. of imported crude oil for the Indian oil industry and 6.9 mmt. of coastal movement. We transported approximately 3.7 mmt. of imported crude oil through in chartered vessels. We carried a total 15.1 mmt. of crude oil for Indian public service undertakings refineries, in Fiscal Year 2010, 75.0% of which was transported by our own vessels and 25.0% by in chartered vessels. See “Chartering” below for description of chartering. Our bulk and tanker division has a broad base of customers including major Indian and international companies engaged in oil refinement, energy exploration and minerals.

We intend to expand our tanker fleet by adding the following vessels which are currently on order and are expected to be delivered between 2010 and 2011:

- Three Aframax tankers of total 345,000 DWT.
- One Large Range-II tanker of 105,000 DWT.

Lighterage

Lighterage is the loading or unloading of cargo from one vessel to another vessel. This operation is necessitated when shallow waters or other impediments prevent a vessel from approaching a berth, or if berths are unavailable. Our lighterage operations are conducted as part of our tanker activities. Lighterage operations on the east and west coasts of India facilitate quick turnaround of tankers, which otherwise cannot enter ports due to vessel size and port restrictions. In Fiscal Year 2010, we carried out 192 ship-to-ship (STS) transfer of 2.5 mmt. of crude oil at various locations off the east and west coasts of India and 45 lighterage operations for STS transfer of 4.6 mmt. of bulk iron ore off the coast of Goa. We believe, as of October 31, 2010, we were the only Indian shipping company that provides lighterage operations in India.

Specialized Carrier and LNG

Our bulk carriers and tankers division also operate two LPG/ammonia carriers with total DWT of 35,202 and three chemical tankers with total DWT of 99,174. LPG carriers are deployed mainly in service of the Indian oil industry on a time charter or voyage charter basis and are utilized for the import of LPG from the Far East and Middle East as well as coastal movement of LPG from Indian refineries. Our three chemical tankers are used for importing phosphoric acid from Morocco to India under a ten year COA with Marco Phosphore that expires in March 2012.

Our joint ventures, own three LNG carriers with total DWT of 229,687, two of which are manned and managed by our Company of a total DWT of 140,443. Our LNG tankers are employed under 25 year charter agreements that expire in 2028 (for two carriers) and 2034 (for one carrier). We also operate four chemical tankers with total DWT of 52,092 under our joint ventures.

Chartering

The chartering division is part of our bulk carrier and tanker division and is responsible for meeting all the requirements of our Company related to the in and out chartering of all vessels. "In chartering" refers to the use by our Company of vessels owned by a third party and "out chartering" refers to the use of our owned vessels by a third party. The major part of our activity involves the out chartering of our vessels for suitable employment. This activity is carried out through a panel of brokers and also through direct contracting with our customers.

Our charter contracts are entered into on a COA, time charter, period charter or voyage charter basis. We aim to achieve a portfolio mix of all charter contract types so as to reduce the risk of market fluctuations. A brief description of each form of charter is set out below:

- *Trip Time Charter*: Time charter contracts are typically entered into from and to a specific port. Fuel, loading and unloading charges and port dues are borne by the charterer. Charter hire is received for the vessel on a per day basis.

- *Period Charter*: Period charter contracts are typically entered into for a fixed period of duration, ranging from three months to three years. The charge and payment terms are similar to a trip time charter.

- *Voyage Charter*: In a typical voyage charter contract, the vessel owner provides the transportation service, bearing all operating costs and is remunerated in the form of freight charges on a per ton or lump sum basis.

- *COA*: In a typical COA, duration generally ranges from two to three years. COA are hedged for the amount of tonnage that is shipped. Some COA are entered into at a fixed price per tonnage which increases our protection against market fluctuations.

Liner and Passenger Services

Liner Division

Our liner division has two segments, the containership and break-bulk services. The liner division accounted for 20.3%, 18.09%, 21.37%, and 27.56% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ending September 30, 2010, respectively.

Containerships

Containerships are cargo vessels that carry their entire load in truck-size intermodal containers, in a technique called containerization. The capacity of a containership is measured in twenty-foot equivalent units (TEUs), the number of standard 20-foot containers measuring 20 × 8.0 × 8.5 feet (6.1 × 2.4 × 2.6 meters) a vessel can carry. Containerships are designed in a manner that optimizes space. These vessels are built for speed in line with fast cargo handling work so that cargo can arrive at their destinations fast. Comparatively high speeds and swift turn around in port are vital in maintaining the liner schedules of containerships. Cargo handling efficiency is sought from large dockside gantry cranes at the terminals serving large long haul vessels which are generically non-geared (without their own cranes). All cargo holds contain guides for the containers so that it is easy to slide them in place. The containers are made so that the corners can be locked in place very easily. Informally known as "box ships", containerships carry the majority of the world's dry cargo, meaning manufactured goods.

We operate a network of global containership services, in consortium with internationally reputable shipping lines. All our containership routes are currently scheduled to call on Indian ports on a regular basis. As of October 31, 2010, our containerships consisted of five owned vessels, five in chartered vessels and 16 vessels with loading rights pursuant to consortium agreements for a total of 26 deployed vessels. Consistent with past practice, in the event of short term gaps in capacity for tonnage, we anticipate filling such gaps by in chartering vessels.

Our consortium agreements, otherwise known as vessel sharing agreements, are typically entered to cover the trade route between specific ports in the Indian Subcontinent and Europe and Far East for exchanging container slots. We enter into consortium agreements to coordinate vessel services and exchange vessel space, thereby reducing the costly and inefficient over-provision of capacity. Through such consortium agreements we believe we can enhance the range of ports that we can service while maintaining separate commercial and marketing operations from our consortium counterparties. The terms of such consortium agreements typically include route description, slot allocation and operational responsibilities.

As of October 31, 2010, we had five service routes with port stops in the Indian Far-East, Indian Subcontinent, Europe, the Middle East and the Mediterranean. For four of these routes, we have entered into consortium agreements that form strategic alliances with international shipping companies. We believe that these alliances serve to promote more efficient utilization of unused vessel space and increased access to certain ports. These alliances are with (i) Mediterranean Shipping Company S.A. (MSC) for India-Subcontinent Europe (ISE) service route servicing Indian Subcontinent and Europe and for India Mediterranean (IMED) service route servicing India and the Mediterranean, and (ii) Kawasaki Kisen Kaisha Limited, Pacific International Lines (PTE) Limited and Wan Hai Lines for India Far-East Express 1 (INDFEX-1) and Kawasaki Kisen Kaisha Limited, Pacific International Lines (PTE) Limited and Wan Hanjin (INDFEX-2) service routes for India Far-East Express 2 (INDFEX-2). Our SCI Middle East India Liner Express (SMILE) service route services the Middle East and also moves coastal cargo on the Indian west coast. SMILE is a dedicated route operated by our Company without any consortium agreement.

Our containership service has a varied and diverse customer base from around the world that includes small retail shippers to large multinational corporations, government entities and numerous small, medium and large business houses involved in import and export of containerized cargos. Given our diverse customer base, our income is not dependent on any particular customer or industry.

The key operational statistics of our five container service routes are set forth in the following table:

Name of Service	Fleet Description	Average Voyage Days	Route	Description of Service
ISE	Total of seven vessels of declared capacity of approximately 3,000 to 3,500 TEUs constituting three Company vessels and four MSC vessels. In the event, a vessel larger than 3,500 TEUs, then the other party will be entitled to a maximum of 1,750 TEUs. This service first commenced in May 2009.	49 days	Colombo Nhava Sheva Pipavav Mundra Salalah Felixtowe Hamburg Antwerp Jeddah Colombo	Fixed day weekly service at each port
IMED	Total of six vessels of declared capacity of about 2,500 TEUs and nominal capacity of about 3,500 TEUs at gross weight of 14 tons/TEU, two vessels of our Company and four vessels of MSC. Allocation of TEUs on each vessel as follows: Company allocated 834 TEUs and MSC allocated 1,666 TEUs at 14 harbor tons per sailing. This service first commenced in August 2010.	42 days	Colombo JNP Mundra Salalah Portsaid Istanbul Barcelona Genoa La Spezia Portsaid Salalah Colombo	Fixed day weekly service at each port
INDFEX-1	Total of five vessels at 13.5 tons of 2,700 to 2,900 TEUs. K-Line,	35 days	NSICT Colombo	Fixed day weekly service at each port

	WHL, and PIL will put in one vessel each and two vessels of our Company.		Port Klang Singapore Hong Kong Busan Shanghai Ningbo Hongkong Singapore Port Klang Colombo NSICT	
INDFEX-2	Total of five vessels of 1,400 to 1,500 TEUs at 14 tons/TEU in participation with PIL, K-Line and Hanjin. Our Company is allocated 450 TEUs on each vessel. This service first commenced in April 2001.	35 days	Chennai Vizag Singapore Hong Kong Xingang Dalian Qingdao Hong Kong Busan Shekou Singapore Port Klang Chennai	Fixed day weekly service at each port
SMILE	Dedicated SCI line. Total of three vessels of 1,869 TEUs each.	21 days	Colombo Mundra Jebel Ali Mundra Pipavav Jnpt Cochin Tuticorin Colombo	Programmed service

As of October 31, 2010, we had an inventory of approximately 53,000 TEUs of which 5,551 TEUs are owned and the balance is leased. Container leases are typically subject to a lease agreement. Our containers are used in our containership services to transport goods for our clients. Our containership services also use certain feeder services. Feeder services provide smaller vessels than our containerships and assist with the transport of containers from our vessels to certain ports that we may not be able to access due to vessel size or other restrictions. As part of our containership operations we enter into feeder arrangements with third party common carriers between various destinations on the Indian subcontinent depending on market conditions.

Break-bulk Service

Break-bulk vessels are general cargo vessels designed to efficiently handle un-containerized cargo. Many commodities are unsuitable for transporting on modern containerships. Break-bulk vessels often have cranes and handling equipment capable of loading and unloading alongside piers or barges as needed. Break-bulk vessels are designed to transport palletized units or individual packages of general cargo. They are compartmentalized with several “holds” for stowing cargo. Each hold is serviced by shipboard cranes which lift the cargo from alongside the vessel into and out of the holds. Break-bulk vessels are characterized by large open hatches and fitted with boom-and-winch gear or deck cranes.

As of October 31, 2010, we did not own or operate any break-bulk vessels. Hence, in order to cater to the break-bulk and project shipments across the globe, we make space chartering arrangements with other owners and operators of break-bulk vessels for transporting these cargos from various load ports to their intended disports. In addition, we make slot charter arrangements for containerized cargos from various ports from where we do not have a regular container service. Under space/slot chartering arrangements, the break-bulk division buys space on various break-bulk and project cargo vessels and sells the same to our customers after adding the other costs and the profit margins. The break-bulk division directly, and through our agents and offices, liaises with shippers, consignees, vessel owners and operators for ensuring smooth shipment of cargos that generate income for our Company. In addition to the above activities, the break-bulk division also makes arrangements for pre- and post-shipment activities, and inland transportation for project shipments. Our break-bulk service carried approximately 65,000 freight tones in Fiscal Year 2010. Our break-bulk clients include Indian companies involved in the mining, energy, oil and gas and infrastructure business as well as the Government and public sector undertakings.

We are a member of the Freight Forwarders' Association of India and the International Federation of Freight Forwarders' Associations. As a shipping line, we offer third party logistics services to assist our customers with end to end logistics for the delivery of cargo. We have agreements with third party vendors for providing such services as inland transportation and in port handling. Contracts with such third party vendors are on a cost plus basis. Providing end to end logistical support to our customers provides us with a competitive advantage and an additional source of income.

Passenger Services

Passenger vessels include many classes of vessels designed to transport substantial numbers of passengers as well as cargo. These vessels carry essential commodities like food grains, medicines, vegetables, fruits and other daily necessities. These commodities are carried either in break-bulk or in containers. The cargo is also loaded and unloaded at intermediate ports. As of October 31, 2010, we owned two passenger vessels. We offer our passenger vessels on a cost plus basis.

As part of the passenger services division, as of October 31, we managed 31 other passenger vessels on behalf of the Government including 25 vessels for the Andaman & Nicobar Administration on a cost plus basis, one vessel for the Union Territory of Lakshadweep Administration, three coastal vessels for the Geological Survey of India and two coastal vessels for the Department of Ocean Development.

Technical and Offshore

Technical

The technical division's principal responsibilities include vessel acquisition, disposal of vessels and providing technical consultancy services to various organizations. This division monitors our fleet and plans for the replacement of existing vessels or the requirement of additional tonnage, as may be required by developments within our Company or other organizations in the shipping industry. Operating divisions also submit their proposal for acquisition of vessels to this division. This division prepares project reports providing the justification for acquiring vessels and the economic viability of the proposal. Further tenders are floated for acquiring of new building and/or secondhand vessels. The technical division along with the operating division prepares the technical specifications of the vessels to be acquired. The offers are invited in two parts: the technical part and commercial part, which are separately evaluated to determine the party to which the contract is to be awarded. After selecting a shipyard for the building of a vessel, the technical division prepares the shipbuilding contract to be signed with the selected shipyard. See "Shipbuilding Contracts" for further details. The technical division is subsequently closely involved with the onsite supervision of the shipbuilding process until the date of delivery.

The technical division also evaluates secondhand vessels for acquisition. The technical specifications for secondhand vessels are prepared by the technical division along with the operating division. A tender is then floated based on the above specifications. The technical division reviews and evaluates offers based on commercial terms and the counterparty's ability to meet the Company's technical specifications. Secondhand vessels are purchased on an "as-is where-is" basis with no warranty, pursuant to a thorough physical inspection of all shortlisted vessels under consideration.

After the economic life of a vessel, typically 25 years, the technical division coordinates and oversees the process for the disposal of such vessels with the goal of maximizing proceeds. The technical division also tenders for vessels to be sold, giving their technical specifications. Participating tenders are evaluated by the technical division which selects the successful bidder and coordinates the sale and delivery process.

The technical division also provides consultancy services to third parties, such as the Andaman & Nicobar Administration, UTL Administration, UTL Tourism Department, Directorate of Light Houses & Light Ships and the Geological Survey of India, among others.

Shipbuilding Contracts

From time to time, in order to acquire new vessels, the technical division will lead our efforts to enter into shipbuilding contracts with shipyards. Such contracts typically have a set price and require the builder to meet our Company's technical specifications and principal characteristics, such as delivery date, DWT, speed, fuel consumption and bollard pull. We typically have certain protections under these contracts, such as adjustments to contract price or rescission of contract in case of delays in delivery or missed performance metrics as provided in the concerned shipbuilding contracts. During the shipbuilding process we are typically entitled to have our representatives monitor the progress of the builder on site at the shipyard. Payments are made on an installment basis upon the builder reaching certain performance milestones. Typically, the builder is required to obtain a refund guarantee in our favor from a bank for installment payments. If we legally reject delivery of the vessel, rescind the contract or the builder goes into liquidation, then all installment payments may be recovered by invoking the refund guarantee. The builder is required to maintain adequate insurance for the vessel until delivery and the risk of loss rests on the builder until title passes upon delivery. After delivery, we typically have a limited time warranty (12 months on average) from the date of delivery and acceptance of vessel covering *inter alia* the defects in vessels, its parts, paint and any other defect due to defective design and workmanship or faulty construction.

Offshore

We offer vital offshore logistics support services to the Indian oil industry in its oil exploration activities. As of October 31, 2010, we owned a fleet of ten offshore vessels. These vessels are specifically designed for anchor handling operations, with open sterns for the decking of anchors. These vessels are employed primarily for the towing, positioning and mooring of drilling rigs and production facilities, and the lifting and setting of anchors on the seabed. The defining characteristics of anchor handling towing supply vessels (AHTSVs) are their engine power, measured in brake horsepower or "bhp" and the size of their winches in terms of "line pull" and wire storage capacity. AHTSVs also possess large aft decks, which are utilised during anchor handling and towing operations and to carry deck cargo. The stern of the vessel is open to the sea, with a stern roller fitted to enable the vessel to recover and deploy anchors, while maintaining a clear area for the vessel's tow wire. Due to these attributes, AHTSVs are also capable of performing a variety of functions, often in demanding environments. From time to time, when not performing anchor handling and towing services, our AHTSVs also function as platform supply vessels, as well as serve as standby rescue and fire-fighting vessels for oil spill response and recovery efforts. Our ten AHTSVs are over 25 years old.

Our AHTSVs offer the following services:

- Towing and anchor handling operations in offshore.
- Carriage of men and materials (fuel oil, bulk cement and byrite, deck cargo, refer cargo, pot water, drill water etc.) between base and offshore installations as well as between offshore installations.
- Carry out standby and rescue operations in offshore installations, if required.
- Carry out routine surveillance in offshore installations for safety and security reasons.
- Assist at single buoy mooring operations of oil tankers in offshore installations.
- Carry out fire fighting duties.

Presently, all ten of our AHTSVs are on long term charter to Oil & Natural Gas Corporation Limited (ONGC), which will expire between 2012 and 2013. These long term charter contracts provide us with steady income and assured use of our vessels. ONGC owned vessels are operated by our Company on operation and maintenance nomination basis contracts with cost plus arrangements. Accordingly, all the expenses incurred for the operation of these vessels are reimbursed by ONGC.

We also offer operations, manning, maintenance and management (O&M) services for 30 of the following vessels owned by ONGC:

- Seismic Survey Vessels
- Well Stimulation Vessels

- Multi Support Vessels
- Diving Support Vessels
- Geotechnical Vessels
- Offshore Supply Vessels

We intend to expand our offshore fleet by adding the following versatile vessels which are currently on order and are expected to be delivered between 2011 and 2012:

- Four AHTSVs (80 ton bollard pull) of total 8,000 DWT.
- Two AHTSVs (120 ton bollard pull) of total 3,940 DWT.
- Two platform supply vessels of total 6,120 DWT.

Joint Ventures

We have entered into strategic joint ventures in order to gain access to markets that we believe will provide us with long-term growth. We have entered into two joint ventures for the transportation of LNG with three Japanese shipping lines, namely, Mitsui OSK Lines Limited, Nippon Yusen Kabushiki Kaisha and Kawasaki Kisen Kaisha Limited and a third joint venture with the same Japanese shipping lines and Qatar Shipping Company. We believe that we are the only Indian shipping company engaged in the transportation of LNG, a vital fuel for India's power plant, chemical and petrochemical industry. Our joint venture with SAIL provides for various shipping related services by SAIL SCI Shipping Company Private Limited to SAIL for importing coking coal and also to participate in world-wide dry bulk shipping trade, handling of import and export cargo including containers. We have also entered into joint venture agreements with Forbes Gokak Limited and Sterling Investments Corporation Private Limited, which own and operate chemical tankers. We have also formed a joint venture entity, Irano-Hind Shipping Company Limited Private Joint Stock Company, which has been in operation for over thirty years pursuant to a joint venture agreement with Arya National Shipping Lines. See "History and Certain Corporate Matters" and "Business in Sanctioned Countries and Interest in Irano-Hind" for further description of our joint ventures.

The following table sets forth our joint ventures and percentage of interest:

Joint Venture Company	Description of Interest	Percentage Interest as of October 31, 2010
Irano-Hind Shipping Co. Limited	Equity Shareholding	49.00%
India LNG Transport Co. (No. 1) Limited	Equity Shareholding	29.08%
India LNG Transport Co. (No. 2) Limited	Equity Shareholding	29.08%
India LNG Transport Co. (No. 3) Limited	Equity Shareholding	26.00%
SCI Forbes Limited	Equity Shareholding	50.00%
SAIL SCI Shipping Private Limited	Equity Shareholding	50.00%

Our Fleet

Existing Fleet

We own a variety of modern and technologically advanced vessels including bulk carriers, VLCCs, crude oil tankers, product tankers, container vessels, passenger-cum-cargo vessels, phosphoric acid and chemical carriers, LPG and ammonia carriers, and offshore supply vessels. As of October 31, 2010, our fleet consisted of 77 vessels, all of which hold a certificate of seaworthiness. We float tenders for building of vessels with the intent to use them for their economic life which is typically 25 years. The following table sets forth the type, number, and percentage of each type of vessel and total DWT:

	VLCCs	Crude oil tankers	Product tankers	Dry bulk carriers	Container vessels	Acid carriers	LPG/Ammonia carriers	Offshore Supply Vessels	Passenger vessels	Total
Nos.	4	18	15	18	5	3	2	10	2	77
% of total fleet	5.19%	23.38%	19.48%	23.38%	6.49%	3.90%	2.60%	12.99%	2.60%	100.0%

% of total DWT	23.71%	38.72%	16.33%	14.55%	3.76%	1.85%	0.65%	0.33%	0.1%	100.0%
Total DWT	1,274,175	2,081,003	877,726	781,777	202,413	99,174	35,202	17,904	5,303	5.37 million

Fleet on Order

Over the course of our five decades of operation, we have grown our vessel fleet from 19 to 77 vessels. In line with our goal of having a diversified and young fleet, we plan to acquire additional vessels. As of October 31, 2010, we had 26 vessels of 1.47 million DWT on order scheduled for delivery between the year ended 2010 and 2013, the acquisition of four of such vessels will be funded by the Net Proceeds of the Issue. We have typically acquired vessels with the debt equity ratio of 80-70% debt financing and 20-30% equity. We typically obtain loans for the acquisition of vessels after we have made payment of the first installment. These loans are provided by domestic and international lenders and we typically provide the vessel that is being constructed as security for the loan along with the refund guarantee received from the respective shipbuilder. See "Technical" for a description of the tender process for building of vessels.

The following table sets forth the number and type of vessels on order, the total DWT and their respective date of delivery as of October 31, 2010:

Type of Vessel	Number	Total DWT	Scheduled date of delivery
Aframax Tanker (115,000 DWT each)	3	345,000	January 2011 to March 2011
Large Range II Tanker	1	105,000	November 2010
AHTSV (80 ton bollard pull)	4	8,000	January 2011 to July 2011
AHTSV (120 ton bollard pull)	2	3,940	March 2011 to June 2011
Platform Supply Vessel	2	6,120	September 2011 to December 2011
Handymax Bulk Carriers (57,400 DWT each)	6	344,400	August 2011 to March 2012
Panamax Bulk Carrier (80,655 DWT each)	4	322,620	June 2012 to September 2012
Kamsarmax Bulk Carrier (82,000 DWT each)	4	328,000	November 2012 to July 2013
Total	**26**	**1,463,080**	

Future Vessel Acquisitions

Our Company makes its acquisition plan in tandem with the Five Year Plans of the Government. Currently, India is in its 11th Five Year Plan which is for the period 2007-2008 to 2011-2012. Apart from the existing vessels on order, we currently have plans to order an additional 20 vessels in Fiscal Year 2011 with total capital expenditures which is estimated to be Rs. 38,406.6 million.

The following table sets forth the number and type of vessels and the total DWT that we currently anticipate acquiring in Fiscal Year 2011 that are not yet on order and the anticipated DWT per type of vessel:

Type of Vessel	Number	Total DWT
Supramax Bulk Carrier	4	228,000
MR Product Tanker	3	141,000
6500 Container Vessel	3	150,000
VLCC	2	600,000
AHTSV	6	12,000
Platform Supply Vessel	2	60,000
Totals	**20**	**1,191,000**

Our plans to acquire new vessels are subject to change in our requirements for a kind of vessel, risks and uncertainties, market conditions and demand some of which are not under our control. In addition, if economic conditions deteriorate, we may decide to defer some or all of our planned vessel purchases. There can be no assurance that we will be able to even place orders for the additional vessels that we currently plan to purchase.

Sale of Existing Fleet

After the economic life of our vessels, typically an average of 25 years, we dispose of our vessels through a tender sale process that is intended to maximize the return on our Company's original investment. We sold an aggregate of ten vessels in 2009 and 2010. In the last three years we have received proceeds from the sale of vessels amounting to Rs. 1,569.75 million. See "Technical" for a description of the tendering process. Our Directors have approved the disposal of a passenger vessel of 168 DWT, a crude tanker of 67,137 DWT and a dry bulk carrier of 26,450 DWT. We anticipate the disposal of such three vessels to occur in the fourth quarter of the Fiscal Year ending March 31, 2011.

Purchase of Resale or Secondhand Vessels

From time to time, due to immediate market and operational demands, and because of the time requirement inherent in the construction of new vessels (typically one to three years), we have purchased secondhand or resale (new vessels built for another party but sold to us) vessels to join our fleet. As of October 31, 2010, our fleet consisted of two such purchased vessels. Such purchases are subject to diligent technical review by our staff to ensure they meet our Company's standards.

Vessel Maintenance

We are subject to routine dry-dock inspections, maintenance and repair costs under Indian regulations and to maintain the relevant certifications for our vessels. In addition to complying with these requirements, we also have our own comprehensive vessel maintenance programs that we believe allow us to continue to provide our customers with safe, reliable and efficient vessels.

Marketing

We adopt a proactive approach towards our customers by gathering market intelligence on trade activities, cargo prospects and project pipelines. We have increased our marketing efforts for our break-bulk and container services. Marketing efforts have also been specifically directed at various Government agencies. The majority of our marketing activities are conducted by our marketing agents for our liner business. Our in-house marketing team supplements the agents' marketing activities.

As part of our marketing efforts, we enter into agency arrangements with agents at various ports worldwide. These agents are primarily responsible for solicitation and booking of cargo, container controlling and monitoring by our Company's vessels for customers in their local areas. Typically, they also add efficiencies to our business by attending to immigration and other government authorities to ensure prompt entry of vessels, employees obtaining necessary permits, licenses and other authorizations and our representatives at port and by liaising with port authorities to secure berths for the vessels. They may also be hired to coordinate and supervise the performance of the stevedoring contractors, towage contractors and terminal companies to ensure careful lodging and discharging of cargo. Our agency agreements are non-exclusive, but agents are typically required to obtain our consent before accepting agency of any of our competitors whether directly or indirectly and our Company may withhold its consent in its absolute discretion. Our agents are typically paid varying agency fees and commissions depending upon the activity performed and the total cargo weight. Our Company bears expenses in relation to bills of lading, freight broker and any expenses directly authorized by our Company.

Health, Safety, Quality, Environment and Social Responsibility

We are committed to maintaining high standards of occupational health, safety and environmental protection. Due to the nature of the operations we conduct, we are subject to various internal and external safety audits to ensure compliance with health, safety and environmental protection laws and regulations. We have taken a number of initiatives, such as implementing systems covering formal safety management, comprehensive incident and near miss reporting and investigation and emergency response. Further, we provide systematic health and safety training for our employees. We are proactive in establishing policies and operating procedures for safeguarding life, property and the environment. Whenever possible, hazardous materials are maintained or transferred in confined areas in an attempt to ensure containment if accidents occur. In addition, we have established operating policies that are intended to increase awareness of actions that may harm the environment.

We have obtained the required International Safety Management (ISM) certifications for our owned and managed vessels from D.G. Shipping which is vested such powers of certification by the International Maritime Organization (IMO). ISM requirements incorporate occupational health and safety guidelines. All of our vessels are subject to periodic renewal of Safety Management Certificates (SMC). Our fleet complies with International Ships and Port Facility Security Code. We are ISO 9001:2008 compliant as certified by the Indian Register of Quality Services through May 7, 2013.

Our safety management systems comply with the International Management Code for the Safe Operation of Ships and for Pollution Prevention, as required by the International Convention for the Safety of Life at Sea, 1974. We obtained a Document of Compliance for oil tankers, chemical carriers, bulk carriers, gas carriers, passenger vessels and other cargo vessels, namely offshore specialized vessels.
We are also an active member of the United Nations Global Compact (UNGC). The UNGC is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. We have adopted policies and programs in order to adhere to the principles of the UNGC including in the following areas:

- *Human Rights:* We are focused on the protection of human rights. We follow policies that protect the human rights of employees and other stakeholders. We have a well-defined Citizens' Charter and Public Grievances Redressal Procedure and rights to information to aid and assist stakeholders.

- *Labour:* We see our human resources as our most valuable asset and have strived to provide safe and healthy working conditions. We follow the Government guidelines with regard to reservation of employment for special classes of employees. As of October 31, 2010, approximately 30.0% of our workforce was hired from these categories. In addition, we are committed to gender equality as evidenced by the fact that approximately 18.0% of our shore cadre is comprised of women.

- *Environment*: We are committed to conducting our business in a responsible manner and believe in establishing sustainable systems to protect the environment in accordance with international conventions for the prevention of pollutions from vessels. Our efforts in this area are evidenced by the following: (i) all our vessels are marine pollution, or MARPOL (the International Convention for the Prevention of Pollution From Ships), compliant and hold valid International Oil Pollution Prevention Certificates; (ii) each vessel holds a valid International Sewage Pollution Prevention Certificate and International Air Pollution Prevention certificate; (iii) our vessels have garbage management plans; (iv) we have developed an in-house manual known as "HAZMAT" which sets forth our policies and practices in respect of carriage of hazardous and dangerous goods; and (v) we ensure that newly acquired vessels are in full compliance with stringent international regulations on environmental friendly technologies. In additional, all of our vessels meet NOx compliance standards, and we are constantly committed to minimize air and oil pollution. All of our newly acquired vessels are issued "Green Passports."

As part of corporate social responsibility efforts and the betterment of Indian society, we have earmarked 1% of our net profits for (i) providing financial and other assistance to students of socially weaker communities, (ii) supporting efforts for improving health in communities of need, (iii) supporting the programs and efforts of environment protection and enhancement; (iv) promoting and supporting the social and cultural heritage and traditions of our society, and (v) generally taking proactive measures for the well being of society on an as needed basis.

Business in Sanctioned Countries and Interest in Irano-Hind

The United States has certain laws and regulations, or U.S. Economic Sanctions Laws, that impose restrictions upon U.S. persons, and, in some contexts, foreign entities and persons, with respect to activities or transactions with or for the benefit of certain countries, governments, entities and individuals that are the subject of U.S. Economic Sanctions Laws ("Sanctions Targets"). Many, but not all, of U.S. Economic Sanctions Laws are administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC").

We have engaged and continue to engage in business with counterparties, including government-owned or controlled counterparties that are Sanctions Targets, including counterparties in Iran and Sudan. Our tankers are out chartered to certain third parties, and through these charter arrangements transport crude oil from Iranian and Sudanese oil terminals to India. In Fiscal Years 2008, 2009 and 2010, we derived approximately Rs. 721.3

million, Rs. 1,860.9 million and Rs. 1,160.3 million in income from this business, or 1.8%, 4.1% and 3.0%, respectively, of our Company's total income. Although Libya is no longer a Sanctions Target, we have also transported crude oil from Libya and have had dry bulk charters to and from Libya, at times when Libya was a Sanctions Target.

In addition, our bulk carriers are from-time-to-time chartered to deliver dry bulk cargo to Iran and to transport dry bulk cargo from Iran. In Fiscal Year 2010, we derived approximately Rs. 13.22 million in income from this business or 0.03%, of our Company's total income for such year. Prior to the imposition of United Nations sanctions, our liner service also transported containers to and from Iran via feeder service from Dubai. We derived an immaterial amount of income from this feeder service.

In addition, our bulk carriers may from time to time call on ports in Sanctions Targets. In this business, a party not required to comply with U.S. Economic Sanction Laws may charter our bulk carriers to transport cargo to Sanctions Targets. These Sanctions Targets have included countries in the Baltic Region, Ivory Coast and Syria. In addition, our containerships transport container shipments between India and Myanmar *via* feederships to Singapore. We also have freight forwarding agents located in the Sanctions Targets who we pay to help arrange charters for us involving cargo from ports located there.

Our Company has since 1975 held a 49.0% interest in Irano-Hind, a company also owned 51.0% by the Islamic Republic of Iran Shipping Lines ("IRISL"). IRISL is a company whose shares are owned by the Islamic Republic of Iran. Irano-Hind is the subject of sanctions administered by OFAC both because of the indirect 51.0% ownership by the Islamic Republic of Iran and because Irano-Hind has been identified by OFAC as an entity engaged in the proliferation of weapons of mass destruction. Irano-Hind is also the subject of sanctions against proliferators of weapons of mass destruction contained in a Resolution of the United Nations Security Council. The total aggregate income received, in the form of dividends, from Irano-Hind for Fiscal Years 2008, 2009 and 2010 was approximately Rs. 19.3 million, Rs. 20.9 million, and Rs. 23.2 million, respectively, or less than 0.10% of our Company's total income in each such year. Since the establishment of Irano-Hind, our Company has made no further investments in Irano-Hind, has extended no financing to Irano-Hind and has not been involved in the operation of Irano-Hind other than to provide certain operational and management personnel and as a minority investor. Our Company does not anticipate that the proportion of the total aggregate income of our Company derived from its interest in Irano-Hind will exceed 1.0% of our Company's total income for the foreseeable future.

Regulatory Matters

Government and Environment Regulation

Our operations are significantly affected by a variety of Indian and international laws and regulations governing worker health and safety and the manning, construction and operation of vessels. Our regulators have established safety criteria and are authorized to investigate vessel accidents and recommend improved safety standards. They also regulate and enforce various aspects of marine offshore vessel operations, including classification, certification, routes, dry-docking intervals, manning requirements, tonnage requirements and restrictions, hull and shafting requirements and vessel documentation.

During the ordinary course of business, our operations are subject to a wide variety of environmental laws and regulations. We have complied with existing governmental regulations which regulate the discharge of materials into the environment, or otherwise relate to the protection of the environment. In various countries in which we operate, including India, vessel trade or marine transportation between two ports or places within a country, is subject to rules known as cabotage laws, which regulate maritime cabotage or coasting trade. Cabotage laws restrict maritime cabotage to domestic flag vessels qualified to engage in the coasting trade of such country (see below). There are similar laws in other countries in which we operate, which currently restrict our ability to operate in those countries. Such laws also require vessels engaged in marine transportation between two points in those countries to be owned and controlled by citizens, manned by local crew, or be locally built.

Cabotage Law in India

Part XIV of the Merchant Shipping Act imposes restrictions on vessels other than Indian vessels or vessels chartered by (a) citizen of India; (b) a company or body established by or under any Central or State legislation which has a principal place of business in India; or (c) is a duly registered or deemed to be registered cooperative society, in engaging in coasting trade of India. Such vessels are required to obtain a license from the

Directorate General of Shipping prior to engaging in the coastal trading of India. In this regard, the Directorate General of Shipping, in the year 2002, issued the Guidelines for Grant of License to Foreign-Flag Vessels (the "Charter Guidelines") laying down the process for engaging foreign vessels in the Indian exclusive economic zone of India including its territorial waters and contiguous zone. The Charter Guidelines provides that any person who intends to charter foreign vessels for export/ import or for coasting trade or for implementation of projects, has to submit an enquiry to the Indian National Shipowners Association (INSA), providing the details in relation to the requirement of the vessel whereby INSA will provide an opportunity to Indian vessels to make an offer to such person submitting the enquiry. In terms of the Chartering Guidelines, in relation to the chartering of vessels through tender process, an Indian vessel owner who has shown the readiness to take up the job at the lowest price indicated by the foreign flag vessels, has the right of first refusal in such bidding process.

Classification

Classification is the process of verifying vessel standards against a set of requirements set out in the rules established by a classification society. For classification purposes, a vessel is surveyed during its construction on the basis of design approval, tested before being taken into service and surveyed regularly during its whole operational life until it is scrapped. Every vessel's hull and machinery must be classed by the classification society authorized in such vessel's country or elected by such vessel's owner. The classification society ensures that the vessel is built, equipped and maintained in accordance with the society's rules and regulations which, among other things, incorporate IMO convention requirements with regard to safety and pollution. The class certificate is valid for five years, subject to periodic inspections. The following surveys are carried out by a surveyor of the classification society: annual survey, which is carried out yearly; intermediate survey, which is carried out every 2.5 years and can be carried out in a vessel's second or the third year; and renewal or special survey, which is carried out once every five years. This survey may be commenced at the fourth anniversary after the previous survey and progressed during the year with a view to completion by the fifth anniversary. Vessels are also required to be dry-docked twice during the special survey period for inspection of underwater parts. The period between any two dry-docking must not be more than 36 months, unless the vessel qualifies for and undergoes an in-water survey.

Depending upon the type and age of a vessel and quality of ongoing maintenance, the scope of survey can range from a standard inspection to a more stringent enforcement such as steel thickness measurement. Defects found at such inspection have to be repaired to the satisfaction of the classification society before the vessel is allowed to be further used. In cases of older vessels where more wear and tear is typical, substantial amount of money may have to be spent for steel renewal or other repairs to comply with the rules of a classification society and for the vessel to be maintained under classification.

Competition

We operate in a highly competitive industry. Competition in our industry primarily involves factors such as (i) quality and capability of vessels; (ii) ability to meet the customer's requests and schedules; (iii) safety record; (iv) experience and professional reputation; and (v) price.

We have numerous competitors in each of the geographical regions in which we operate, ranging from international companies that operate in many regions to smaller local companies that typically concentrate their activities in one specific region. Local companies in the countries in which we operate may have more domestic experience and better relationships with clients than we do. Such companies may also have an advantage over us as many governments favor, or effectively require contracts to be awarded to, local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Such policies may affect our ability to compete. We also compete with larger and financially stronger operators in India and worldwide who may have greater brand recognition than us.

Despite the competitive environment in which we operate, we believe that our operating capabilities and long standing reputation enable us to compete effectively with other fleets in the market areas in which we operate. In particular, we believe that the acquisition of new and technically-advanced vessels, our ability to manage our vessels with lower operating costs, and our established reputation as a reliable provider of services provide us with a competitive advantage.

Personnel and Administration

The personnel and administration division oversees functions such as recruitment, employee relations, human resources development, public relations, maintenance of properties and general office services. The personnel and administration division also negotiates and manages the relationship between the labour unions representing our employees. We also have a training institute, the Maritime Training Institute (M.T.I.), which carries out the training of our fleet and shore personnel.

We have a highly skilled and diverse workforce comprising of 981 personnel, including six board level executives, on shore as of October 31, 2010. Our personnel include master mariners, marine engineers, naval architects, business graduates, accountants, computer specialists and many other skilled professionals.

The following table sets forth our personnel on board as of October 31, 2010:

Rank	Main Fleet	Offshore Vessels
Officer posts on board	956	296
Petty officer posts on board	346	51
Crew posts on board	1,537	216
Regular officers on roster	1,700	104
Regular petty officers on roster	352	61
Regular crew on roster	177	125
Contract officers placed onboard vessels	110	201
Contract petty officers placed onboard vessels	0	6
Contract crew	1,765	167

The following table sets forth the statistics regarding our personnel on shore as of October 31, 2010:

Location	Officers	Staff	Total
Mumbai	632	128	760
Delhi	8	4	12
Kolkata	102	45	147
Chennai	42	10	52
London	2	0	2
Joint Ventures (Irano-Hind)	4	0	4
Ship Yard	4	0	4
Total	**794**	**187**	**981**

We provide our employees with periodic training and development to assist them in acquiring the knowledge and skills necessary for the performance of their respective functions. In 1988, we commissioned M.T.I. which is our in-house training facility for the development of skills critical to our operations. M.T.I. is also a branch of the World Maritime University of Malmo Sweden. M.T.I. trains seafarers in entry and advanced level Seafarers' Training, Certification and Watchkeeping Code (STCW) courses. M.T.I. also conducts domestic and international seminars and conferences for the maritime industry. In addition to meeting the training demands of our Company, M.T.I. designs custom made courses on demand for various companies and government entities. M.T.I. also trains approximately 200 pre-sea cadets per year in courses affiliated with the Indian Maritime University. In Fiscal Year 2010 M.T.I. conducted 318 courses for a total of 13,289 total man days trained covering our Company, third party companies and independent students. Training courses of pre-sea cadets is required in order to meet fleet manning requirements and to achieve certain tonnage tax benefits.

Our Company from time to time experiences shortage of employees in both on board and on shore personnel as a result of attrition. Our Company has attempted to address this through a combined effort of hiring young professionals at the junior and middle management levels and campus recruitment at the Indian Institute of Management, Indian Institute of Technology, and other professional institutes. In Fiscal Year 2010, we hired 37 professionals at various junior and middle management positions. In Fiscal Year 2010 we faced a shortage of management level nautical and engineer officers. However, we have worked to address through recruitment, training, and adjustment of salaries to market standards.

Our onshore personnel are members of one of the following, SCI Officers' Association Mumbai, SCI Officers' Association Kolkata, SCI Staff Union Mumbai, Shipping Corporation Employees' Union Kolkata, and Shipping Corporation Non-Clerical Staff Union Kolkata. Our fleet personnel are members of one of the following three unions, namely, Maritime Union of India (MUI), National Union of Seafarers of India (NUSI) and Forward Seamans’ Union of India (FSUI). As of October 31, 2010, we have entered into negotiations with the representative labour bodies for our onshore personnel regarding an impending wage revision.

Insurance

The operation of our vessels includes risks such as mechanical failure, collision, piracy attack, property loss, cargo loss or damage and business interruption due to political circumstances in India or foreign countries, hostilities and labour strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. We believe that our fleet is covered with adequate insurance and with reasonable deductibles and limits on coverage, which are normal for the type of assets and operations to which they relate. While we believe that our insurance coverage will be adequate, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that we will always be able to obtain adequate insurance coverage at reasonable rates. See the risk factor no. 39 on page xxv.

Intellectual Property

We have registered the “ ” trademark with the Trademark Registry and have been granted a certificate of registration dated January 24, 2003. Further, our Company has made an application dated February 9, 2007 under class 39 with the Trademark Registry for registering “ ” trademark and logo, which is currently pending.

Information Technology

We believe that a material factor in the success of our operations is the ability of our divisions, employees, and agents to securely and effectively communicate with each other through the use of information technology. Accordingly, we are committed to consistently enhancing our companywide information technology systems which would improve the work efficiency, enhance the business through better customer support and help the management to take well informed decisions.

In October 2006 (Phase I) and January 2008 (Phase II), we entered into an agreement with Tata Consultancy Services (TCS) to study and supervise the upgrade of our major information technology systems. The resulting SCI Enterprise Transformation through Information Technology (SET-IT) project seeks to implement a comprehensive and integrated enterprise resource planning (ERP) system using various systems such as SAP, Danaos and AFSYS across all divisions which will provide us with greater security, reliability and efficiency in major areas of our operations, including container management, freight booking and reconciliation, spare part management, agents account management, bunkering, vessel scheduling, dry-docking, repair management, crew management, payroll and billing. When fully implemented, the enhanced information technology system will permit integrated communication with our network of more than 121 agents worldwide. In connection with this project, TCS is the program manager supervising the works of consultants, including those from other vendors such as M/s. SAP India, M/s. Danaos Management Greece, M/s. Information Dynamics Dubai and M/s. Wipro whose software and hardware will be implemented as part of SET-IT. A state of the art data centre well connected to all locations once SET-IT fully operational. Due to the size and complexity of this project, this ERP implementation has been conducted in various phases, some of which have been completed as of October 31, 2010. We anticipate that this system implementation will be substantially completed in the fourth quarter of Fiscal Year 2011. We are in the process of training our employees and agents on the use of the integrated system. See risk factor no. 36 on page xxiii.

Our Offices and Properties

Our registered office is located at Shipping House, 245 Madame Cama Road, Mumbai 400 021, which is owned by our Company. We also own properties in other parts of Mumbai, Kolkata and Haldia totaling approximately 378,864 square feet. We also occupy leased properties in Mumbai, Chennai, Kolkata, Delhi and London totaling approximately 9,935 square feet.

Awards

We have received numerous awards and accolades from various national and international organizations for excellence in customer satisfaction and operation efficiencies, human resource training, environment consciousness, safety and emergency preparedness. These awards include:

- *A "Navratna" company.*
- *Awarded "Excellent" rating under the Memorandum of Understanding with the Government for 18 consecutive years.*
- *Multiple Loyds Awards for best container shipping from India to the U.K.*
- *Conferred Mini Ratna status in 2000.*
- *Winner of the "Best International Solution" award at the 3rd Annual HSBC Global Payments and Cash Management Partnership Awards.*
- *The Most Compassionate Employer of Indian Seafarers' during the year 2003 at 43rd National Maritime day celebration in April 2004.*
- *Vessel 'm.v. Tamilnadu' was chosen for the 'Ship of the Year' award at 43rd National Maritime Day in April 2006.*
- *"Dun & Bradstreet – American Express Corporate Award 2006", where our Company was ranked 1st on the basis of total income, in the Shipping and Logistics Sector in August 2006.*
- *Winner of the Seatrade Middle East and Indian Subcontinent Award 2007 in the category of the "Ship Owner/Operator".*
- *Selected by the international shipping newspaper 'Lloyd's List' for Lloyd's List Middle East and Indian Subcontinent Award 2007 in the category of "Ship Owner of the Year".*
- *"Deal of the Year 2008" award at the India Shipping Summit 2008 in September 2008.*
- *Awarded "Safest & Most Environmentally Conscious Indian Shipping Company" at the 2009 World Maritime Day.*
- *Awarded "Tanker Operator of the Year" at the 2009 annual Indian maritime gateway awards.*
- *Winner of the "Leadership Builders" award at the Asia Pacific HRM Congress in September 2010.*
- *Winner of the "Ship Owner of the Year - India" awarded at the Maritime and Logistics Awards in September 2010.*
- *Winner of the "Gold Award in Transport Category" at India Pride Awards for 2010*

REGULATIONS AND POLICIES IN INDIA

The following description is a summary of certain laws and regulations in India which are applicable to us. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

Maritime laws

Shipping is an international activity and is required to conform to various international regulations, treaties, conventions and other similar bilateral and multilateral agreements. India is a party to several conventions developed by the IMO and the United Nations Organisation and the ILO. The ILO also develops conventions and recommendations relating to the working conditions of seafarers, their safety, identity and other welfare measures for the seafaring community at large. To give effect to the requirements of such conventions, suitable statutory provisions have been made in the Merchant Shipping Act, 1958 ("Merchant Shipping Act"). The Merchant Shipping Act is also suitably amended as per the requirements of the conventions for giving statutory authority for the implementation of the provisions of these conventions.

The Merchant Shipping Act

The Merchant Shipping Act was enacted with an objective to foster the development of an Indian mercantile marine legislation to serve national interests and to establish a National Shipping Board for the registration of Indian ships and generally to amend and consolidate the law relating to merchant shipping. The Merchant Shipping Act is the principal legislation that applies to ships that are registered in India or which are required to be registered under this statute. It closely follows international maritime law. The Merchant Shipping Act provides for, among other things, regulations governing the transfer, mortgage and sale of ships, certification of competency of the officers, engagement and discharge of seamen, payment of wages to seamen, health and accommodation of seamen, the duties of the shipping masters, agreements with the crew, disputes between seamen and employers, inspection by shipping master of provisions, accommodation on board and a certificate of survey for passenger carrying ships. In addition, with a view to ensure safety of the vessels, the Merchant Shipping Act makes it compulsory to install life saving appliances, fire appliances as well as radio telegraphy, radio telephony and direction finder. The Merchant Shipping Act also contains provisions relating to safety and space requirements of unberthed passenger ships. The statute also sets out the requirements in relation to the following, among other things, dangerous goods and grain cargoes, collisions, accidents at sea and limitation of liability, wreck and salvage, and weights and measures on board. The Merchant Shipping Act also contains special provisions for control of Indian ships and other ships engaged in coasting trade.

Registration of Indian ships

Every Indian seagoing ship fitted with a mechanical means of propulsion (except a ship with mechanical means of propulsion of less than 15 tons net and employed solely in the coasts) is required to be registered under the Merchant Shipping Act. A ship entitled to fly the flag of a country needs to be registered in that country. The object of registration is to ensure that persons who are entitled to the privilege and protection of the Indian flag are able to obtain the privilege and protection. The registration affords evidence of title of the ship to those who deal with the property in question. It also gives protection to the members of the crew in case of casualties involving injuries and/or loss of life to claim compensation under the provisions of the Indian acts in Indian courts. A ship is not recognised as an Indian ship unless it is owned wholly by: (a) citizen of India; or (b) a company or body established by or under any Central or State legislation which has a principal place of business in India; or (c) is a duly registered or deemed to be registered cooperative society. An Indian ship which is required to be registered under the Merchant Shipping Act and which is not so registered, is not recognised as an Indian ship. The Merchant Shipping Act provides a list of ports at which the registration of ships can be done. An application for the registry of an Indian ship under the Merchant Shipping Act is followed by a survey of the ship in relation to its tonnage, build and other particulars. Further, the person to be registered as the owner of the ship is required to submit a declaration of ownership in the prescribed format. All Indian ships are required to obtain a license from the DG Shipping, before they are taken to sea from the port or place within or outside India.

Cabotage

Part XIV of the Merchant Shipping Act imposes restrictions on ships other than Indian ships or ships chartered by (a) citizen of India; or (b) a company or body established by or under any Central or State legislation which has a principal place of business in India; or (c) is a duly registered or deemed to be registered cooperative society, in engaging in coasting trade of India. Such ships are required to obtain a license from the Directorate General of Shipping prior to engaging in the coastal trading of India. In this regard, the Directorate General of Shipping, in the year 2002, issued the Guidelines for Grant of License to Foreign-Flag Vessels (the "Charter Guidelines") laying down the process for engaging foreign vessels in the Indian exclusive economic zone of India including its territorial waters and contiguous zone.

Seamen and Apprentices

Specific provisions in relation to the engagement, discharge and related matters pertaining to seamen and welfare of Seamen and Apprentices are contained under the Merchant Shipping Act. Seamen are required to be registered with the Director, Seamen's Employment Office. There are prescribed rules and regulations in relation to the maintenance of discipline on board of the ships. The safety and welfare of the seamen is regulated by the provisions of the Merchant Shipping Act. The Merchant Shipping Act, *inter alia,* contains the provisions in relation to the engagement of seamen on Indian ships and ships other than Indian ships at any port in India. The Merchant Shipping Act also sets out special provisions with regard to agreements with crew of Indian ships.

Directorate General of Shipping ("DG Shipping")

The DG Shipping is vested with statutory powers under Section 7 of the Merchant Shipping Act. The DG Shipping has the power to make rules in relation to maritime administration. The DG Shipping deals with the matters concerning implementation of shipping policy and legislations, prevention of marine pollution, promotion of maritime education and training in co-ordination with the international maritime organisation, regulation of employment and welfare of seamen development of coastal shipping, augmentation of shipping tonnage, examination and certification of merchant navy officers, supervision and control of the allied departments and officer under its administrative jurisdiction. The DG Shipping may from time to time make rules and notify circulars as part of the administration of various matters related to shipping. As part of our operations, we are required to comply with such rules, circulars and notifications made by DG Shipping from time to time, as applicable.

Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 (the "Territorial Waters Act")

The Territorial Waters Act empowers the Government to extend the application of any Central Government legislation to the territorial waters, continental shelf, exclusive economic zone and other maritime zones of India. Accordingly, the Territorial Waters Act provides for the grant by way of licenses or letter of authority by Government of India to explore and exploit resources of the continental shelf and exclusive economic zones.

The Seamen's Provident Fund Act, 1966 and the Seamen's Provident Fund Scheme

The Seamen's Provident Fund Act, 1966 regulates, among other things, the institution of a Seamen's Provident Fund which has been established by the Government pursuant to the Scheme framed under the said Act. The Scheme provides for, among other things, matters relating to fund contribution, administration thereof, payments and withdrawals. The Act applies to any owner of a ship, his agent thereof or the master of a ship for contributing to the Seamen's Provident Fund.

Insurance

Marine Insurance Act, 1963

The Marine Insurance Act, 1963 ("MI Act") provides that the insurer shall undertake to indemnify the assured against the losses incidental to marine adventures. It is extended to protect the assured against any losses on inland waters or any land risk which may be incidental to any sea voyage. Further, it requires that the assured must be interested in the subject-matter at the time of the loss. In the event, the assured has no interest at the time of loss, such person could not acquire interest by any act or election after the assured person becomes aware of the loss. It is essential that the contract of marine insurance is embodied in the marine policy and such policy must be executed and issued either at the time when the contract is concluded or subsequently. The MI Act provides that the assured can avail different types of insurance including voyage policy, time policy, valued or unvalued policy, floating policy by ships and others.

Environmental Laws

The Environmental Protection Act, 1986, Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981 provide for the prevention, control and abatement of pollution. Pollution Control Boards ("PCBs") have been constituted in all the States in India to exercise the authority provided under these statutes for the purpose of preventing and controlling pollution. Companies are required to obtain approvals of the relevant State PCBs for emissions and discharge of effluents into the environment. The Hazardous Waste (Management and Handling) Rules, 1989 include waste oil and oil emulsions under the definition of hazardous wastes and impose an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such hazardous wastes properly including proper collection, treatment, storage and disposal. Every occupier and operator of the facility generating hazardous waste is required to obtain an approval from the PCB for collecting, storing and treating the hazardous waste.

Labour Legislations

As part of our operations, we are required to comply from time to time with the laws, rules and regulations in relation to the hiring and employment of labour. Labour legislation in India classifies persons into 'employees' and 'workmen' based on factors which, among others, include the nature of work and remuneration. While workmen are typically entitled to various statutory benefits including gratuity, bonus, retirement benefits and insurance protection, employees are governed by the terms of their employment contracts. The following is an indicative list of legislations which are applicable to our operations and workmen:

- Minimum Wages Act, 1948
- Contract Labour (Regulation and Abolition) Act, 1970
- Payment of Bonus Act, 1945
- Payment of Gratuity Act, 1972
- Employee State Insurance Act, 1948
- Employees Provident Fund and Miscellaneous Provisions Act, 1952
- Workmen's Compensation Act, 1923
- Industrial Disputes Act, 1947
- Industrial Employment (Standing Orders) Act, 1946

HISTORY AND CERTAIN CORPORATE MATTERS

Our History

Our Company was incorporated as Eastern Shipping Corporation Limited on March 24, 1950 under the Companies Act, 1913. With effect from October 2, 1961, Western Shipping Corporation Limited was amalgamated with our Company under the Shipping Corporations Amalgamation Order, 1961, issued by the Government of India. The name of our Company was changed from Eastern Shipping Corporation Limited to The Shipping Corporation of India Limited on October 21, 1961. Subsequently, for the purpose of listing in 1992, our Company was changed from a private company to a public company and received a fresh certificate of incorporation on February 18, 1993.

In 1992, the DPE, Ministry of Industry, issued letters to our Company expressing their intent to divest a certain portion of the Equity Shares held by the President of India, acting through the Ministry of Shipping ("Ministry of Shipping"), in favour of various financial institutions (the "DPE Letters"). On February 6, 1992, the Department of Economic Affairs, Ministry of Finance, issued a letter to stock exchanges in India permitting the listing of equity shares of the public sector enterprises irrespective of the percentage of the securities divested by the Government of India. Pursuant to the DPE Letters, 52,245,900 Equity Shares held by the Ministry of Shipping were transferred, by way of an offer for sale, to various financial institutions, mutual funds and banks on September 29, 1992.

Our Company's business is owning and operating ships. For further details in relation to our business including description of our activities, services, market of each segment, our growth, research and development, managerial competence and capacity build-up, our standing with reference to our prominent competitors, see "Our Business" and "Management's Discussion of Financial Conditions and Results of Operational" beginning on pages 62 and 177 respectively.

Changes in the Registered Office of our Company

At the time of incorporation, our registered office was situated at Steelcrete House, 4th floor, Dinshaw Wacha Road, Bombay 400 020. Our registered office was shifted from Steelcrete House, 4th floor, Dinshaw Wacha Road, Bombay 400 020 to our present address at Shipping House, 245, Madame Cama Road, Mumbai 400 021 in August, 1973. The change in the registered office was for administrative and operational efficiency.

Main Objects of our Company

Our main objects that enable us to carry on our business, as contained in our Memorandum of Association are as follows:

I. To purchase, charter hire or otherwise acquire, sell exchange, let or charter either in India or in any other country or otherwise deal with steam and other ships or vessels, of any description with all equipment and furniture, and to establish maintain and operate transport services by water and land between India and other countries of the world for the conveyance of passengers, mails and freight and for any other purpose including the conveyance of troops, carriage of munitions of war, live-stock, corn and other produce, all merchandise and food articles of whatsoever nature or kind between such Ports and places in any part of the world as may seem expedient, also to acquire or obtain any postal and/or other subsidy etc., and generally to establish, maintain and operate lines, or regular services of steamships or other vessels propelled by power or otherwise, on such trades routes and services as may be allotted to our Company by the Government of India.

II. To purchase, take in exchange or otherwise acquire any share or interest in ships, vessels or craft of any description and also shares, stocks and securities of any companies possessed of or interested in any ships or vessels or craft.

III. To construct, purchase, own, maintain repair, refit, replace, restore, sell or dispose of engines, boilers, machinery, component parts, accessories and fittings, required for ships or vessels of any description or kind.

IV. To buy, sell prepare for market and deal in rice, cotton, jute, coal timber, oils, lubricants, petrol, fuels of all descriptions, live stocks, meat and other merchandise, commodities and produce either for freighting ships and vessels of our Company or any other purpose.

V. To carry on the business of merchants, carriers by land and water, ship-owners, ship agents, dock owners, warehousemen, wharfingers, barge owners, lightermen, forwarding agents, stevedors, bunkerers and ice merchants and refrigerating storekeepers, and of hotel owners and bus owners in furtherance of or in connection with their business of carriers by land and sea and provide facilities for the carrying on of any of the above business.

VI. To carry on the business of shipbuilders and repairers and refiners and vendors of ships and vessels and/or repairers of engines, boilers, machinery and any other parts required for ships and vessels and to instruct and maintain for the use of our Company or for letting out on hire or for doing repair or other work for others graving and other docks and other conveyances for the building, repairing or docking of ships and other vessels and to aid in or contribute to the construction of any such works.

VII. To purchase, take on lease or acquire in exchange or in amalgamation, license or otherwise solely or jointly with others, equip and fit up with all plant, machinery, equipment, appliances and accessories, yards, factories, or works for maintaining and operating building, repairing, equipping and stationing steamers, ships, vessels, launches and boats.

VIII. To maintain, operate, renew, replace, repair, improve, alter, break, sell, exchange or let out on hire or charter load on commission or otherwise use, utilise, deal with and dispose of any ships and vessels.

IX. To demolish, erect, construct, enlarge, alter, replace, repair, or maintain factories, buildings, and structures of every kind necessary or convenient for our Company's business.

X. To manufacture, make and deal in metal, wood and any other products, substances, articles, and things of every description and kind.

XI. To purchase, take on lease, licences or concessions or in exchange or obtain assignment of or otherwise acquire lands of every description and tenure, building works, plantations, forests, licences, leases and any rights and privileges or interest therein for establishment maintenance and working of lines of steamships or vessels between any ports of the world or for the formation or working of any railway, tramway, wharf, quay, jetty, pier, dock or other works, and to explore, work exercise, develop and to turn to account and to sell, assign, transfer or otherwise deal with or dispose of the same together with the benefit of any subsidy attached to any such licence or concession or otherwise.

XII. To apply for, purchase or by any other means acquire and protect, prolong and renew any patents, patent rights, brevets d' invention, licences, protections and concessions which may appear likely to be advantageous or useful to our Company and to use and turn to account and to manufacture under or grant licences or privileges in respect of the same and to spend money in experimenting upon and testing and improving or seeking to improve any patents, inventions or rights which our Company may acquire or propose to acquire.

XIII. To buy, sell, let on hire, repair, alter and deal in machinery, components parts, accessories and fittings of all kinds.

XIV. To manufacture, buy sell, exchange, install, work, alter, improve, import or export and otherwise deal in all kinds of plant, machinery, vehicles, apparatus, tools, utensils, substances, materials and things necessary or convenient for carrying on any of the business which our Company is authorised to carry on or usually dealt in by persons engaged in such businesses.

XV. To carry on business as manufacturers, sellers, purchasers, importers or exporters and dealers in boats, barges, launches, steamers, trucks, chassis, rolling stock, motors, carriages, buses, lorries, engines, and turbines whether propelled or moved by electricity, steam, oil, gas, petroleum or any other motive or mechanical power and all components parts, fittings, tools, implements, accessories, materials for use in connection therewith.

XVI. To insure the steamships, vessels and other property of our Company and to effect all such insurances in relation to the carrying on of our Company's business and any risk incidental thereto as may seem expedient and if thought fit, to join or become a member of any mutual insurance company or to carry a part of-the whole of such insurance risk in connection with our Company's business.

XVII. To act as agents or Managing Agents of any company carrying on or about to carry on any business which this Company is authorised to carry on.

XVIII. To promote any company or companies subsidiary or otherwise for the purpose of acquiring all or any of the property, rights, and liabilities of this Company or for carrying on any business which this Company is authorised to carry on or for any other purpose which may seem directly or indirectly calculated to benefit this Company or to promote or advance the interests of this Company, and to pay and meet the cost of and incidental to such promotion.

XIX. To grant loans on ships, vessels, or on goods and merchandise carried or to be carried on any vessels of our Company.

XX. To sell or sublet any concession or licence obtained or contract entered into.

XXI. To buy or otherwise acquire ships and vessels of every description complete or not complete, sound or out of repair for the purpose, of improving reselling, letting out on hire or otherwise making a profit out of the same.

XXII. To carry on any other business which may seem to our Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of our Company's property or rights.

XXIII. To undertake the salvage and towage of ships, crafts, cargoes and property and to levy cranages, anchorage, lighting and other dues and tolls and render assistance to ships and vessels in distress.

XXIV. To carry on the activities connected with off-shore exploration and production of oil, minerals, gas and other related areas as well as logistic support thereto.

XXV. To acquire and deal with the following property:

a) The business property and liabilities of any company firm or person carrying on any business within the objects of our Company.

b) Lands, buildings, easements and other interests in immovable property.

c) Plant, machinery personal estate and effects.

d) Patents, patent rights, inventions or designs.

e) Shares, stocks or securities in or of any shipping company ship-repairing company or any company carrying on or entitled to carry on business of building or manufacturing steamers, vessels, ships, tankers, or in or of any company carrying on any business which this Company is entitled to carry on or of any other company or undertaking the acquisition of which may seem likely or calculated directly or indirectly to promote or advance the interest of our Company or be advantageous or beneficial to our Company and to continue to hold any shares in any such company heretofore acquired by our Company and to sell or dispose of and transfer any such shares, stocks or securities.

f) To purchase, take on lease or acquire in exchange or under amalgamation, licence or concession or otherwise, absolutely or conditionally solely or jointly with others any property, rights or privileges which our Company may think necessary or convenient for the purposes of its business, and make, construct, maintain, work, hire hold, improve alter, manage, let, sell, dispose of exchange, carry out or control roads, canals, water courses, ferries, piers, wharves, quays, sheds, landing places, garages, accommodation of ail kinds of sea and land traffic, water ways, lands, buildings, pipe lines, foundries, warehouses, works, factories, workshops, sidings, tramways, engines, machinery and apparatus, electric works, water rights, way leaves, privileges or rights of any description or kind and other conveniences, which may be calculated directly or indirectly to advance our Company's interest and to contribute to subsidise or otherwise assist or take part in the construction, improvement, maintenance, working, management, carrying out or control thereof.

XXVI. To perform or do all or any of the following operations, acts or things:

a) To pay all the costs, charges and expenses of the promotion and establishment of our Company.

b) To sell, let, dispose of or grant rights over all or any property of our Company.

c) To erect buildings, factories plant and machinery for the purposes of our Company.

d) To undertake payment of all rents and performance and observance of all covenants, conditions and agreements combined in or reserved by any lease or leases which may be granted or assigned to or may be otherwise acquired by our Company.

e) To manufacture plant, machinery, tools goods and things for any of the purpose of the business of our Company.

f) To draw, accept and negotiate bills of exchange, promissory notes and other negotiable instruments.

g) To borrow money or to receive money on deposit either without security or secured by debentures, debenture stock (perpetual or terminable), mortgage or other security charged on the undertaking or all of any of the assets of our Company including uncalled capital.

h) To lend money on property or on mortgage of immovable property or on hypothecation or pledge of movable property and to invest money of our Company in such manner (other than in the shares of this Company) as the Directors think fit and to sell, transfer or deal with the same.

i) To enter into partnership or into any arrangement for joint working, sharing or pooling profits, amalgamation union of interests, co-operation, joint adventure, reciprocal concession, or otherwise or amalgamate with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which this Company is authorised to carry on or engage In, or any business undertaking or transaction which may seem capable of being carried on or conducted so as directly or indirectly to benefit this Company.

j) To sell or dispose of the undertaking of our Company and all or any of the property or effects of our Company for cash or for stock, shares, securities of any other company or for other consideration as our Company may think fit and in particular for shares, debentures or securities of any other company having objects altogether or in part similar to those of this Company.

k) To establish, provide, maintain and conduct or otherwise subsidise research laboratories and experimental workshop of scientific and technical research and experiments; to undertake and carry on scientific and technical researches, experiments and tests of all kinds; to promote studies and researches, both scientific and technical, investigations and inventions by providing subsidising, endowing or assisting laboratories, workshops, libraries, lectures, meetings and conferences and by providing or contributing to the remuneration of scientific or technical professors or teachers and by providing or contributing to the award of scholarships, prizes, grants to students or otherwise and generally to encourage, promote and reward studies, researches, investigations, experiments, tests and inventions of any kind that may be considered likely to assist any business which our Company is authorised to carry on.

l) To establish, maintain, operate and support or Joint in establishing, maintaining, operating and supporting training colleges for ships officers, navigators, marine engineers, ship-building architects, radio operators, technicians and mechanics, and schools and colleges for (raining in navigation, ship-building and repairing in all branches of marine navigation and' engineering in India or in any part of the world and to enter into any arrangement with Government of any other party for that purpose.

m) To obtain apply for, arrange for the issue or enactment, of Order or Act of Legislature or Act of Authority in India, England or any other part of the world for enabling our Company to obtain powers, authorities, protection, financial and other help necessary or expedient to carry out or extent any of the objects of our Company or for any other purpose which may seem expedient and to oppose any proceedings or applications or any other endeavours steps or measures which seem calculated directly or indirectly to prejudice our Company's interests.

n) To enter into any arrangement with the Government of India, Government of U.K. or with any other Government or State or any local or provincial government or with authorities imperial supreme, national, local, municipal or otherwise or with any rulers, chiefs, landholders or with any person for the purpose of directly or indirectly carrying out the objects of our Company or any of them or effecting any modification in the constitution of our Company or furthering the interests of our Company or its members and to obtain from any such Government, State, authority or person any charters, subsidies, loans, indemnities, grants contracts, decrees, rights, sanction, privileges, licences or concessions whatsoever (whether statutory or otherwise) which our Company may think it desirable to obtain and carry out, exercise and comply with any such arrangements, charters, grants, contracts, decrees, rights, sanctions, privileges, licences, or concessions and the terms and conditions arid in particular to comply with any conditions for the sharing of profits of our Company with any such Government, State, authority or person or for restricting dividends on shares of our Company.

o) To establish, maintain, manage and operate restaurants, refreshment rooms, buffets, cafeterias and hotels and to carry on the business of general provision merchants, licensed victuallers, wine and spirit merchants and tobacconists.

p) To provide for the amelioration and welfare of persons employed or formerly employed by our Company and the wives, families, dependents or connections of such persons by building or contributing to the buildings of houses, dwellings or chawls or by grants of money, pensions, allowances, bonuses or other payments or by creating and from-time to time subscribing or contributing to Provident Fund and other Associations, Institutions, Funds or Trusts or by helping persons employed by our Company to effect or maintain insurance on their lives by contributing to the payment or otherwise and by providing or subscribing or contributing towards places of instructions and recreation, hospitals, and dispensaries, medical and other attendance and other assistance as our Company shall think fit.

q) To apply the assets of our Company in any way In or towards the establishment, maintenance or extension of any association, institution or fund in or any wise connected with any particular trade or business or with trade or commerce generally including any association, institution or fund for the protection of the interests of masters, owners and employers against loss by bad debts, strikes, combinations, fire, accidents or otherwise or for the benefit of any clerks, workmen or others at any time employed by our Company or any of its predecessors in business or their families or dependents and whether or not in common with other persons or classes of persons and in particular of friendly co-operative and other societies, reading rooms, libraries, educational and charitable institutions, refactories, dining and recreation rooms, churches, temples, places of worship, schools, and hospitals and to grant gratuities, pensions, and allowances and to contribute to any funds raised by public or local subscription for any purpose whatsoever.

r) To aid peculiarly or otherwise, any association body or movement having for an object the solution, settlement or surrounding of industrial or labour problems or troubles or the promotion of industry or trade.

s) To dedicate, present, subscribe to or otherwise aid out of the profits and assets of our Company benevolent, charitable, national or other institutions or objects of a public character or which have any moral or other claims to support or aid by our Company by reason of the locality or nature of its operations or otherwise.

t) To make donations to any national memorial Fund or any other Fund constituted for a charitable purpose.

u) To distribute any of the property of our Company among the members in specie or in kind but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law.

v) To transact and carry on all kinds of Agency business and to be appointed and act as Agents, Managing Agents, Managers or Secretaries and Treasurers of any company or concern and to do and perform all and singular the several duties, services and authorities appertaining to such offices respectively and to comply with and to become bound by all restriction; limitations and conditions appertaining to such offices respectively or imposed' by the terms of any agreement or agreements entered into for any of the purposes aforesaid.

w) To carry on any other trade or business that may seem to our Company capable or being conveniently carried on in connection with these objects or calculated directly or indirectly to enhance the value of or render profitable any of our Company's property or rights or which it may be advisable to undertake with a view to improving, developing, rendering valuable or turning to account any property moveable or immoveable belonging to our Company or in which our Company may be interested.

x) To do all or any of the above things and all such other things as are incidental or as may be thought conducive to the attainment of the above objects or any of them in India or at any other part of the World, either as principals, agents, trustees, contractors or otherwise, and either along or in conjunction with others and to do all such things as the incidental or conducive to the attainment of the above objects.

XXVII. To do all or any of the things hereinbefore authorised either alone, or in conjunction with or as factors trustees or agents for others or by or through factors, trustees or agents.

Amendments to our Memorandum of Association

Date	Details of change
December 31, 1960	The authorised share capital of our Company was increased from Rs. 100 million to Rs. 150 million.
October 2, 1961	• The name of our Company was changed from The Eastern Shipping Corporation Limited to The Shipping Corporation Of India Limited • *The words "provided, however, that this shall not debar the Company from operating with the consent in writing of the Scindia Steam Navigation Company Limited so long as they are the Managing Agents of the Company on any of the trades, routes and services of the, Scindia Steam Navigation Company Limited, and/or their associated companies in which they have controlling interest" were deleted from Clause 3(a) of the Memorandum of Association of our Company, so as to be read as follows:* "To purchase, charter hire or otherwise acquire, sell exchange, let or charter either in India or in any other country or otherwise deal with steam and other ships or vessels, of any description with all equipment and furniture, and to establish maintain and operate transport services by water and land between India and other countries of the world for the conveyance of passengers, mails and freight and for any other purpose including the conveyance of troops, carriage of munitions of war, live-stock, corn and other produce, all merchandise and food articles of whatsoever nature or kind between such Ports and places in any part of the world as may seem expedient, also to acquire or obtain any postal and/or other subsidy etc., and generally to establish, maintain and operate lines, or regular services of steamships or other vessels propelled by power or otherwise, on such trades routes and services as may be allotted to the Company by the Government of India." • *The words "provided always that so long as the Scindia Steam Navigation Company Limited own a Shipyard at Vishakapatnam in the State of Madras, the Company shall not undertake or carry on the business of a Shipbuilders except with the previous consent in writing of the Scindia Steam Navigation Company Limited, which consent shall however, be required only so long as the said Scindia Steam Navigation Company*

Date	Details of change
	Limited, are the Managing Agents of the Company" were deleted from Clause 3(a) of the Memorandum of Association of our Company, so as to be read as follows: "To carry on the business of shipbuilders and repairers and refiners and vendors of ships and vessels and/or repairers of engines, boilers, machinery and any other parts required for ships and vessels and to instruct and maintain for the use of our Company or for letting out on hire or for doing repair or other work for others graving and other docks and other conveyances for the building, repairing or docking of ships and other vessels and to aid in or contribute to the construction of any such works." • The authorised share capital of our Company was increased from Rs. 150 million to Rs. 350 million.
January 23, 1984	The authorised share capital of our Company was increased from Rs. 350 million to Rs. 1,000 million.
February 16, 1988	*Clause 3(wi) was inserted in the Memorandum of Association of our Company, so as to be read as follows:* "To carry on the activities connected with off-shore exploration and production of oil, minerals, gas and other related areas as well as logistic support thereto."
August 29, 1991	The authorised share capital of our Company was increased from Rs. 1,000 million to Rs. 3,500 million.
September 18, 1992	The authorised share capital of our Company of Rs. 3,500 million divided into 35,000,000 equity shares of Rs. 100 each was split into 350,000,000 equity shares of Rs. 10 each
September 21, 1995	The authorised share capital of our Company was increased from Rs. 3,500 million to Rs. 4,500 million
July 21, 2010	The authorised share capital of our Company was increased from Rs. 4,500 million to Rs. 10,000 million

Milestones achieved by our Company since its incorporation are listed below:

Year	Milestones
1950	Incorporation of Eastern Shipping Corporation Limited
1961	Merger of Eastern Shipping Corporation Limited and Western Shipping Corporation Limited and change of name of Eastern Shipping Corporation Limited to The Shipping Corporation of India Limited
1964	Diversification into crude oil transportation
1973	Amalgamation of Jayanti Shipping Company Limited with our Company
1975	• Acquisition of first Indian VLCC • Our Company pioneered lighterage operations of ship to ship transfer of oil in India • Setting up of IranoHind Shipping Company as a joint ventures in Iran
1984	Diversification into offshore supply vessels through acquisition of 10 offshore supply vessels
1986	Merger of Mogul Line Limited with our Company
1988	Our Company establishes Maritime Training Institute at Mumbai
1990/91	Execution of the first memorandum of understanding with the Government specifying performance and operational targets
1991	Diversification into chemical tankers and cryogenic operations
1992	First disinvestment of 18.51% equity shares by the President of India in favour of financial institutions, mutual funds, banks and FIIs and consequent listing on the BSE, the NSE, the CSE, the DSE and the MSE
1993	Acquisition of 3 cellular vessels namely Lal Bahadur Shastri, Indira Gandhi and Rajiv Gandhi
1994	Second disinvestment of 3,864,600 equity shares constituting 1.37% of the paid up capital by the President of India in favour of FIIs, Mutual Funds and banks
2000	Our Company was conferred the status of "Mini Ratna" by the Government, enhancing powers for capital investment to the Board
2004	Diversification into LNG transportation through joint venture with Mitsui OSK Lines Limited, Nippon Yusen Kabushiki Kaisha, Qatar Shipping Company QSC and Kawasaki Kisen Kaisha Limited
2005	Acquisition of VLCC of 316,000 DWT, largest ship in India's registry

Year	Milestones
2006	Entered into a joint venture arrangement with Forbes and Sterling Investments for operations in the chemical tanker
2008	• Our Company was conferred the status of "Navratna" by the Government • The equity share capital of our Company was increased from Rs. 2,823 million to Rs. 4,234.5 million as a result of issue of bonus issue of 1 equity share for every 2 equity shares held • Commenced our Company's transformation through information technology project for better information management
2009	• Acquisition of VLCC of 321,137 DWT, largest ship in the Indian Registry • Our Company takes over the management of two LNG carriers
2010	• Entered into a joint venture arrangement with SAIL to provide shipping related services to SAIL for importing coking coal

Key Awards and Recognitions

Year	Name of Award
2000	Our Company was conferred Miniratna status by the Government
2006	• Our Company was conferred with 'The Most Compassionate Employer of Indian Seafarers' at 43rd National Maritime day celebration • Our ship 'm.v. Tamil Nadu' was chosen for the 'Ship of the Year' at 43rd National Maritime day celebration • Our Company was awarded with 'Dun & Bradstreet – American Express Corporate Award 2006' in the shipping and logistics sector
2007	• Our Company was awarded with Seatrade Middle East and Indian Subcontinent Award 2007 in the category of the 'Ship Owner/Operator' • Our Company was selected by the international shipping newspaper Lloyd's List for 'Lloyd's List Middle East and Indian Subcontinent Award 2007' in the category of "Ship Owner of the Year" • Our Company was awarded with Best International Solution" at the 3rd Annual HSBC Global Payments and Cash Management Partnership Awards • Our Company was awarded with "Safest & Most Environmentally Conscious Indian Shipping Company" award at the World Maritime Day - 2009
2008	• Our Company was conferred with Navratna status by the Government • Our Company was awarded with "Deal of the Year 2008" at the India Shipping Summit 2008 in September, 2008
2009	Our Company received MoU Excellence Certificate 2006-07 from Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government, for excellence in achieving the MoU targets

For a list of awards received by our Company, see "Business" beginning on page 62.

Time and Cost Overrun

Our Company has not experienced a time or cost overrun in relation to any of its projects other than in the normal course of business.

As per the shipbuilding contracts, delay up to 150 days is allowed with levy of liquidated damages at the specified sum per day depending upon the contract values. In the last three fiscal years, total number of ship deliveries as per the contracts was 14 out of which, in six cases of ship deliveries, there was a delay ranging between 30-53 days which is well within the permissible delay.

Strikes or Labour Unrest

Our Company has not faced any loss of time on account of strikes or labour unrest, including industrial strikes and bandhs, in the past.

Defaults or Rescheduling of Borrowings with Financial Institutions/ Banks

There are no defaults or rescheduling of borrowings with financial institutions/ banks, conversion of loans into equity in relation to our Company.

Our Promoter

The Promoter of our Company is the President of India acting through Ministry of Shipping, Government of India. For details, see "Our Promoter" beginning on page 124.

Capital raising activities through equity or debt

For details regarding our capital raising activities through debt, see "Financial Indebtedness" beginning on page 201.

Our Shareholders

For details regarding our shareholders, see "Capital Structure" beginning on page 25.

Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets

1. Amalgamation of Eastern Shipping Corporation Limited and Western Shipping Corporation Limited

The Government through the Shipping Corporations Amalgamation Order, 1961 ("Order") dated October 1, 1961, issued an order for transfer of the undertaking of Western Shipping Corporation Limited ("WSCL") to Eastern Shipping Corporation Limited ("ESCL") including all rights, powers, authorities and privileges and all property, movable or immovable, profits and/or losses of WSCL with effect from October 2, 1961.

The salient features of the Order are as follows:

a) The shareholders of WSCL were to get the equivalent number of shares in ESCL as they held in ESCL.

b) The litigations, taxation and employees involving WSCL were to be transferred to our Company and continued in the same manner and to the same extent as it would have been continued with WSCL.

c) The President of India were to make fresh appointments for the Board of Directors of our Company.

d) The provision in the MoA providing for the requirement of prior consent of Scindia Steam Navigation Company Limited by our Company before undertaking the business of shipbuilding applicable till Scindia Steam Navigation Company Limited owned a shipyard in Vishakapatnam and was the managing agent for our Company was deleted. The authorised share capital as provided in the MoA was increased from Rs. 150 million to Rs. 350 million.

2. Amalgamation of Jayanti Shipping Company Limited with our Company

The Government enacted the Jayanti Shipping Company (Acquisition of Shares) Act, 1971 ("Jayanti Act") effective from December 23, 1971 ("Effective Date") which repealed the Jayanti Shipping Company (Taking Over of Management) Act, 1966. By virtue of the Jayanti Act, all shares of Jayanti Shipping Company ("Jayanti") were deemed to be transferred to the Central Government from the Effective Date and the total compensation payable to the shareholders of Jayanti was stipulated at Rs. 55 million payable in proportion to their shareholding in Jayanti payable in three instalments carrying interest at the rate of four per cent per annum from the Effective Date. However, no director or managerial personnel specified in section 197A of the Companies Act, 1956 or other person entitled to manage the whole or substantial part of the business of Jayanti shall be entitled to any compensation for premature termination of any contract of management.

Pursuant to the Jayanti Act, the Government through the Jayanti Shipping Company Amalgamation Order, 1973 ("Order") dated October 18, 1972, issued for order for transfer of the undertaking of Jayanti Shipping Company ("Jayanti") to our Company including all rights, powers, authorities and privileges and all property, movable or immovable, profits and/or losses of Jayanti with effect from January 1, 1973.

The salient features of the Order are as follows:

a) The shareholders of Jayanti were to get the equivalent number of shares in our Company as they held in Jayanti.

b) The contracts, litigations, taxation and employees involving Jayanti were to be transferred to our Company and continued in the same manner and to the same extent as it would have been continued with Jayanti.

c) The directors of Jayanti were to cease to be the directors of Jayanti from January 1, 1973.

3. Amalgamation of Mogul Line Limited with our Company

The Government enacted the Mogul Line Limited (Acquisition of Shares) Act, 1984 ("Mogul Act") effective from May 24, 1984 ("Effective Date"). By virtue of the Mogul Act, all shares of M/s Mogul Line Limited ("Mogul") were deemed to be transferred to the Central Government from the Effective Date and each shareholders of Mogul was to be paid Rs. 10 per share with an interest rate of five and half per cent per annum commencing from the Effective Date.

Pursuant to the Mogul Act, the Ministry of Industry (Department of Company Affairs), New Delhi issued the Shipping Corporation of India Limited and the Mogul Line Limited Amalgamation Order dated June 26, 1986 ("Order"), vide which Mogul and our Company were directed to be amalgamation into a single company with effect from June 30, 1986 ("Appointed Day") and accordingly issued an order for transfer of the undertaking of Mogul to our Company including all rights, powers, authorities and privileges and all property, movable or immovable, profits and/or losses of Mogul.

The salient features of the Order are as follows:

a) The shareholders of Mogul were to be allotted one equity share of the face value of Rs. 100 fully paid-up share of our Company against one hundred equity shares of Rs. 100 each of Mogul.

b) The contracts, litigations, taxation and employees involving Mogul were to be transferred to our Company and continued in the same manner and to the same extent as it would have been continued with Mogul.

c) Every whole-time officer or other employee shall become an officer or an employee of our Company. However, the posts of whole time directors and the secretary of Mogul shall stand dissolved from the Appointed Day and the incumbents were to be adjusted on the same terms in our Company. Further, the directors of Mogul including its whole time directors were to cease to be the directors of Mogul from the Appointed Day.

d) The authorised share capital of our Company was increased to Rs. 1,000 million.

Holding Company

As on the date of this Red Herring Prospectus, we do not have a holding company.

Members

As on November 12, 2010, we have 45,895 members in our Company.

Subsidiaries

As on the date of this Red Herring Prospectus, we do not have a subsidiary.

Injunctions or restraining orders

Our Company is currently under no injunction or restraining orders.

Summary of Key Agreements

A. Our Joint Ventures

Our Company has entered into the following joint ventures/ memoranda of understanding / shareholders' agreements where the project is at various stages of pre-qualification/ tendering/ execution. Unless extended expressly, joint ventures at the pre-qualification/ tendering stage expire if the projects are not awarded to the joint venture.

1. Shareholders agreement between our Company, Forbes Gokak Limited and Sterling Investment Corporation Private Limited

Our Company has entered into a shareholders' agreement with Forbes Gokak Limited ("Forbes") and Sterling Investment Corporation Private Limited ("Sterling") (Forbes and Sterling referred to as one party unless otherwise specified) on June 14, 2006 ("SCI Forbes SHA") to incorporate a company by the name of SCI Forbes Limited ("SCI Forbes") for the purpose of acquiring new building, resale or inchartering of chemical carriers or other vessels and providing technical and commercial management to such vessels. As per the SCI Forbes SHA, the shareholding of the SCI Forbes shall be as follows:

- Forbes and Sterling – 50 per cent of the equity share capital of SCI Forbes;
- Company – 50 per cent of the equity share capital of SCI Forbes;

In terms of the SCI Forbes SHA, the parties may be required to infuse capital (in the form of loan or equity as maybe required by SCI Forbes) in SCI Forbes as and when required by the board of SCI Forbes. In the event any party fails to contribute within 30 days, the other party shall be entitled to buy such party's shareholding in SCI Forbes as per the valuation provided in the SCI Forbes SHA.

The board of SCI Forbes shall comprise of six non executive directors where each party shall have a right to appoint three directors each. One out of the aforesaid six directors shall be non-executive chairman appointed by different parties on rotation basis for three years. Additionally, the chief executive director shall be appointed by the board of SCI Forbes. Every meeting of the board of SCI Forbes shall have atleast one representative of each party.

The SCI Forbes SHA provides for certain matters which shall require unanimous consent of the board of SCI Forbes which includes *inter alia* the following:

- All proposals for acquisitions, sale or disposal of a vessel;
- All proposals for financing of such acquisitions;
- Issue of shares by SCI Forbes or transfer of shares in SCI Forbes;
- Borrowing by SCI Forbes of any credit or loan facility other than the shareholders' loan;
- Any capital expenditure or entering of any contract by SCI Forbes where the consideration exceeds Rs. 2.5 million which is not in the ordinary course of business; and
- Any declaration of dividend by SCI Forbes whether interim or final.

The SCI Forbes SHA requires that the parties shall not transfer shares held in SCI Forbes (other than by way of mortgage or pledge as required by the lenders) unless the transferee executes a deed of adherence and agrees to take an assignment of any outstanding shareholders' loan in proportion to the transferred shares.

In the event that (i) any resolution at the Board or the shareholders' meeting is defeated due to lack of requisite majority or unanimity as the case maybe; (ii) quorum is not achieved, for three consecutive meetings, then an event of deadlock may be declared and if such deadlock is not resolved within 21 days of such declaration, then the parties may terminate the SCI Forbes SHA by giving 30 days notice.

The SCI Forbes SHA may be terminated by either party by giving 30 days notice if the parties mutually determine that the continuation of business of SCI Forbes is in conflict with their best interest or cessation of SCI Forbes' capability to satisfy its obligations in a timely manner. However, notice of 15 days is to be given if (i) the breach of the SCI Forbes SHA continues for more than 30 consecutive days; (ii) dissolution or liquidation (other than merger or consolidation) or assignment, cessation or abolition of the business of either Forbes or Sterling or of our Company, or (iii) insolvency, appointment of a receiver, trustee, administrator or other similar officer or commencement of bankruptcy proceedings, composition, reorganization or similar proceedings against any party to the SCI Forbes SHA.

2. Shareholders Agreement dated March 26, 2004 between our Company, Mitsui OSK Lines Limited, Nippon Yusen Kabushiki Kaisha, Qatar Shipping Company QSC and Kawasaki Kisen Kaisha Limited

Our Company has entered into a shareholders' agreement dated March 26, 2004 with Mitsui OSK Lines Limited ("MOL"), Nippon Yusen Kabushiki Kaisha ("NYK"), Qatar Shipping Company QSC ("QShip") and Kawasaki Kisen Kaisha Limited ("K-Line") (the "First LNG SHA") relating to India LNG Transport Company (No. 1) Limited and India LNG Transport Company (No.2) Limited.

MOL, NYK, K-Line and our Company, as a consortium, had bid and was successful in their bid for the provision of two 138,000 LNG Tankers to Petronet LNG Limited for service under two time charter parties. ILT 1 and ILT 2 were incorporated to acquire, own operate and time charter one 138,000 LNG Tanker each to Petronet LNG Limited. QShip became a party to the consortium by way of a memorandum of understanding dated June 10, 2003.

In terms of the First LNG SHA, MOL, NYK and K-Line will provide technical expertise to our Company in connection with the operation of LNG carriers. For the first five years, the tankers will be managed by MOL (first vessel) and NYK (second vessel) pursuant to the management agreements to be entered between the parties to the First LNG SHA and the management of the tanker shall be taken over by our Company. Pursuant to the First LNG SHA, SCI, MOL, NYK & K-Line shall supervise the construction and completion of each tanker.

The authorized share capital of ILT 1 and ILT 2 shall comprise of 10,000 shares each. In terms of the First LNG SHA, the parties shall hold shares in each of ILT 1 and ILT 2 in the following manner:

- Mitsui and our Company shall hold 2,908 shares each,
- Nippon – 1,789 shares;
- QShip – 1,500 shares
- Kawasaki – 895 shares.

The boards of ILT 1 and ILT 2 shall comprise of upto 12 directors each of which MOL and our Company shall have the right to appoint 3 directors each and NYK shall have the right to appoint two directors and QShip and K-Line shall have the right to appoint one director each on the board of ILT 1 and ILT 2.

Certain matters shall not be given effect to without prior written consent and approval of all the shareholders of ILT 1 and ILT 2, including, inter alia,

- sale or disposal of a tanker;
- change in authorized share capital of ILT 1 or ILT 2;
- change in the nature and scope of the business of ILT 1 and ILT 2 sale;
- transfer of disposal of the shares of ILT 1 or ILT 2; and
- admission of a new shareholder to ILT 1 or ILT 2.

In the event that any shareholder of ILT 1 or ILT 2 ceases to be a shareholder, such shareholder shall no more be bound by the terms of the First LNG SHA. Such an event shall not affect the rights and liabilities of the other shareholders under the First LNG SHA.

SCI and MOL shall not hold less than 26% each until the expiry of the Charter party under the provisions of Time Charter Agreement.

3. Shareholders Agreement dated February 21, 2006 between our Company, Mitsui OSK Lines Limited, Nippon Yusen Kabushiki Kaisha, Kawasaki Kisen Kaisha Limited, Qatar Gas Transport Company Limited and Petronet LNG Limited.

Our Company has entered into another shareholders' agreement dated February 21, 2006 with MOL, NYK K-Line, QGTC and PLL (the "Second LNG SHA") relating to India LNG Transport Company (No. 3). MOL, NYK, K-Line and our Company, as a consortium, had bid and was successful in their bid for the provision of one 154,800 LNG tanker to Petronet LNG Limited for service under a time charterparty for a period of 25 years from the time of delivery. For this purpose, the parties to the Second LNG SHA incorporated India LNG Transport Company (No. 3) ("ILT 3") incorporated under the laws of Malta.

In terms of the Second LNG SHA, K-Line and MOL, NYK if appropriate, will provide technical expertise to our Company in connection with the operation of the LNG carrier. For the first five years, the tankers will be managed by K-Line pursuant to the management agreements to be entered between the parties to the Second LNG SHA and the management of the tanker shall be taken over by our Company.

The subscription for an aggregate of Ten Thousand (10000) Shares shall be made for cash by each shareholders, so that:

- MOL and our company shall be allotted 2,600 Shares each.
- NYK shall be allotted 1,667 Shares
- K-Line shall be allotted 833 Shares
- QGTC shall be allotted 2,000 Shares
- PLL shall be allotted 300 Shares.

The board of ILT 3 shall comprise of upto 12 directors of which MOL and our Company shall have the right to appoint 3 directors each, and NYK shall have the right to appoint two directors and K-Line shall have the right to appoint one director on the board of ILT 3. Petronet LNG Limited itself or designee shall be entitled by notice in writing to ILT 3 to appoint 2 directors to the board of ILT 3.

Certain matters shall not be given effect to without prior written consent and approval of all the shareholders of ILT 3, including, *inter alia:*

- sale or disposal of the tanker;
- change in authorized share capital of ILT 3;
- change in the nature and scope of the business of ILT 3;
- transfer of disposal of the equity shares of ILT 3; and
- admission of a new shareholder to ILT 3.

In the event that any shareholder of ILT 3 ceases to be a shareholder, such shareholder shall no more be bound by the terms of the Second LNG SHA. Such an event shall not affect the rights and liabilities of the other shareholders under the Second LNG SHA.

SCI and MOL shall not hold less than 26% each until the expiry of the Charter party under the provisions of Time Charter Agreement.

4. Joint venture agreement with Steel Authority of India Limited

Our Company has entered into a joint venture agreement dated March 29, 2010 ("SCI SAIL JVA") with Steel Authority of India Limited ("SAIL"), whereby the parties have agreed to incorporate a joint venture company by the name of SAIL SCI Shipping Company Private Limited ("JVC") to provide various shipping and related services to SAIL for importing coking coal and other bulk materials, and such other business like participating in world-wide shipping trade, coastal shipping, transloading, establishing a port etc. as may be mutually agreed by the parties from time to time.

As per the SCI SAIL JVA, the parties shall hold shares in the ratio of 50:50. Any addition to the paid up capital shall be made by a subscription by SAIL and our Company equally which may be in the form of share capital or shareholders loan in lieu of equity initially which may be converted into equity later. The additional need of funds to meet working capital/ financing norms requirement of the JVC shall be met by SAIL and our Company in accordance to their percentage of ownership of shares.

The board of the JVC shall consist of six directors, out which three directors shall be nominated by SAIL and the remaining three shall be nominated by our Company. The chairman shall be appointed by SAIL and our Company alternatively by rotation every two years from the nominated directors on the board. A strategic partner can be inducted in any proportion as mutually agreed between SAIL and our Company, however such new strategic partner shall not any time in aggregate hold more than 25% of the equity shareholding of the JVC, and the combined shareholding of SAIL and our Company shall not at any time be less than 50% of the aggregate subscribed and paid up equity share capital of the JVC and such shares shall be held in equal proportions between SAIL and our Company.

The SCI SAIL JVA provides for certain matters which shall require unanimous consent of the board of the JVC which includes *inter alia* the following:

- acquisition, sale or disposal of any vessel or any interest in the vessel or in the matter relating to total loss of the vessel;
- issue of shares by JVC or changes of rights of any class or classes of shares (directly or indirectly); approval of annual budget;
- amendment and modification to the memo and articles of the JVC;
- the selling, transferring, disposing, leasing, charging or dealing with any part (other than vessel) of the undertaking, property, business or asses or related group of assets of the JVC exceeding Rs. 50 million;
- any addition to or other change in the nature or scope of the business of the JVC, or any relocation to another jurisdiction or the formation of any sub by the JVC;
- any acquisition, merger, consolidation or other business combination including joint venture or entering into any partnership or similar business arrangement by the JVC with any person or the acquisition by the JVC of any business part of a business or assets or shares in any other corporation; and
- taking long term loans for a term exceeding twelve (12) month for an amount exceeding Rs. 500 million or obtaining shareholders loan/ bridge loan/ short term loan; or altering any material terms or condition of any such loan.

Any party can transfer its shareholding in JVC to its group company by a prior consent of the other party. Neither SAIL and our Company, or any of their group company, shall sell or otherwise transfer or dispose of any shares or interest in any share until five years from the date of incorporation of the JVC. The board of the JVC shall have the right to declare interim and final dividend.

The JV agreement shall stand terminated if any of the parties cease to hold any shares in the JVC. In the event of termination of this JV agreement due to the material breach on part of one party, the other party shall have a right to acquire the entire holding the defaulting party in JVC.

5. Joint venture agreement between our Company and Arya National Shipping Lines, Iran (now known as Islamic Republic of Iran Shipping Lines)

Our Company has entered into a memorandum of agreement ("Irano-Hind MoA") on December 11, 1974 with Arya National Shipping Lines ("ANSL") for incorporation of a joint venture company by the name of Irano-Hind Shipping Company Limited Private Joint Stock Company ("Irano-Hind") with the following objectives:

(i) To develop and strengthen economic relations between India and Iran in the field of shipping;
(ii) To organize and operate efficient and commercially viable shipping services between and India and Iran as well as to ports in the Far East and by prior agreement between our Company and ANSL;
(iii) To acquire in the first stage 500,000 dead weight tonnage suitable for the trades served; and
(iv) To provide training in shipping to Iranian officers in shore and ships jobs.

In terms of the Irano-Hind MoA, the authorised share capital of Irano-Hind was stipulated to be one million USD (Rs. 44.92 million) of which 49 per cent was to be contributed by our Company and 51 per cent was to be contributed by ANSL. The shares held by each party to the Irano-Hind MoA shall not be transferred, hypothecated or disposed of by either party or its nominees except to their directors or employees.

The board of Irano-Hind was to comprise of six directors including three directors appointed by each party to the Irano-Hind MoA. Our Company is to provide to managerial and other staff as shall be necessary for the shore based office for a period of three years as may be mutually agreed upon by Irano-Hind and our Company.

In the event that the shares of our Company or ANSL is held by any entity other than an Indian or Iranian entity as the case maybe, the other party shall have the right to terminate the Irano-Hind MoA. The Irano-Hind MoA is governed under the laws of Iran and the arbitration shall be under the provisions of the U.K. Arbitration Act.

6. Memorandum of Understanding between our Company and Cochin Shipyard Limited

Our Company has entered a memorandum of understanding ("MoU") with Cochin Shipyard Limited ("CSL") on October 21, 2009 for setting up a joint venture company ("JVC") for offshore marine services for acquiring, maintaining and operating PSVs, AHTSVs and MSVs and other offshore floating vessels/units to cater to the requirements of various E&P operators with regard to their offshore activities. As per the MoU, our Company shall hold 51 per cent of the JVC and the balance shall be held by CSL. The JVC shall have three directors of which two directors shall be appointed by our Company and one director shall be appointed by CSL. This memorandum of understanding shall remain valid for a period of one year from the date of the MoU.

B. Memorandum of Understanding between our Company and the Ministry of Shipping, Government of India

Our Company has entered into a memorandum of understanding (the "MoU") with the Ministry of Shipping, Government of India setting out the mission, vision and objectives of our Company for the year 2010-11. Further, the MoU sets out various commitments and assistance that will be offered to our Company. Additionally, the MoU also provides financial and operational targets for our Company for the year 2010-11 and the comparison of the target with the performance of our Company in 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10. Our Company enters into a memorandum of understanding with the Ministry of Shipping, Government of India every year.

MANAGEMENT

Under the Articles of Association our Company is required to have at least three Directors and not more than 16 Directors. Our Company currently has 16 Directors.

The following table sets forth details regarding the Board as of the date of filing of the Red Herring Prospectus:

Name, Father's Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships/Partnerships/Trusts
S. Hajara (S/o Shibasanti Hajara) *Chairman & Managing Director* *Whole-time Director* Address: 84, Somerset House 61-G/Off Bhulabhai Desai Road Westfield Compound Lane Mumbai 400 026 Occupation: Service Nationality: Indian Term: December 31, 2012 or until further orders, whichever is earlier DIN: 00004485	57	*Other directorships* 1. Irano Hind Shipping Company Limited; 2. Indian Register of Shipping; 3. Sethusamudram Corporation Limited; 4. SCI Forbes Limited; 5. India LNG Transport Company (No. 1) Limited; 6. India LNG Transport Company (No.2) Limited; 7. The Steamship Mutual Underwriting Association (Bermuda) Limited; and 8. Baltic International Maritime Council.
Vijay Chhibber (S/o Madhusudan Lal Chhibber) *(Official part-time) Director nominated by the Government* Address: D-1/174, Satya Marg, New Delhi 110 021 Occupation: Additional Secretary & Financial Advisor, Ministry of Shipping Nationality: Indian Term: Concurrent with the post of Additional Secretary & Financial Advisor, Ministry of Shipping DIN: 00396838	54	*Other directorships* 1. Irano Hind Shipping Company Limited; and 2. India LNG Transport Company (No.2) Limited.
Rajeev Gupta (S/o Naresh Chandra Gupta) *(Official part-time) Director nominated by the Government* Address: 23, Dayanand Vihar, Vikas Marg, New Delhi 110 092	52	*Other directorships* 1. Cochin Shipyard Limited; 2. India LNG Transport Company (No. 1) Limited; and 3. SCI Forbes Limited.

Name, Father's Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships/Partnerships/Trusts
Occupation: Joint Secretary (Shipping), JS(S), Ministry of Shipping. Nationality: Indian Term: Concurrent on the post of Joint Secretary (Shipping), Ministry of Shipping DIN: 01980381		
J. N. Das (S/o Gajendra Nath Das) *Director (Liner & Passenger Service) Whole-time Director* Address: Flat No. 13, 1st Floor, Chitrakoot Cooperative Housing Society, Altamount Road, Mumbai 400 026 Occupation: Service Nationality: Indian Term: December 23, 2012 (five years from the date of assumption of charge of the post or till the date of his superannuation or until further orders whichever is earlier.) DIN: 00450563	56	*Other directorships* Standard Steamship Owners' & Indemnity Association (Bermuda) Limited.
Rear Admiral (Retd.) T. S. Ganeshan (S/o T.R. Seshu) *Non-official part-time (Independent) Director* Address: 526, Jalvayu Towers, NGEF Layout, Sadananda Nagar, Bangalore, 560 038 Occupation: Service Nationality: Indian Term: August 10, 2013 (three years from the date of assumption of charge i.e. August 11, 2010 or until further orders whichever is earlier) DIN: 00409241	61	*Other directorships* Aayur Technology Solutions Private Limited.
Kailash Gupta (S/o Shiv Saran Lal)	57	*Other directorships* Nil

Name, Father's Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships/Partnerships/Trusts
Director (Personnel & Administration) Whole-time Director Address: 156, 11B, Anita CHS, Mount Pleasant Road, Malabar Hill, Mumbai 400 006 Occupation: Service Nationality: Indian Term: July 16, 2011 (five years from the date of assumption of charge or till July 16, 2011 or until further orders, whichever is earlier) DIN: 00547007		
Sushil Khanna (S/o. Chand Karan Khanna) *Non-official part-time (Independent) Director* Address: 218 B, Lake Terrace Extension, Second floor, Kolkata 700 029 Occupation: Service Nationality: Indian Term: August 10, 2013 (three years from the date of assumption of charge i.e. August 11, 2010 or until further orders whichever is earlier.) DIN: 00115364	59	*Other directorships* 1. OIL India Limited; 2. Kerala Financial Corporation; 3. Nicco Ventures Limited, and 4. The Information Company (Private) Limited.
B. K. Mandal (S/o Paresh Nath Mandal) *Director (Finance), Whole-time Director* Address: 151, Jolly Makers Apartment No. 3 Varuna Premises CHS Limited, 119, Cuffe Parade, Colaba, Mumbai 400 005 Occupation: Service Nationality: Indian Term: May 31, 2014 (till the date of his superannuation or until further orders, whichever is earlier) DIN: 00003904	56	*Other directorships* 1. India LNG Transport Company (No. 3) Limited; 2. SCI Forbes Limited; and 3. The Britannia Steam Ship Insurance Association Limited.

Name, Father's Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships/Partnerships/Trusts
Nasser Munjee (S/o Mukhtar Cassamally) *Non-official part-time (Independent) Director* Address: Benedict Villa, House No. 471 Saud Vaddo, Chorao Island, Tiswadi, Goa 403 102 Occupation: Chairman, Development Credit Bank Limited Nationality: Indian Term: August 10, 2013 (three years from the date of assumption of charge *i.e.* August 11, 2010 or until further orders whichever is earlier) DIN: 00010180	57	*Other directorships* 1. ABB Limited; 2. Housing and Urban Development Corporation Limited; 3. Bharati AXA Life Insurance Company Limited; 4. Cummins India Limited; 5. Tata Chemicals Limited; 6. Unichem Laboratories Limited; 7. Voltas Limited; 8. Tata Motors Limited; 9. Neptune Developers Limited; 10. Development Credit Bank Limited; 11. HDFC Limited; 12. Ambuja Cements Limited; 13. Bharati AXA General Insurance Company Limited; 14. Britannia Industries Limited; 15. Aga Khan Rural Support Programme India; 16. Indian Institute for Human Settlements; 17. Himalayan Ski Village Private Limited; 18. First American Securities Private Limited; 19. GIBA Holdings Private Limited; 20. Emsaf, Mauritius; and 21. General Chemical Industrial Products Inc., USA
Capt. K. S. Nair (S/o Katoor Keshavan Nair) *Director (Bulk Carrier & Tanker) Whole-time Director* Address: A/21, Twin Towers, Off Veer Savarkar Marg, Prabhadevi, Mumbai – 400 025 Occupation: Service Nationality: Indian Term: December 31, 2010 (up to a period of 5 years from the date of assumption of charge of the post *i.e.* November 3, 2008 or the date of his superannuation or until further orders, whichever is earliest.) DIN: 02437184	59	*Other directorships* 1. India LNG Transport Company (No. 1) Limited; 2. India LNG Transport Company (No. 2) Limited; and 3. Irano Hind Shipping Company Limited
Arun Kumar Gupta (S/o. Surendra Nath) *Director (Technical and Offshore) Whole-time Director* Address: 68/B, Nandanvan CHS, Sector-17, Nerul, Navi Mumbai-400 706, Dist. Thane, Maharashtra.	54	Nil

Name, Father's Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships/Partnerships/Trusts
Occupation: Service Nationality: Indian Term: October 25, 2015 (five years from the date of assumption of charge *i.e.* October 26, 2010 or till the date of superannuation or until further orders whichever is the earliest) DIN: 03310218		
Arun Ramanathan (S/o R.V. Ramanathan) *Non-official part-time (Independent) Director* Address: 6A, 6 West Cross Street, Shenoy Nagar, Chennai-600 030 Occupation: Service Nationality: Indian Term: August 10, 2013 (three years from the date of assumption of charge *i.e.* August 11, 2010 or until further orders whichever is earlier) DIN: 00308848	61	*Other directorships* 1. United Stock Exchange of India Limited; 2. Jenson & Nicholson Limited; 3. JCT Electronics Limited; 4. Indian Clearing Corporation Limited; 5. National Textiles Corporation Limited; and 6. Cetex Energy Generation Company Limited.
U. Sundararajan (S/o Uppiliappan Sundararajan) *Non-official part-time (Independent) Director* Address:1302, 13th floor, Whispering Palms Building No.3, Lokhandwala Township, Akurli Road, Kandivli (E), Mumbai 400 101 Occupation: Service Nationality: Indian Term: August 10, 2013 (three years from the date of assumption of charge i.e. August 11, 2010 or until further orders whichever is earlier) DIN: 00001533	68	*Other directorships* 1. Bharat Oman Refineries Limited; 2. IDFC Trustee Co. Limited; and 3. IDFC AMC Trustee Company Limited.
S. C. Tripathi (S/o Harish Chandrapati Tripathi)	64	*Other directorships*

<table>
<tr><th>Name, Father's Name, Designation, Address, Occupation, Nationality, Term and DIN</th><th>Age (in years)</th><th>Other Directorships/Partnerships/Trusts</th></tr>
<tr><td>Non-official part-time (Independent) Director

Address: No. 27, Sector 15A, Noida, Uttar Pradesh 201 301

Occupation: Service

Nationality: Indian

Term: August 10, 2013 (three years from the date of assumption of charge i.e. August 11, 2010 or until further orders whichever is earlier)

DIN: 00941922</td><td></td><td>1. Reliance Capital Asset - Management Company Limited;
2. Indusind Bank Limited;
3. IL&FS Energy Development Corporation Limited;
4. IL&FS Infrastructure Development Corporation Limited;
5. Gammon Infrastructure Projects Limited;
6. Power Grid Corporation Limited; and
7. Kailash Hospital & Research Centre Limited, Delhi.</td></tr>
<tr><td>Arun Kumar Verma
(S/o. Darbarilal Verma)

Non-official part-time (Independent) Director

Address: A-14, Shahid Nagar, Bhubaneshwar 751 007

Occupation: Chartered Accountant

Nationality: Indian

Term: August 10, 2013 (three years from the date of assumption of charge i.e. August 11, 2010 or until further orders whichever is earlier)

DIN: 03220124</td><td>59</td><td>Other directorships

Nil</td></tr>
<tr><td>S.K. Roongta
(S/o. Ram Niwas Roongta)

Non-official part-time (Independent) Director

Address: D-91, DLF Pinnacle, DLF Phase V, Gurgaon – 122 009.

Occupation: Service

Nationality: Indian

Term: October 28, 2013 (three years from the date of assumption of charge i.e. October 29, 2010 or until further orders whichever is earlier)</td><td>60</td><td>1. Axis Bank Limited.
2. Neyveli Lignite Corporation Limited</td></tr>
</table>

Name, Father's Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships/Partnerships/Trusts
DIN: 00309302		

Brief Biographies of the Directors

S. Hajara

S. Hajara, Chairman & Managing Director, Whole-time Director has been associated with our Company since May 2, 1973 and became the Chairman & Managing Director of our Company with effect from September 1, 2005. He holds a bachelors degree in Science (Chemistry) and has completed his post graduate diploma in Management from Indian Institute of Management, Kolkata. He also holds a degree in Law from Kolkata University and post graduate diplomas in Professional Ship Management and in International Maritime Law & Marine Insurance from Norwegian Shipping Academy, Oslo. He has experience in marketing, chartering, import operations, liner conference/bilateral matters, LNG Projects and commercial operations in liner, dry bulk and tanker sectors.

Vijay Chhibber

Vijay Chhibber is the Additional Secretary and Financial Advisor, Ministry of Shipping, an ex-officio and has been nominated on the Board of Directors by the Government as (Official part-time) Director of our Company. He was appointed on the Board of Directors in December 2008. He is an I.A.S. officer of the 1978 batch Manipur Tripura cadre and holds a bachelors and masters degree in History from St. Stephen's College, University of Delhi. He held several posts in both the State and Central Government and was the under Secretary and Deputy Secretary in the Department of Commerce, Deputy Director in AIIMS, Director in Cabinet Secretariat and Joint Secretary in Department of Fertilizers. He has also worked as Deputy and Joint Secretary in the Departments of Energy, Public Works, as Director in Department of Industries and Secretary to the Chief Minister Manipur. He was also a District Magistrate of Ukhrul District in Manipur. He has held the post of Principal Secretary/Commissioner, Government of Manipur with responsibilities relating to finance, health, education, public health & engineering, social welfare, tribal welfare, elections and others. He has also been the Chief Election Officer of the State of Manipur. He is also an alumni of the National Defence College.

Rajeev Gupta

Rajeev Gupta is the Joint Secretary (Shipping), Ministry of Shipping, an ex-officio and has been nominated on the Board of Directors by the Government as (Official part-time) Director. He was appointed on the Board of Directors in June 2007. He is an Indian Railways Service of Mechanical Engineers Officer and holds bachelors degree in both Mechanical and Electrical Engineering from the Council of Engineering Institutions, UK and the Institution of Engineers India, respectively. He has had experience in shipping, inland waterways, chartering, enterprise planning, vigilance, human resource management among other subjects. He has held several posts in Central Government and was in the Railway Board and was involved in formulating the Tenth Five Year Plan for Railways.

J.N. Das

J. N. Das is the Director (Liner & Passenger Service) Whole-time Director since December 2007. He holds a bachelors degree in Marine Engineering from Marine Engineering Training College, Kolkata and possesses First Class Engineer (MOTOR) Certificate of Competency from Ministry of Transport. He is a member of the Institute of Engineers and a fellow of Institute of Marine Engineers. He is also on the Board of the Standard Steamship Owners' Protection and Indemnity Association (Bermuda) Limited. He has vast experience in shipping management, bulk carriers, tankers, chemicals, LPG and LNG operations, break bulk and container services, new building and offshore services.

Rear Admiral (Retd.) T.S. Ganeshan

Rear Admiral (Retd.) T.S. Ganeshan, is Non Official Part-time (Independent) Director inducted on the Board of Directors in August 2010. He is also the Chairman of the Remuneration Committee of our Company. He holds a bachelors degree in Electrical Engineering from the College of Engineering, Guindy, Chennai. He has served in the Indian Navy for over three decades. He has held various posts including that of Director (Ship Production), Director (Naval Design) at Naval Headquarters and Project Director (Electronics, Weapons & IT) for the ATV project. He has vast experience in Naval shipbuilding and management of public sector undertaking. He is the recipient of Nao Sena and Vishisht Seva medals and is an alumni of National Defence College. He has held the position of Chairman & Managing Director of Garden Reach Shipbuilders and Engineers Limited (PSU under Ministry of Defence), Kolkata from May 2005 to April 2008.

Kailash Gupta

Kailash Gupta is Director (Personnel & Administration) Whole-time Director in our Company since July 2006. He holds a bachelors degree with honours in economics from University of Rajasthan and masters degree in Personnel Management from XLRI, Jamshedpur. He also holds a degree in Law from the University of Delhi. He has managerial experience in both private sector and public sector for over 37 years.

Sushil Khanna

Sushil Khanna is Non Official Part-time (Independent) Director inducted on the Board of Directors in August 2010. He is also a member of the Remuneration Committee of our Company. He holds a bachelors degree in Science (Physics) and is a fellow of Indian Institute of Management, Kolkata. He also holds a post graduate diploma in Management from Indian Institute of Management, Kolkata. He is a professor of Strategic Management and Economics at the Indian Institute of Management, Kolkata. He has three decades of experience as an investment banker, as an academician in the areas of Corporate Strategy, Organisational Restructuring, Finance and General Management. He has also served as a consultant and advisor for large number of public sector and private sector companies in India and Bangladesh.

B.K. Mandal

B. K. Mandal is Director (Finance) Whole-time Director in our Company since November 2005. He is also a member of the Shareholders' Investor Grievance Committee of our Company. He holds a bachelors degree in Commerce (Hons.) from Calcutta University. He holds a masters degree in management from the Indian Institute of Management, Ahmedabad, and is also a fellow member of the Institute of Cost & Works Accountants of India. He was earlier working with National Thermal Power Corporation Limited, Delhi, as General Manager, Finance and has also worked with Bharat Heavy Electricals Limited in the initial years of his career.

Nasser Munjee

Nasser Munjee is Non Official Part-time (Independent) Director inducted on the Board of Directors in August 2007 and was reappointed in August 2010 based on the fresh nomination received from the Ministry of Shipping. He is the Chairman of the sub-committee of the board of our Company for raising finance and is also a member of the Remuneration Committee of our Company. Nasser Munjee holds a masters degree in Economics from London School of Economics, UK. He held the position of (i) an executive director in HDFC Bank for a period of 20 years and (ii) the managing director and chief executive officer in IDFC for a period of 7 years. He is on the board of directors of 15 companies in India including Tata Motors, Tata Chem, Britannia Industries, Cummins India, ABB India, Ambuja Cements (now part of the HOLCIM group). He is also Chairman of Development Credit Bank and of two other Aga Khan institutions in India. He was the President of the Bombay Chamber of Commerce and Industry and has served on numerous Government Task Forces on Housing and Urban Development.

K. S. Nair

K. S. Nair is Director (Bulk Carrier & Tanker) Whole-time Director in our Company since November 2008. He holds a bachelors degree in Commerce with specialization in Banking from the Pune University and has obtained a Certificate of Competency for Master (Foreign going) from the Directorate General of Shipping, Government of India. He has been the Dean of Nautical Studies in our Company's Maritime Training Institute, Powai. He has been instrumental in expanding full fledged operations of our Company's office at Chennai in 1987 and had also set up our Company's representative office at Shanghai.

Arun Ramanathan

Arun Ramanathan is Non Official Part-time (Independent) Director inducted on the Board in August 2010. He is a member of the Audit Committee and Shareholders'/Investors' Grievance Committee of our Company. He holds a bachelors degree in Physics from Madras University and masters degree in (i) Nuclear Physics from Andhra University; (ii) Business Administration from Madras University, and (iii) Development Economics from Cambridge University, UK. He is also an Associate Member of the Institute of Cost and Works Accountants of India. As an I.A.S officer, he has held several assignments in Industry, Finance, Food, Consumer Protection, Transport and General Administration. In the Government of India, he was Secretary (Chemicals & Petrochemicals), Secretary (Financial Services) and the Union Finance Secretary. He was the Finance Secretary at the time of the global financial crisis and was nominated by the Prime Minister to chair the Group of Secretaries to recommend measures needed to counter the meltdown in the financial and industrial sectors.

U. Sundararajan

U. Sundararajan is Non Official Part-time (Independent) Director inducted on the Board in July 2007 and reappointed in August 2010 based on the fresh nomination received from the Ministry of Shipping. He is also the Chairman of the Audit Committee of our Company and a member of the Strategic Committee of our Company. He is also an associate member of the Institute of Cost and Works Accountants of India and has vast experience and knowledge in financial management and general management. He was the former Chairman and Managing Director of BPCL. He has also served as part time external director on the board of several companies including Gujarat State Petronet Limited and Larsen & Toubro Limited.

S.C. Tripathi

S. C. Tripathi is Non Official Part-time (Independent) Director inducted on the Board in December 2007 and reappointed in August 2010 based on the fresh nomination received from the Ministry of Shipping. He is also a member of the Audit Committee and the chairman of Strategy Committee of our Company. He is a retired I.A.S officer and was the former Secretary to Government of India. He has experience in Finance, Economics and in petroleum sector. He holds a bachelors degree in Law from Lucknow University and holds a masters degree in Science (Physics- Specialisation in Electronics). He also holds a post graduate diploma in Development Studies (Cantab.) (Cambridge University), AIMA Diploma in management. He started his career as a Lecturer in Physics in 1964 and joined the I.A.S. in 1968 (Second Rank). He spent nearly 20 years in Finance and Industry sectors at Chief Executive/Secretary level at the State and Central Government and in representative capacity at international levels. He retired as Secretary, Ministry of Petroleum and Natural Gas in the Government of India in December 2005.

Arun Kumar Verma

Arun Kumar Verma Non Official Part-time (Independent) Director inducted on the Board in August 2010 and he is a member of the Audit Committee and the Shareholders'/Investors' Grievance Committee of our Company. He holds a bachelors degree in Law from Utkal University. He is a practicing Chartered Accountant and also holds Diploma in Information Systems Audit from the Institute of chartered Accountants of India. He has vast experience in areas concerning Accounts, Audit, Finance and Law.

Arun Kumar Gupta

Arun Kumar Gupta is the Director of Technical & Offshore Services Division since October 25, 2010. He holds a bachelors degree in Marine Engineering from Marine Engineering Training College, Kolkata and possesses First Class Engineer (MOTOR) Certificate of Competency from Ministry of Transport. He is a member of the Institute of Engineers, a Fellow Member of Institute of Marine Engineers & Narottam Morarjee Institute of Shipping. He has also served Irano-Hind Shipping Co., Tehran as Director Administration for a period of over three years. He has been a Trustee of Kandla Port and also the Vice President of Institute of Marine Engineers (India). He has been on the Governing Council of both, Institute of Marine Engineers as well as Narottam Morarjee Institute of Shipping. In context he has chaired sessions and also presented papers in several technical meets. He has almost 34 years experience in all aspects of shipping management.

S.K. Roongta

Sushil Kumar Roongta is a non-official part-time (Independent) Director inducted on the Board in October, 2010. He is a member of the strategy committee of our Company. He holds a Bachelor of Engineering (Honours) degree in Electrical Engineering from the Birla Institute of Technology & Sciences and has a Post

Graduate Diploma in Business Management- International Trade from the Indian Institute of Foreign Trade. He is also a fellow member of the All India Management Association. He has expertise in marketing, strategy and turnaround management. He was the executive Chairman of the Steel Authority of India Limited ("SAIL") from August 2006 to May 2010. He was also the first chairman of the International Coal Ventures Limited, a joint venture of five leading Public Sector units. He is presently the Chairman of the Panel of Experts on PSU reforms, constituted by the Planning Commission, Government of India. Presently, he is on the Board of Axis Bank Limited since July 2010 and Neyveli Lignite Corporation Limited since September 2010.

Except as stated below, none of our Directors is or was a director on any listed companies during the last five years preceding the date of filing of the Draft Red Herring Prospectus and until date, whose shares have been or were suspended from being traded on BSE or NSE, during the term of their directorship in such companies.

The following table sets forth the details of the listed companies whose shares have been or were suspended from being traded on BSE or NSE, in which one of our Directors, Arun Ramanathan was a director:

S. No	Particulars	Details	
		I	II
a)	Name of the company	Modern Threads Limited	India Foils Limited
b)	Name of the stock exchange(s) on which the company was listed	BSE and NSE	BSE and NSE
c)	Date of suspension on stock exchanges	Trading has been suspended on NSE with effect from November 11, 2002	Trading has been suspended on BSE and NSE with effect from October 25, 2010
d)	Whether suspended for more than three months	Yes, trading has been suspended for more than three months	No. However, trading has been suspended with effect from October 25, 2010 and has not been revoked until date
e)	Reasons for suspension and period of suspension, if the suspension has been for more than three months	Trading was suspended due to non compliance with certain provisions of the listing agreement	Trading was suspended due to procedural reasons on account of the scheme of merger with Ess Dee Aluminium Limited
f)	Whether the suspension has been revoked	The suspension has not been revoked till date	The suspension has not been revoked till date
g)	Date of revocation of suspension	NA	NA
h)	Term of directorship in the company	From January 13, 2010 to June 30, 2010 as a special director appointed by the Board for Industrial and Financial Reconstruction	From January 13, 2010 to April 30, 2010 as a special director appointed by the Board for Industrial and Financial Reconstruction

None of our Directors is or was a director on any listed companies which have been or were delisted from the any stock exchange during the term of their directorship in such companies.

Terms of Appointment of the Chairman & Managing Director and the Executive Directors on the Board

S. Hajara

S. Hajara has been appointed as the Chairman & Managing Director (Whole-time Director) of our Company and shall hold the office for a period of five years from September 1, 2005 in the first instance or till the date of his superannuation or until further orders whichever event occurs earlier. Pursuant to the letter dated September 1, 2010, the term of S. Hajara was extended till December 31, 2012. The agreement may be terminated by either party by giving three months notice. S. Hajara, after retirement/resignation from the service of our Company, shall not accept any appointment or post in any firm or company with which our Company has had business relations within one year from the date of his retirement/resignation. Other terms of his appointment are summarized as follows:

Particulars	Remuneration
Salary	Rs. 80,000 per month in the scale of Rs. 80,000 – Rs. 125,000 with effect from January 1, 2007 with an annual increment @ 3% of basic pay on the anniversary date of his appointment until the maximum of pay scale is reached.
Perquisites	Allowances shall not exceed 50 per cent of the basic pay as indicated in Department of Public Enterprises' Office Memorandum ("DPE's OM") dated November 26, 2008 and April 2, 2009. In addition, he is also entitled to:-

Particulars	Remuneration
	• Dearness Allowance: as per the New Industrial Dearness Allowance Scheme ("NIDAS") as provided in the DPE's OM dated November 26, 2008 and April 2, 2009 • House Rent Allowance: as per DPE's OM dated November 26, 2008; or • Accomodation: wherever our Company has built residential flats in the industrial township or purchased residential flat in the cities, arrangements would be made by our Company to provide a suitable residential accommodation to him. In the absence of the same, suitable accommodation could be arranged by our Company by taking premises on lease basis at headquarters of our Company • Conveyance: entitlement to the facility of staff car for private use • Performance related payments and superannuation benefits: performance related payments and superannuation benefits shall be as per DPE's OM dated November 26, 2008 and April 2, 2009

B.K. Mandal

B.K. Mandal was appointed as Director (Finance) (Whole-time Director) of our Company and shall hold the office till May 31, 2014, till the date of his superannuation or until further orders whichever event occurs earlier. The agreement may be terminated by either party by giving three months notice. The following are the terms of appointment:

Particulars	Remuneration
Salary	Rs. 75,000 per month in the scale of Rs. 75,000 – Rs. 100,000 with effect from January 1, 2007 with an annual increment @ 3% of basic pay on the anniversary date of his appointment until the maximum of pay scale is reached.
Perquisites	Allowances shall not exceed 50 per cent of the basic pay as indicated in DPE's OM dated November 26, 2008 and April 2, 2009. In addition, he is also entitled to:- • Dearness Allowance: as per the NIDAS as provided in the DPE's OM dated November 26, 2008 and April 2, 2009 • House Rent Allowance: as per DPE's OM dated November 26, 2008; or • Accomodation: wherever our Company has built residential flats in the industrial township or purchased residential flat in the cities, arrangements would be made by our Company to provide a suitable residential accommodation to him. In the absence of the same, suitable accommodation could be arranged by our Company by taking premises on lease basis at headquarters of our Company • Conveyance: entitlement to the facility of staff car for private use • Performance related payments and superannuation benefits: Performance related payments and superannuation benefits shall be as per DPE's OM dated November 26, 2008 and April 2, 2009

Kailash Gupta

Kailash Gupta was appointed as Director (Personnel & Administration) (Whole-time Director) of our Company and shall hold the office for a period of five years from July 20, 2006 in the first instance till the date of his superannuation or until further orders whichever event occurs earlier. The agreement may be terminated by either party by giving three months notice. The following are the terms of appointment:

Particulars	Remuneration
Salary	Rs. 75,000 per month in the scale of Rs. 75,000 – Rs. 100,000 with effect from January 1, 2007 with an annual increment @ 3% of basic pay on the anniversary date of his appointment until the maximum of pay scale is reached.
Perquisites	Allowances shall not exceed 50 per cent of the basic pay as indicated in DPE's OM dated November 26, 2008 and April 2, 2009. In addition, he is also entitled to:- • Dearness Allowance: as per the NIDAS as provided in the DPE's OM dated November 26, 2008 and April 2, 2009 • House Rent Allowance: as per DPE's OM dated November 26, 2008; or • Accomodation: wherever our Company has built residential flats in the industrial township or purchased residential flat in the cities, arrangements would be made by our Company to provide a suitable residential accommodation to him. In the absence of the same, suitable accommodation could be arranged by our Company by taking premises on lease basis at headquarters of our Company • Conveyance: entitlement to the facility of staff car for private use • Performance related payments and superannuation benefits: Performance related payments and superannuation benefits shall be as per DPE's OM dated November 26, 2008 and April 2, 2009

K.S. Nair

K.S. Nair was appointed as Director (Bulk Carrier & Tanker) (Whole-time Director) of our Company and shall hold the office for a period of five years from November 3, 2008 in the first instance till the date of his superannuation or until further orders whichever event occurs earlier. The agreement may be terminated by either party by giving three months notice. The following are the terms of appointment:

Particulars	Remuneration
Salary	Rs. 75,000 per month in the scale of Rs. 75,000 – Rs. 100,000 with effect from January 1, 2007 with an annual increment @ 3% of basic pay on the anniversary date of his appointment until the maximum of pay scale is reached.
Perquisites	Allowances shall not exceed 50 per cent of the basic pay as indicated in DPE's OM dated November 26, 2008 and April 2, 2009. In addition, he is also entitled to:- • Dearness Allowance: as per the NIDAS as provided in the DPE's OM dated November 26, 2008 and April 2, 2009 • House Rent Allowance: as per DPE's OM dated November 26, 2008; or • Accomodation: wherever our Company has built residential flats in the industrial township or purchased residential flat in the cities, arrangements would be made by our Company to provide a suitable residential accommodation to him. In the absence of the same, suitable accommodation could be arranged by our Company by taking premises on lease basis at headquarters of our Company • Conveyance: entitlement to the facility of staff car for private use • Performance related payments and superannuation benefits: Performance related payments and superannuation benefits shall be as per DPE's OM dated November 26, 2008 and April 2, 2009

J.N. Das

J.N. Das was appointed as Director (Liner & Passenger Service) (Whole-time Director) of our Company and shall hold the office for a period of five years from December 24, 2007 in the first instance till the date of his superannuation or until further orders whichever event occurs earlier. The agreement may be terminated by either party by giving three months notice or on payment of three months' salary in lieu thereof. The following are the terms of appointment:

Particulars	Remuneration
Salary	Rs. 75,000 per month in the scale of Rs. 75,000 – Rs. 100,000 with effect from December 24, 2007 with an annual increment @ 3% of basic pay on the anniversary date of his appointment until the maximum of pay scale is reached.
Perquisites	Allowances shall not exceed 50 per cent of the basic pay as indicated in DPE's OM dated November 26, 2008 and April 2, 2009. In addition, he is also entitled to:- • Dearness Allowance: as per the NIDAS as provided in the DPE's OM dated November 26, 2008 and April 2, 2009 • House Rent Allowance: as per DPE's OM dated November 26, 2008; or • Accomodation: wherever our Company has built residential flats in the industrial township or purchased residential flat in the cities, arrangements would be made by our Company to provide a suitable residential accommodation to him. In the absence of the same, suitable accommodation could be arranged by our Company by taking premises on lease basis at headquarters of our Company. • Conveyance: entitlement to the facility of staff car for private use • Performance related payments and superannuation benefits: Performance related payments and superannuation benefits shall be as per DPE's OM dated November 26, 2008 and April 2, 2009

Arun Kumar Gupta

Arun Kumar Gupta was appointed as Director (Technical and Offshore Service) (Whole-time Director) of our Company and shall hold the office for a period of five years from October 25, 2010 in the first instance till the date of his superannuation or until further orders whichever event occurs earlier. The agreement may be terminated by either party by giving three months notice or on payment of three months' salary in lieu thereof. The following are the terms of appointment:

Particulars	Remuneration
Salary	Rs.75,000 – 100,000 (revised) with effect from October 25, 2010.

Payment or benefit to Directors on the Board of our Company

The sitting fees/other remuneration paid to the Directors in Fiscal 2010 are as follows:

1. Remuneration to Executive Directors on the Board:

Name of the Director	Consolidated Salary (Rs.)	Perquisites, Allowances & Other Benefits (Rs.)	Total (Rs.)
S. Hajara	1,076,386	772,056	1,848,442
B.K. Mandal	1,003,202	555,156	1,558,358
Kailash Gupta	1,045,092	408,127	1,453,219
J.N. Das	844,178	567,981	1,412,159
Capt. K.S. Nair	934,918	570,093	1,505,011

Note No. 1:- Consolidated salary includes basic salary, dearness allowance, contribution to provident fund, leave encashment and leave salary on superannuation.

2. Remuneration to Non- Executive Directors on the Board:

Name of the Director	Sitting Fees (Rs.)
Vijay Chibber	-
Rajeev Gupta	-
U Sundararajan	580,000
Nasser Munjee	180,000
S C Tripathi	240,000

The part-time official Government Directors do not receive any remuneration from our Company. Apart from the sitting fees, the non-executive Directors do not receive any other remuneration. In addition to the above, wherever necessary, the Directors are reimbursed the travelling and other related expenses for attending Board and other Meetings.

No amount or benefit (non salary related) has been paid within the two preceding years or is intended to be paid or given to any of our Company's officers including the Directors and key management personnel, including benefits in kind for all capacities and contingent or deferred compensation. None of the beneficiaries of loans, and advances and sundry debtors are related to the Directors of our Company. Further, except statutory benefits upon termination of their employment in our Company or retirement, no officer of our Company, including the Directors and the key management personnel, are entitled to any benefits upon termination of employment.

As of September 30, 2010, except B.K. Mandal, J.N. Das, D.S. Kanvinde, J.V.S. Rao, Arun Kumar Gupta, P.D. Anand, Dipankar Haldar, U.D. Jejurikar, Prashanta Deb, N. Bandopadhyay, N. R. Saraiya, S.G. Sadawarti, S.K. Maji and G. Kaushalendra, no loans have been availed by the Directors or the key management personnel from our Company.

Shareholding of Directors on the Board

The shareholding of the Directors **on the Board** as of the date of filing this Red Herring Prospectus is set forth below:

Name of Director	Number of Equity Shares held
S. Hajara*	1,507
Vijay Chhibber*	1,515
Rajeev Gupta*	30
J. N. Das*	1
Rear Admiral (Retd.) T. S. Ganeshan	Nil
Kailash Gupta*	1
Sushil Khanna	50
B. K. Mandal	60
B. K. Mandal*	1
Nasser Munjee	Nil
Capt. K. S. Nair*	1
Arun Ramanathan	Nil
U. Sundararajan	Nil

S. C. Tripathi	Nil
Arun Kumar Verma	Nil
Arun Kumar Gupta	Nil
S.K. Roongta	Nil

* *Shares held as a nominee of our Company*

The Articles of Association do not require the Directors to hold any qualification shares.

Relationships between Directors

None of the Directors are related to each other.

Borrowing Powers of the Board

Pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolutions by Postal Ballots) Rules, 2001, consent of the shareholders was accorded to increase in the borrowing limits from existing Rs. 50,000 million to Rs. 120,000 million through postal ballot on March 22, 2010. The Board is authorised to borrow from time to time, all such sum(s) of money (including by way of external commercial borrowings in foreign denominated currencies from any foreign sources/foreign countries as prescribed by the guidelines in this regard), as the Board may deem requisite for the purpose of our Company, not withstanding that the money(s) to be borrowed together with the money(s) already borrowed by our Company and outstanding (apart from the temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and free reserves of our Company i.e. reserves not set apart for any specific purpose, provided that the total amount borrowed / to be borrowed by the Board shall not, at any time, exceed the limit of Rs. 120,000 million.

Corporate Governance

We are in compliance with the requirements of the applicable regulations, including the Listing Agreement with BSE, NSE, CSE, DSE, and MSE and the SEBI Regulations, in respect of corporate governance including constitution of the Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board’s supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Our Company’s Board is constituted in compliance with the Companies Act and the Listing Agreement with BSE and the NSE. The Board functions either as a full board or through various committees constituted to oversee specific functions. The executive management provides the Board detailed reports on its performance periodically.

Currently the Board has 16 Directors and the Chairman is an Executive Director. In compliance with the requirements of Clause 49 of the Listing Agreement, we have six Executive Directors, two official part-time (Government) Directors and eight non-official part-time (independent) Directors, on the Board.

Committees of the Board

Audit Committee

The members of the Audit Committee are:

1. U. Sundararajan, *Chairman*;
2. Arun Ramanathan;
3. Arun K. Verma; and
4. S.C. Tripathi.

The Audit Committee was constituted by a meeting of the Board held on May 26, 2000. The scope and function of the Audit Committee is in accordance with Section 292A of the Companies Act, Clause 49 of the Listing Agreement and the DPE guidelines 2010 which have been mandatory from the year 2010-11 and its terms of reference include the following:

<u>Role of the Audit Committee</u>

I. General role of the Audit Committee

The role of the audit committee shall include the following:

1. Oversight of company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the Management, the annual financial statements before submission to the board for approval, with particular reference to:
   (a) Matter required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;
   (b) Changes, if any, in accounting policies and practices and reasons for the same;
   (c) Major accounting entries involving estimates based on the exercise of judgement by management;
   (d) Significant adjustments made in the financial statements arising out of audit findings;
   (e) Compliance with listing and other legal requirements relating to financial statements;
   (f) Disclosure of any related party transactions; and
   (g) Qualifications in draft audit report.
5. Review with the management, the quarterly financial statements before submission to Board for approval;
6. Reviewing with the management, performance of internal auditors and adequacy of the internal control systems;
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
8. Discussion with internal auditors and/or auditors any significant findings and follow up thereon;
9. Reviewing the findings of any internal investigations by the internal auditors/auditors/agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
11. To look into reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
12. To review functioning of the Whistle Blower mechanism;
13. Review and follow up action on audit observations of C&AG audit;
14. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
15. Review follow up action on the recommendations of Committee of Public Undertakings (COPU) of the Parliament;
16. Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors;
17. Review all related party transactions in our Company. For this purpose, Audit Committee may designate a member who shall be responsible for reviewing related party transactions;
18. Review with independent auditor the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and effective use of all audit resources;
19. Consider and review with the independent auditor and management:
    a. adequacy of internal controls including computerised information system controls and security; and
    b. related findings and recommendations of the independent auditor and internal auditor, together with management responses.
20. Consider and review with the management, internal auditor and independent auditor:
    (a) significant findings during the year, including status of previous audit recommendations; and
    (b) any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.

(II) Review of information by the Audit Committee

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions in the ordinary course of business (as defined by Audit Committee) to be submitted by Management periodically. In addition, the Management shall provide for review by the Audit Committee:
   (a) details of material individual transactions with related parties which are not in normal course of business; and
   (b) details of material individual transactions with related parties or others which are not on an arm's length basis together with management's justification for the same.
3. Management letter/letters of internal control weaknesses issued by statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. Appointment, removal and terms of remuneration of Internal auditor shall be subject to review by the Audit Committee; and
6. Certification/declaration of financial statements by the Chief Executive/Chief Finance Officer.

(III) Role in relation to the public issues, rights issues, preferential issues etc.

The Audit Committee shall review the uses/applications of the funds raised through public issues, rights issues etc. so as to see that the funds have been utilized for the purposes stated in the offer document.

(IV) Powers of Audit Committee

The Audit Committee shall have powers, which shall include the following:

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice;
4. To secure attendance of outsiders with relevant expertise, if it considers necessary; and
5. To protect whistle blowers.

The Audit Committee is required to meet at least four times in a year under Clause 49 of the Listing Agreement. During Fiscal 2010, the meetings of the Audit Committee were held 15 times. The last meeting of the Audit Committee was held on September 29, 2010.

Share Transfer Committee

The members of the Share Transfer Committee are:

1. S. Hajara, *Chairman*;
2. B.K. Mandal;
3. Kailash Gupta;
4. Capt. K.S. Nair; and
5. J.N. Das.

The Share Transfer Committee was constituted by the Board in the meeting held on September 29, 1992. The terms of reference of the Share Transfer Committee of our Company include approval of the transfer and transmission of shares and other related matters.

Shareholders/ Investors' Grievance Committee

The members of the Shareholders/Investors' Grievance Committee are:

1. Arun Ramanathan, *Chairman*;
2. Arun K. Verma; and
3. B.K. Mandal.

The Shareholders/ Investors' Grievance Committee was constituted by the Board at the meeting held on December 26, 2001. The Shareholders/ Investors' Grievance Committee is responsible for the redressal of shareholder grievances. The terms of reference of the Shareholders/ Investors' Grievance Committee of our Company include the following:

1. Redressal of shareholders' and investors' complaints, including but not limited to, transfer of shares, non-receipt of balance sheet and non-receipt of dividends;
2. Allotment and listing of shares; and
3. Reference to statutory and regulatory authorities for investors grievances.

During Fiscal 2010, the meetings of the Shareholders/ Investors' Grievance Committee were held four times.

Contracts Committee

The members of the Contracts Committee are:

1. S. Hajara, *Chairman*;
2. B.K. Mandal;
3. Kailash Gupta;
4. J.N. Das; and
5. Capt. K.S. Nair.

The terms of reference of the Contracts Committee include the matters pertaining to contracts having financial implication of high value nature or any other matter.

Sub-Committee for Raising Finances

The members of the Sub-Committee for raising finances are:

1. Nasser Munjee, *Chairman*;
2. U. Sundararajan; and
3. B.K. Mandal.

The terms of reference of the Sub-Committee include raising finances from the banks/other financial institutions**.**

Strategy Committee

The members of the Strategy Committee are:

1. S.C. Tripathi, *Chairman*;
2. Nasser Munjee;
3. U. Sundararajan;
4. Sushil Khanna;
5. Vijay Chhibber;
6. S.K. Roongta; and
7. Rajeev Gupta.

The terms of reference of the Strategy Committee of our Company include looking into the strategic decisions of our Company.

Remuneration Committee

The members of the Remuneration Committee are:

1. Rear Admiral (Retd.) T.S. Ganeshan, *Chairman;*
2. Nasser Munjee; and
3. Prof. Sushil Khanna.

The terms of reference of the Remuneration Committee of our Company include deciding the annual bonus, variable pay pool and policy for its distribution across the executives and non-unionised supervisors within the prescribed limits.

During Fiscal 2010, the meeting of the Remuneration Committee was held only once.

FPO Committee

The members of the FPO Committee are:

1. S. Hajara, *Chairman*;
2. B.K. Mandal;
3. Kailash Gupta;
4. U. Sundararajan;
5. Nasser Munjee; and
6. Rajeev Gupta.

The FPO Committee was constituted by the Board at the meeting held on September 29, 2010. The terms of reference of the FPO Committee of our Company include the following:

1. To approve the restated/audited financial statements for inclusion in the Draft Red Herring Prospectus and/or the Red Herring prospectus and/or the Prospectus as the case may be in connection with the issue.

2. To approve, adopt and file the Draft Red Herring Prospectus, the Red Herring Prospectus, the final Prospectus for the Issue, with SEBI, the Registrar of Companies, Maharashtra and/or the stock exchange(s), as the case may be, and to make any corrections or alterations therein;

3. To decide on the timing, pricing and all the terms and conditions of the Issue of the equity shares, including the price band, and to accept any amendments, modifications, variations or alterations thereto, approve the basis for allocation and confirm allocation of the equity shares to various categories of persons as disclosed in the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, in consultation with the BRLMs and do all such acts and things as may be necessary and expedient for, and incidental and ancillary to, the Issue;

4. To appoint and enter into arrangements with the book running lead managers, underwriters to the Issue, syndicate members to the Issue, brokers to the Issue, escrow/collection/refund bankers to the Issue, registrars, legal advisors and all other agencies or persons or intermediaries to the Issue and to negotiate and finalise the terms of their appointment, including but not limited to execution of the book running lead managers mandate letter, negotiation, finalisation and execution of the agreement with the book running lead managers etc.;

5. To finalise, settle, execute and deliver or arrange the delivery of the syndicate agreement, underwriting agreement, escrow agreement, certificates and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the Issue;

6. To open with the bankers to the Issue such accounts as are required by the regulations issued by SEBI;

7. To open and operate bank account(s) of our Company in terms of the escrow/collection/refund agreement for handling/collecting/refund for the Issue and to authorise one or more officers of our Company to execute all documents/deeds as may be necessary in this regard;

8. To authorise and approve the expenditure and payment of fees in connection thereto;

9. To issue receipts/ allotment letters/ confirmations of allotment note/anchor investor allocation notice notes representing the underlying equity shares in the capital of our Company;

10. To make applications to the Reserve Bank of India and such other authorities as may be required for the purpose of allotment of equity shares to non-resident investors;

11. To do all such acts, deeds, matters and things and execute all such other documents, etc. as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, to allot the equity shares to the successful allottees as permissible in law, issue of share certificates in accordance with the relevant rules;
12. To make applications for listing of the equity shares in one or more stock exchange(s) for listing of the equity shares of our Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s); and

13. To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit.

Interest of Directors on the Board

The Directors may be deemed to be interested to the extent of any fees and remuneration payable to them by our Company and/or the Promoters as well as to the extent of any reimbursement of expenses payable to them, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company or our Promoters.

Except S. Hajara, Vijay Chhibber, Rajeev Gupta, J. N. Das, Kailash Gupta, Capt. K. S. Nair and B. K. Mandal who hold Equity Shares as nominees of the Government, the Directors may also be regarded as interested in the Equity Shares held by them or by the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. Except as aforesaid, the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares.

None of the Directors have interest in any property acquired by our Company within the preceding two years from the date of this Red Herring Prospectus.

Except as stated in "Related Party Transactions" in section "Financial Statements" beginning on page 126 and described herein to the extent of shareholding in our Company, if any, the Directors do not have any other interest in the business of our Company.

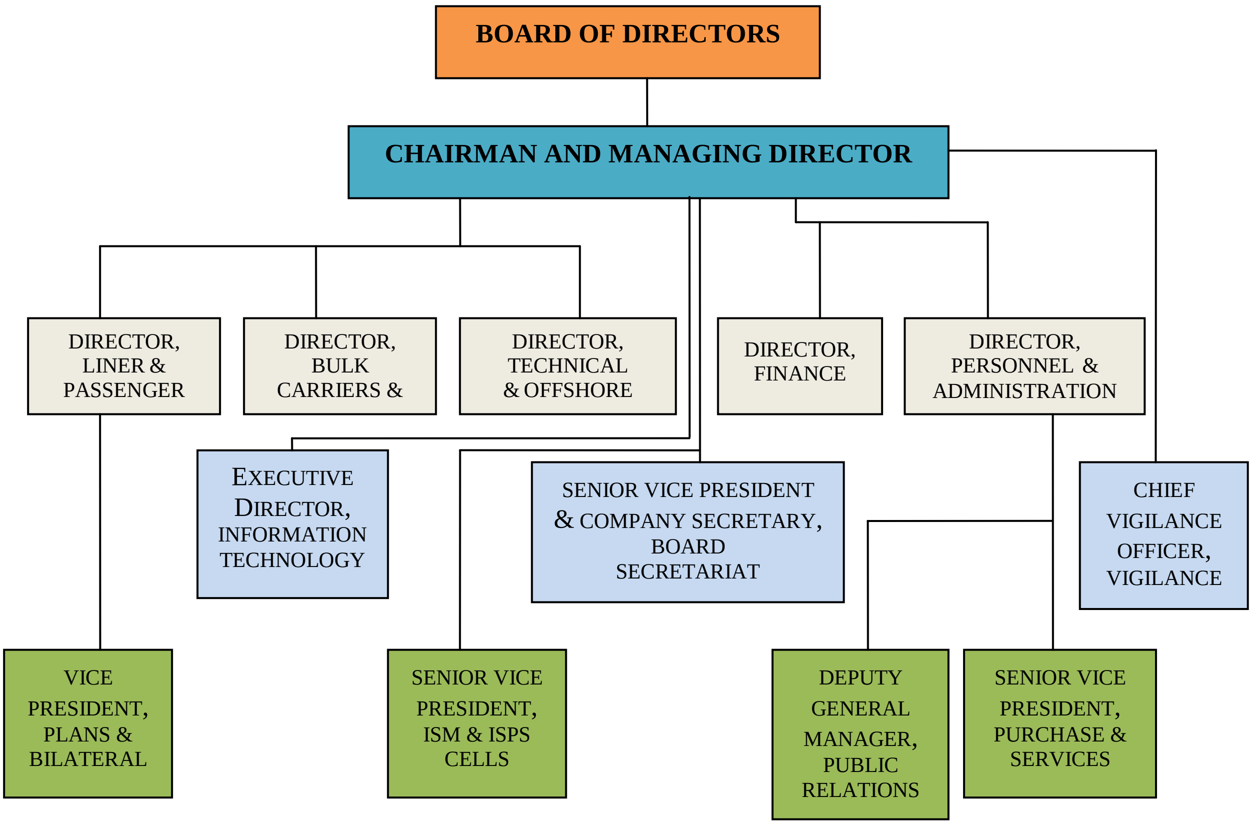
Except Vijay Chhibber and Rajeev Gupta who have been appointed by the Government, there is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which the Directors or the key management personnel were selected as director or member of senior management. For details, see "History and Certain Corporate Matters" beginning on page 85.

Changes in the Board in the last three years

Name	Date of Appointment/ Change/ Cessation	Reason
A.K. Mago	July 28, 2007 – Appointed July 27, 2010 – Ceased	Expiry of the tenure
Dr. Bakul H. Dholakia	July 28, 2007 – Appointed July 27, 2010 – Ceased	Expiry of the tenure
Keshav Saran	July 28, 2007 – Appointed July 27, 2010 – Ceased	Expiry of the tenure
A.D. Fernando	July 28, 2007 – Appointed July 27, 2010 – Ceased	Expiry of the tenure
J.N.L. Srivastava	July 28, 2007 – Appointed July 27, 2010 – Ceased	Expiry of the tenure
U. Sundararajan	July 28, 2007 – Appointed July 27, 2010 – Ceased August 11, 2010 – Reappointed	Expiry of the tenure Reappointed by the Ministry of Shipping
Nasser Munjee	August 13, 2007 – Appointed August 11, 2010 – Reappointed	Reappointed by the Ministry of Shipping
Sushil Tripathi	December 13, 2007 – Appointed August 11, 2010 – Reappointed	Reappointed by the Ministry of Shipping
J.N. Das	December 24, 2007 – Appointed	Appointed by the Ministry of Shipping
Vijay Chhibber	December 26, 2008 – Appointed	Appointed by the Ministry of Shipping
Capt. K.S. Nair	November 3, 2008 – Appointed	Appointed by the Ministry of Shipping
S.C. Tripathi	August 11, 2010 – Appointed	Appointed by the Ministry of Shipping

Name	Date of Appointment/ Change/ Cessation	Reason
Arun Kumar Verma	August 11, 2010 – Appointed	Appointed by the Ministry of Shipping
Sushil Khanna	August 11, 2010 – Appointed	Appointed by the Ministry of Shipping
Rear Admiral (Retd.) T. S. Ganeshan	August 11, 2010 – Appointed	Appointed by the Ministry of Shipping
U.C. Grover	August 31, 2010 – Ceased	Superannuated
Arun Kumar Gupta	October 25, 2010 – Appointed	Appointed by the Ministry of Shipping
S.K. Roongta	October 29, 2010 – Appointed	Appointed by the Ministry of Shipping
B.K. Mandal	November 10, 2010 – Ceased November 10, 2010 – Reappointed	Expiry of the tenure Reappointed by the Ministry of Shipping

Management Organizational Structure



Key Management Personnel

The following are the details of the key management personnel of our Company, as of the date of this Red Herring Prospectus:

M.B. Sagar, aged 50 years, is the chief vigilance officer of our Company. He joined our Company on deputation from the Indian Police Service on January 4, 2008. M.B. Sagar holds a bachelor’s degree in Arts with honours in Economics and a master’s degree in Arts with honours in Economics. He has held the position of Inspector, General Vigilance, Criminal Investigation Department, Bhopal, Madhya Pradesh prior to joining our Company. M.B. Sagar was paid a remuneration of Rs. 1.14 million in Fiscal 2010. His term of office on deputation expires on January 3, 2013.

D.S. Kanvinde, aged 58 years, is the executive director of Information Technology division of our Company. He joined our Company on May 12, 1982. D.S. Kanvinde holds a bachelor’s degree in engineering (civil) and a master’s degree in technology (structural). He has held the position of chief engineer officer in our Company’s fleet prior to joining our Company’s offshore employment. D.S. Kanvinde was paid a remuneration of Rs. 1.26 million in Fiscal 2010. His term of office expires on April 30, 2012.

S. Kannan, aged 58 years, is the executive director of the Internal Audit division of our Company. He joined our Company on August 2, 1978. S. Kannan holds a bachelor’s degree in commerce and is a qualified Chartered Accountant. He has held the position of internal auditor at M/s Sahwney Kivkund Private Limited prior to joining our Company. S. Kannan was paid a remuneration of Rs. 1.24 million in Fiscal 2010. His term of office expires on September 30, 2012.

Captain C.P. Athaide, aged 58 years, is the executive director of the Fleet Personnel division of our Company. He joined our Company on August 1, 1982. Captain C.P. Athaide has completed one year in bachelor’s in science and holds a certificate of Master (Foreign Going). He has held the position of master in our Company’s fleet prior to joining our Company’s offshore employment. Captain C.P. Athaide was paid a remuneration of Rs. 1.11 million in Fiscal 2010. His term of office expires on August 31, 2012.

Captain Sunil Thapar, aged 55 years, is the executive director of the Bulk Carrier and Chartering, bulk carrier and tanker division of our Company. He joined our Company on August 21, 1987. Captain Sunil Thapar holds a master’s degree in shipping management technology. He has held the position of captain in our Company’s fleet prior to joining our Company’s offshore employment. Captain Sunil Thapar was paid a remuneration of Rs. 1.06 million in Fiscal 2010. His term of office expires on September 30, 2015.

J.V.S. Rao, aged 57 years, is the executive director of the Shipbuilding & Services, Technical and offshore division of our Company. He joined our Company on June 6, 1988. J.V.S. Rao holds a bachelor’s degree in mechanical engineering and holds a first class degree in MOT. He has held the position of chief engineer officer in our Company’s fleet prior to joining our Company’s offshore employment. J.V.S. Rao was paid a remuneration of Rs. 1.07 million in Fiscal 2010. His term of office expires on February 28, 2013.

P.K. Barman, aged 56 years, is a senior vice president, Bulk Carrier and Tanker division of our Company. He joined our Company on August 14, 1989. P.K. Barman holds a first class degree in MOT. He has held the position of chief engineer officer in our Company’s fleet prior to joining our Company’s offshore employment. P.K. Barman was paid a remuneration of Rs. 0.99 million in Fiscal 2010. His term of office expires on August 31, 2014.

P.D. Anand, aged 54 years, is the senior vice president, Bulk Carrier and Tanker Comercial department, bulk carrier and tanker division of our Company. He joined our Company on September 5, 1980. P.D. Anand holds a bachelor’s degree in engineering and commerce and a diploma in business management. He has held the position of probationary officer at Bank of Mysore. P.D. Anand was paid a remuneration of Rs. 0.99 million in Fiscal 2010. His term of office expires on October 31, 2015.

R. Ahluwalia, aged 57 years, is the senior vice president, Bulk Carrier-Technical, Bulk Carrier And Tanker division of our Company. He joined our Company on March 17, 1987. R. Ahluwalia holds a certificate for Master (Foreign Going). He has held the position of master in our Company’s fleet prior to joining our Company’s offshore employment. R. Ahluwalia was paid a remuneration of Rs. 0.997 million in Fiscal 2010. His term of office expires on July 31, 2013.

Dipankar Haldar, aged 46 years, is the senior vice president, Legal Affairs and Company Secretary of our Company. He joined our Company on November 1, 2001. Dipankar Haldar holds a bachelor’s degree in Commerce (Hons.) and Law and is a Qualified Company Secretary. He has held the position of assistant vice president at M/s Indusind Media & Communications prior to joining our Company. Dipankar Haldar was paid a remuneration of Rs. 0.89 million in Fiscal 2010. His term of office expires on April 30, 2024.

E.C. Rao, aged 59 years, is the senior vice president, Technical Services department, Technical and Offshore division of our Company. He joined our Company on February 1, 1989. E.C. Rao holds a bachelor’s degree in mechanical engineering and a first class degree in MOT. He has held the position of chief engineer officer in our Company’s fleet prior to joining our Company’s offshore employment. E.C. Rao was paid a remuneration of Rs. 1.02 million in Fiscal 2010. His term of office expires on April 30, 2011.

A. Chopra, aged 58 years, is the senior vice president, Container Services and Marketing Liner and Passenger Services division of our Company. He joined our Company on May 1, 1983. A. Chopra holds a degree of certificate for Master (Foreign Going). He has held the position of master in our Company's fleet prior to joining our Company's offshore employment. A. Chopra was paid a remuneration of Rs. 1.06 million in Fiscal 2010. His term of office expires on June 30, 2012.

S. G Bhalla, aged 57 years, is the senior vice president, Liner Technical and Coastal Passenger Services Department, Liner and Passenger Services division of our Company. He joined our Company on December 27, 1988. S. G Bhalla has completed first year of master's degree in engineering and holds a first class degree in MOT. He has held the position of chief engineer officer in our Company's fleet prior to joining our Company's offshore employment. S. G Bhalla was paid a remuneration of Rs. 1.14 million in Fiscal 2010. His term of office expires on February 28, 2013.

U.D. Jejurikar, aged 53 years, is the senior vice president, Purchase and Services division of our Company. She joined our Company on December 14, 1981. U.D. Jejurikar holds a bachelors degree in Arts and master's degree in science and business administration. She has had no work experience before joining our Company. U.D. Jejurikar was paid a remuneration of Rs. 1.09 million in Fiscal 2010. Her term of office expires on June 30, 2017.

S.N. Deshpande, aged 59 years, is the senior vice president, Information Technology division of our Company. He joined our Company on July 17, 1981. S.N. Deshpande holds a bachelor's degree in commerce and is a qualified chartered accountant. He has held the position of accounts officer at Tata Iron and Steel Company Limited prior to joining our Company's employment. S.N. Deshpande was paid a remuneration of Rs. 1.12 million in Fiscal 2010. His term of office expires on April 30, 2011.

Gupta Kaushalendra, aged 55 years, is a senior vice-president, Bulk Carrier and Tanker division in our Company. He joined our Company on August 27, 1991. Gupta Kaushalendra holds a bachelor's degree in science and a master's degree marine education and training (nautical). He is a Master (Foreign Going) and has a diploma in ship board safety management. He has held the position of master in our Company's fleet prior to joining our Company's employment. Gupta Kaushalendra was paid a remuneration of Rs. 1.11 million in Fiscal 2010. His term of office expires on December 31, 2014.

S. Raychoudhary, aged 59 years, is a senior vice-president in our Company in our Kolkata office. He joined our Company on April 27, 1979. S. Raychoudhary holds a bachelor's degree in commerce and is a qualified chartered accountant. S. Raychoudhary was paid a remuneration of Rs. 1.34 million in Fiscal 2010. His term of office expires on January 31, 2011.

S. K. Maji, aged 51 years, is a senior vice-president, Freight and Port Operations department, Liner and Passenger Services division in our Company. S. K. Maji joined our Company on May 2, 1983. S. K. Maji holds a bachelor's degree in engineering and a master's degree in business administration. S. K. Maji was paid a remuneration of Rs. 1.06 million in Fiscal 2010. His term of office expires on July 31, 2019.

S. G. Sadwarti, aged 52 years, is a senior vice-president, ERP department, Information Technology Division in our Company. He joined our Company on June 20, 1983. S. G. Sadwarti holds a bachelor's degree in engineering and a master's degree in business administration. S. G. Sadwarti was paid a remuneration of Rs. 1.16 million in Fiscal 2010. His term of office expires on May 31, 2018.

R. C. Chachada, aged 57 years, is a senior vice-president, Cash and Tax department, Finance and Accounts division in our Company. He joined our Company on July 31, 1981. He holds a bachelor's degree in commerce and is a qualified chartered accountant. He has held the position of assistant internal auditor at New City of Bombay Manufacturing Company Limited prior to joining our Company. Chachada R. C. was paid a remuneration of Rs. 1.10 million in Fiscal 2010. His term of office expires on November 30, 2012.

K. Devdas, aged 53 years, is a senior vice-president, Technical and Offshore Services division in our Company. He joined our Company on December 28, 1993. He is a Master (Foreign Going) and has a master's degree in business administration. He has held the position of master in our Company's fleet prior to joining our Company's employment. K. Devdas was paid a remuneration of Rs. 1.01 million in Fiscal 2010. His term of office expires on February 28, 2017.

S. Pahi, aged 55 years, is a senior vice-president, ISM & ISPS divisions in our Company. He joined our Company on December 30, 1998. He is a Master (Foreign Going) and is a Master Mariner. He has held the position of master in our Company's fleet prior to joining our Company's employment. S. Pahi was paid a remuneration of Rs. 1.01 million in Fiscal 2010. His term of office expires on June 30, 2015.

Prasanta Deb, aged 58 years, is a senior vice president, Bills and Shore Personnel Accounts and Coordination, Finance and Accounts division in our Company. He joined our Company on September 21, 1979. Prasanta Deb holds a bachelor's degree in science and is a qualified chartered accountant. Prasanta Deb was paid a remuneration of Rs. 1.02 million in Fiscal 2010. His term of office expires on February 29, 2012.

N Bandyopadhyay, aged 59 years, is a senior vice president, Business Development and Alliance in our Company. He joined our Company on June 18, 1984. N Bandyopadhyay holds a bachelor's degree in science and a post graduate diploma in management. He has held the position of assistant manager at Price Waterhouse Coopers prior to joining our Company. N Bandyopadhyay was paid a remuneration of Rs. 1.17 million in Fiscal 2010. His term of office expires on October 31, 2011.

B.B. Sinha, aged 53 years, is a senior vice president, SVC department, Bulk Carrier and Tanker division in our Company. He joined our Company on August 1, 1994. B.B. Sinha is a Master (Foreign Going) and is an associate member of the Institute of Chartered Ship Brokers. B.B. Sinha was paid a remuneration of Rs. 1.02 million in Fiscal 2010. His term of office expires on December 31, 2017.

N.R. Saraiya, aged 52 years, is a senior vice president, ERP department, Information Technology division in our Company. He joined our Company on July 6, 1981. N.R. Saraiya holds a bachelor's degree in commerce and is a qualified chartered accountant. N.R. Saraiya was paid a remuneration of Rs. 1.15 million in Fiscal 2010. His term of office expires on September 30, 2018.

S. Mandal, aged 49 years, is a regional senior vice president of our Company at Kolkata office. He joined our Company on June 10, 1985. S. Mandal holds a bachelor's degree in engineering (Chemistry) and a post graduate diploma in management. S. Mandal was paid a remuneration of Rs. 1.24 million in Fiscal 2010. His term of office expires on February 28, 2021.

All the key management personnel are permanent employees of our Company and none of the key management personnel are related to each other.

Shareholding of Key Management Personnel

Name	No. of Equity Shares
P.K. Barman	37
R.C. Chachada	150*

* *Joint ownership*

Except as stated in the above table, none of the key management personnel holds Equity Shares in our Company.

Bonus or profit sharing plan of the Key Management Personnel

The key management personnel are paid performance incentive pay based on certain performance parameters of such key management personnel and our Company. In addition to the above, our key managerial personnel are also entitled to receive certain benefits under the staff welfare schemes such as education assistance for their dependent children, etc.

Interests of Key Management Personnel

The key management personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business. All of the key management personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

None of the key management personnel have been paid any consideration or benefit of any nature from our Company other than their remuneration.

Changes in the key management personnel

The changes in the key management personnel in the last three years are as follows:

Name	Date of change	Reason for change
A. Chopra	June 5, 2007	Promoted as Senior Vice President
G. S. Bhalla	June 5, 2007	Promoted as Senior Vice President
U. D. Jejurikar	December 24, 2007	Promoted as Senior Vice President
S. N. Deshpande	December 24, 2007	Promoted as Senior Vice President
D. S. Kanvinde	September 15, 2008	Promoted as Executive Director
S. Kannan	September 15, 2008	Promoted as Executive Director
Prasanta Deb	September 24, 2008	Promoted as Senior Vice President
N. Bandhyopadhyay	September 24, 2008	Promoted as Senior Vice President
N. R. Saraiya	September 24, 2008	Promoted as Senior Vice President
S. Mandal	September 24, 2008	Promoted as Senior Vice President
Pahi S.	February 22, 2010	Promoted as Senior Vice President
Devadas K.	February 22, 2010	Promoted as Senior Vice President
R. C. Chachada	February 22, 2010	Promoted as Senior Vice President
S. G. Sadawarti	February 22, 2010	Promoted as Senior Vice President
S. K. Maji	February 22, 2010	Promoted as Senior Vice President
S. Raychoudhary	February 22, 2010	Promoted as Senior Vice President
Kaushalendra Gupta	February 22, 2010	Promoted as Senior Vice President
Captain C. P. Athaide	March 26, 2010	Promoted as Executive Director
Captain Sunil Thapar	March 26, 2010	Promoted as Executive Director
J. V. S. Rao	March 26, 2010	Promoted as Executive Director
Arun Kumar Gupta	April 28, 2010	Promoted as Executive Director
Arun Kumar Gupta	October 25, 2010	Took over as Director (T&OS)

Company's policy on reservation

The Reservation Policy as detailed in Government guidelines are being maintained and implemented in the Organisation. The details of reservation for recruitment of executives in open category are as below:

- Scheduled castes: 15%,
- Scheduled tribes: 7.5% and
- Other backward castes: 27%.

For other than open category the reservation is as following:

- Scheduled castes: 16.66%,
- Scheduled tribes: 7.5%, and
- Other backward castes: 25.84%.

OUR PROMOTER

Our Promoter currently holds 80.12% of the pre-Issue paid-up equity share capital of our Company. As our Promoter is the President of India acting through the Ministry of Shipping, disclosure of our 'group companies' as defined under Schedule VIII of the SEBI Regulations has not been provided.

DIVIDEND POLICY

The declaration and payment of dividend on our Equity Shares will be recommended by our Board and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements, contractual obligations, restrictive covenants under our loan and financing arrangements and the overall financial condition of our Company subject to order (3(5)-B(S)/2010) dated October 15, 2010, of the Ministry of Finance, Government of India, by which all profit making central public sector enterprises are required to declare a minimum dividend on equity of 20% or minimum dividend of 20% of post-tax profits, whichever is higher, subject to availability of disposable profits in terms of guidelines issued by the Department of Expenditure, Ministry of Finance, Government of India. The dividend and dividend tax paid by our Company during the last three Fiscals are presented below:

	Fiscal 2010	**Fiscal 2009**	**Fiscal 2008**
Face value of Equity Shares (in Rs. Per Equity Share)	10	10	10
Dividend (in Rs. Million)	2,117.27	2,752.45	2,399.57
Dividend per Equity Share (Rs.)	5	6.5	8.5
Dividend Rate (%)	50	65	85
Dividend Tax (in Rs. Million)	351.65	467.78	407.81

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts payable, if any, in the future.

SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Report by Statutory Auditors on Restated Financial Information in Relation to Offer document

To
The Board of Directors
THE SHIPPING CORPORATION OF INDIA LIMITED
Shipping House,
245, Madame Cama Road,
Nariman Point,
Mumbai

Dear Sir,

1. We have examined the attached Restated Financial Information of The Shipping Corporation of India Limited (the Corporation), as approved by the Committee of the Board of Directors of the Corporation formed for this purpose, prepared in terms of the requirements of Paragraph B, Part II of Schedule II of the Companies Act, 1956 ("the Act"), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date (ICDR Regulations) the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI) and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 29.10.2010 in connection with the 'Further Public Offering' (FPO) of Equity Shares of the The Shipping Corporation of India Limited, Mumbai and equity offering by the Selling Shareholder, the Government of India, in The Shipping Corporation of India Limited, Mumbai (Corporation).

   The preparation and presentation of these Restated Financial information is the responsibility of the Corporation's management.

2. These information have been extracted by the management from the financial statements for the period ended 30th September 2010 audited by us and financial years ended 31st March 2010, 31st March 2009, 31st March 2008, 31st March 2007, and 31st March 2006 audited by the other auditors (Previous auditors). Audits of the financial year ended 31st March 2010, 31st March 2009, 31st March 2008 and 31st March 2007 were conducted by M/s Khandelwal Jain & Co. and S Bhandari & Co., Chartered Accountants, and for the year ended 31st March 2006 were conducted by M/s Ford, Rhodes, Parks & Co. and M/s Karnavat & Co., being the auditors of the Corporation for the aforesaid years (Previous auditors), and accordingly reliance has been placed on the financial statements audited by them for the aforesaid years.

3. We have examined the Restated Financial Information of the Corporation for the period ended 30th September 2010 and financial years ended on 31st March 2010, 31st March 2009, 31st March 2008, 31st March 2007, and 31st March 2006 prepared and approved by the Committee of the Board of Directors of the Corporation formed for this purpose, for the purpose of disclosure in the offer document of the Corporation.

4. The Restated Financial Information of the Corporation for the above period was examined to the extent practicable in accordance with the Engagement Standard issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the Restated Financial Information under examination is free from material misstatements.

   Based on the above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been accordingly used in the Restated Financial Information appropriately.

5. In accordance with the requirements of Paragraph B of Part-II of Schedule-II of the Act, the ICDR Regulations, the Guidance Note and terms of our engagement agreed with you, we further report that Financial Information comprising: -

a) The Restated Summary Statement of Assets and Liabilities of the Corporation as at 30th September 2010 and 31st March 2010, 31st March 2009, 31st March 2008, 31st March 2007, and 31st March 2006 as set out in **Annexure-I;**

b) The Restated Summary Statement of Profit & Loss of the Corporation for the period ended 30th September 2010 and financial years ended 31st March 2010, 31st March 2009, 31st March 2008, 31st March 2007, and 31st March 2006 as set out in **Annexure-II; and**

c) The Restated Cash Flow Statements of the Corporation for the period ended 30th September 2010 and financial years ended on 31st March 2010, 31st March 2009, 31st March 2008, 31st March 2007, and 31st March 2006 as set out in **Annexure-III;**

to this report are after making such adjustments and regrouping as in our opinion are appropriate and more fully described in 'Details of the Adjustment made in Restated Summary Statement of Profit & Loss' **(Refer Annexure- IV –A)** 'Explanatory Notes for the adjustment made and other material notes' **(Refer Annexure – IV –B)** and Significant Accounting Policies and 'Changes in Accounting Policies during the period commencing from 1st April 2005 to 30th Sept 2010' **(Refer Annexure – V)**

Based on the above, and also as per reliance placed on the audited financial statement audited by previous auditors, we are of the opinion that the **Restated Financial Information** have been made in accordance with the ICDR Regulations and the relevant provisions of the Companies Act, 1956 including Accounting Standards notified thereunder, after incorporating:

i. All the adjustments for incorrect accounting practices or failure to make provision or other adjustment which resulted in audit qualification;

ii. Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for the reporting periods;

iii. Adjustments for the material amounts in the respective financial years to which they relate;

iv. Adjustment for all audit qualification in the respective financial years to which they relate. Further there are no qualifications in the Audit Reports which remain to be adjusted in the Restated financial information; and there are no extra-ordinary items that need to be disclosed separately in the Restated Financial Statements, except otherwise reported.

6. We have also examined the following other financial information setout in Annexure prepared by the management and approved by the Committee of the Board of Directors of the Corporation formed for this purpose for the period ended 30th September 2010 audited by us. In respect of financial years ended 31st March 2010, 31st March 2009, 31st March 2008, 31st March 2007, and 31st March 2006 ,these information have been included based on reliance placed on the Financial Statements audited by previous auditors:-

a. Statement of Dividend paid/proposed - **Annexure-VI**.

b. Statement of Accounting Ratios - **Annexure-VII**.

c. Statement of Capitalization as at September 30, 2010 - **Annexure-VIII**.

d. Statement of Secured and Unsecured Loans - **Annexure-IX**.

e. Statement of Revenue from Operations, Statement of Other income and Statement of O&M Expenditure - **Annexure-X (a), (b) and (c)**.

f. Statement of Tax Shelter - **Annexure-XI**.

g. Statement of Loan and Advances - **Annexure-XII**.

h. Statement of Sundry Debtors - **Annexure-XIII**.

i. Statement of Investments - **Annexure-XIV**.

j. Statement of Changes in Share Capital - **Annexure-XV**.

k. Statement of Related Party Transactions - **Annexure-XVI**.

l. Statement of Segment Reporting - **Annexure- XVII**.

m. Statement of Contingent Liabilities - **Annexure-XVIII**.

n. Statement of Fixed Assets – **Annexure –XIX**

o. Statement of Reserves & Surplus - **Annexure–XX**

p. Statement of Current Liabilities & Provisions **- Annexure -XXI**

In our opinion the Restated financial information contained in **Annexure-VI to XXI** of this report have been prepared after making adjustments and regrouping as in our opinion were appropriate and more fully described read along with 'Details of the Adjustment made in Restated Summary Statement of Profit & Loss' **(Refer Annexure- IV –A)** 'Explanatory Notes for the adjustment made and other material notes' **(Refer Annexure – IV –B)** and Significant Accounting Policies and 'Changes in Accounting Policies during the period commencing from 1st April 2005 to 30th Sept 2010' **(Refer Annexure – V)**

7. This report is intended solely for your information and for inclusion in the offer document in connection with the proposed follow on public offering of the Corporation and should not be used, referred to or circulated for any other purpose without our prior written consent.

For P.S.D. & Associates
Chartered Accountants
Firm Registration No 004501C

(Prakash Sharma)
Partner
M. No. 072332

For SARDA & PAREEK
Chartered Accountants
Firm Registration No 109262W

(Niranjan Joshi)
Partner
M. No. 102789

Place: Mumbai
Date: November 15, 2010

ANNEXURE I

RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Million)

	AS AT	30th September 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
A.	**FIXED ASSETS**						
	Gross Block	91,336.96	88,931.99	81,618.20	66,942.48	67,053.81	68,188.66
	Less: Depreciation	42,670.65	43,783.52	43,248.31	40,350.30	37,323.97	35,589.68
	Net Block	48,666.31	45,148.47	38,369.89	26,592.18	29,729.84	32,598.98
	Assets under Construction	27,561.98	18,547.02	20,998.51	20,071.95	7,625.52	2,372.59
	Assets held for Disposal	0.16	0.15	0.17	0.18	-	-
	Total Fixed Assets	**76,228.45**	**63,695.64**	**59,368.57**	**46,664.31**	**37,355.36**	**34,971.57**
B.	**INVESTMENTS**	2,802.76	1,666.66	1,114.65	414.65	240.01	89.63
C.	**CURRENT ASSETS, LOANS & ADVANCES**						
	Inventories	888.68	832.07	633.36	900.66	738.49	702.50
	Sundry Debtors	3,918.75	3,399.29	4,398.98	3,983.25	3,451.94	3,852.14
	Cash & Bank Balances	23,103.38	24,064.59	26,728.59	20,912.08	26,246.86	20,973.28
	Deposit with Public Financial Institutions	5,225.00	2,700.00	1,600.00	1,650.00	-	1,500.00
	Other Current Assets	1,549.91	1,391.21	1,018.08	938.71	1,095.57	828.60
	Amounts advanced to Joint Venture Companies	2,278.59	2,348.26	2,634.34	2,658.96	3,142.84	2,189.32
	Loans and Advances	3,216.27	3,198.55	3,314.22	2,951.32	3,260.56	3,561.65
	Total Current Assets	**40,180.58**	**37,933.97**	**40,327.57**	**33,994.98**	**37,936.26**	**33,607.49**
	LIABILITIES & PROVISIONS						
D.	**LOAN FUNDS**						
	Secured Loans	37,682.04	26,968.57	24,716.78	14,542.03	12,447.07	13,744.03
E.	**CURRENT LIABILITIES & PROVISIONS**						
	Sundry Creditors & Other Liabilities	10,175.39	9,301.44	9,789.16	8759.38	11,393.15	10,542.08
	Provisions	3,413.08	3,406.25	4,068.10	1929.80	579.62	689.63
	Total Current Liabilities & Provisions	**13,588.47**	**12,707.69**	**13,857.26**	**10,689.18**	**11,972.77**	**11,231.71**
F.	**NET WORTH**	**67,941.28**	**63,620.01**	**62,236.75**	**55,842.73**	**51,111.79**	**43,692.95**

	AS AT	30th September 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
	Represented by:						
	Share Capital	4,234.54	4,234.54	4,234.54	2,823.03	2,823.03	2,823.03
	Reserves& Surplus	63,706.74	59,385.47	58,002.21	53,019.70	48,288.76	40,869.92
	Net Worth	**67,941.28**	**63,620.01**	**62,236.75**	**55,842.73**	**51,111.79**	**43,692.95**

Note:

c. Reserve & Surplus comprises of Staff Welfare Fund, Corporate Social Responsibility Reserve, Capital Reserve, General Reserve, Tonnage Tax Reserve u/s 115VT of Income Tax Act, Special Reserve u/s 33AC of the Income Tax Act and Balance in profit & loss Account carried forward.

d. The above statement should be read with the 'Details of the adjustment made in Restated Summary Statement of Profit & loss' (Refer Annexure IV-A), 'Explanatory Notes for the adjustment made & other material Notes' (Refer Annexure – IV-B) and 'Significant Accounting Policies ' and 'Changes in Accounting Policies during the period commencing from 1st April 2005 to 30th Sept 2010' (Refer Annexure-V).

ANNEXURE II

RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. In Million)

	Period/ Year ended on	**30th September 2010**	**31st March 2010**	**31st March 2009**	**31st March 2008**	**31st March 2007**	**31st March 2006**
A.	**INCOME**						
	Operating Earnings	17,893.64	34,603.96	41,667.72	37,389.92	37,175.58	36,136.48
	Profit on sale of Ships (Net)	1,434.87	1,225.13	344.62	0.00	827.80	120.96
	Interest Income	881.08	2,181.53	2,727.17	2,276.92	2,196.91	1,725.77
	Other Income	114.37	327.37	769.15	239.95	226.79	247.67
	Excess provisions/ Sundry credit balances written back	173.69	661.75	101.52	577.59	1,581.89	244.16
	Total	**20,497.65**	**38,999.74**	**45,610.18**	**40,484.38**	**42,008.97**	**38,475.04**
B.	**EXPENDITURE**						
	Operating Expenses	12,228.33	27,652.92	28,104.59	26,037.28	25,558.08	21,386.45
	Administration Expenses	1,096.91	1,989.00	2,050.13	1,823.74	1,351.64	1,262.52
	Other Expenses, Provisions etc.	88.82	161.08	538.05	404.19	262.11	110.36
	Interest	255.62	525.30	646.67	608.93	801.27	790.50
	Depreciation	2,052.14	3,811.73	3,251.79	3,028.46	2,916.17	3,035.81
	Total	**15,721.82**	**34,140.03**	**34,591.23**	**31,902.60**	**30,889.27**	**26,585.64**
C.	**PROFIT BEFORE EXTRAORDINARY ITEMS**	**4,775.83**	**4,859.71**	**11,018.95**	**8,581.78**	**11,119.70**	**11,889.40**
D.	**EXTRA ORDINARY ITEMS**						
	Less: Provision towards loss of Ship / other incidental charges	-	-	214.00	-	-	-
	Less: Provision towards NYSA USA pension liability due to exit from IDX Service	-	-	39.15	137.61	-	-
E.	**PROFIT BEFORE TAX**	**4,775.83**	**4,859.71**	**10,765.80**	**8,444.17**	**11,119.70**	**11,889.40**
	Provision for Indian Income Tax						
	- Current	450.00	992.76	1,099.39	859.41	929.42	694.69
	- Fringe Benefit Tax	-	-	40.00	38.50	29.00	30.00
F.	**PROFIT AFTER TAX**	**4,325.83**	**3,866.95**	**9,626.41**	**7,546.26**	**10,161.28**	**11,164.71**
	Less: Transferred to Tonnage Tax Reserve u/s 115VT of Income Tax Act	-	800.00	2,000.00	1,700.00	2,250.00	3,000.00
G.	**BALANCE**	**4,325.83**	**3,066.95**	**7,626.41**	**5,846.26**	**7,911.28**	**8,164.71**
	Add: Balance brought forward from last year	4,998.32	4,847.98	4,118.40	5,915.26	4,968.72	3,547.36
H.	**AMOUNT AVAILABLE FOR APPROPRIATION**	9,324.15	7,914.93	11,744.81	11,761.52	12,880.00	11,712.07
	Appropriations						
	Staff Welfare Fund	-	10.00	7.50	7.50	6.00	6.00
	Corporate Social Responsibility Reserve	-	37.69	94.07	-	-	-
	Capital Reserve	-	-	75.03	28.24	222.63	1.24
	General Reserve	-	400.00	3,500.00	4,800.00	4,000.00	4,000.00

	Period/ Year ended on	30th September 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
	Interim Dividend	-	-	-	1,270.36	2,399.57	2,399.57
	Tax on Interim Dividend	-	-	-	215.90	336.54	336.54
	Proposed Dividend	-	2,117.27	2,752.45	1,129.21	-	-
	Tax on Proposed Dividend	-	351.65	467.78	191.91	-	-
I.	**BALANCE CARRIED TO BALANCE SHEET**	**9,324.15**	**4,998.32**	**4,847.98**	**4,118.40**	**5,915.26**	**4,968.72**

Note:

The above statement should be read with the ‘Details of the adjustment made in Restated Summary Statement of Profit & loss’ (Refer Annexure IV-A), ‘Explanatory Notes for the adjustment made & other material Notes’ (Refer Annexure – IV-B) and ‘Significant Accounting Policies ’ and ‘Changes in Accounting Policies during the period commencing from 1st April 2005 to 30th Sept 2010’ (Refer Annexure-V).

ANNEXURE III

RESTATED CASH FLOW STATEMENT

(Rs. In Million)

Period/ Year ended		**30th September 2010**	**31st March 2010**	**31st March 2009**	**31st March 2008**	**31st March 2007**	**31st March 2006**
(A) CASH FROM OPERATING ACTIVITIES							
Profit before Tax		**4775.83**	**4859.71**	**10765.80**	**8444.17**	**11119.70**	**11889.40**
ADJUSTMENTS FOR:							
Depreciation		2052.14	3811.73	3251.79	3028.46	2916.17	3035.81
Interest Income		(881.08)	(2181.53)	(2727.17)	(2276.92)	(2196.91)	(1725.77)
Interest paid		255.62	525.30	646.67	608.93	801.27	790.50
Dividend received		(2.60)	(23.18)	(20.87)	(19.28)	(93.27)	(20.07)
Surplus on sale of Fixed Assets (other than ships)		(9.62)	0.00	(1.73)	(34.93)	(0.47)	(2.94)
Surplus on sale of Ships		(1434.87)	(1225.13)	(344.62)	0.00	(827.80)	(120.96)
Provision for doubtful debts & Advances (Net)		0.00	27.07	449.00	66.39	18.34	(42.04)
Debts & Advances written off		0.00	0.69	0.20	176.68	0.75	0.00
Sundry credit balances written back		(5.41)	(33.23)	(17.08)	(258.83)	(595.63)	(4.74)
Deferred Revenue Expenditure write-off		0.00	0.00	0.00	0.00	0.00	(0.01)
Operating Profit before Working Capital Changes		**4750.01**	**5761.43**	**12001.99**	**9734.67**	**11142.15**	**13799.18**
Adjustments for: Increase in working capital							
(a) Trade and other receivables		(214.84)	863.36	(1306.28)	(202.32)	10.61	(1744.15)
(b) Inventories		(56.60)	(198.72)	267.30	(162.17)	(35.99)	(198.38)
(c) Trade Payables		842.26	(192.56)	1159.74	120.40	(415.03)	(1307.04)
(a) +(b)+(c)		**570.82**	**472.08**	**120.76**	**(244.09)**	**(440.41)**	**(3249.57)**
Cash generated from Operations		**5320.83**	**6233.51**	**12122.75**	**9490.58**	**10701.74**	**10549.61**
Tax paid (Net of Refunds)		(445.56)	(1003.56)	(1070.29)	(1021.51)	(1151.27)	(360.30)
Net Cash from Operating activities	**(A)**	**4875.27**	**5229.95**	**11052.46**	**8469.07**	**9550.47**	**10189.31**
(B) CASH FROM INVESTING ACTIVITIES							
Purchase/ Acquisition of Fixed assets (including Assets		(14594.39)	(8139.95)	(15940.46)	(12339.15)	(5314.20)	(4431.41)

Period/ Year ended		30th September 2010	31st March 2010	31st March 2009	31st March 2008	31st March 2007	31st March 2006
under construction)							
Investment with Public Financial Institutions		(2525.00)	(1100.00)	0.00	(1650.00)	0.00	(1500.00)
Receipts from Maturity of Investments		0.00	0.00	50.00	0.00	1500.00	0.00
Sale of Fixed Assets		1453.80	1226.35	330.45	36.60	842.57	135.80
Income from Investments		79.83	189.52	198.57	198.98	298.57	356.47
Interest Received		507.13	1936.17	2431.24	2131.80	1901.54	1377.75
Sale/ Purchase of Investments		(1136.10)	(552.01)	(700.00)	(174.64)	(150.38)	(75.11)
Advances to Joint Venture Companies		(118.51)	228.94	70.72	417.19	(924.52)	(156.62)
Net cash used in investing Activities	**(B)**	**(16333.24)**	**(6210.98)**	**(13559.48)**	**(11379.22)**	**(1846.42)**	**(4293.12)**
(C) CASH FROM FINANCING ACTIVITIES							
Loans Borrowed (Net of Repayments)		10713.47	2251.79	10174.75	2094.96	(1296.96)	(282.55)
Dividends Paid (Incl. Dividend Tax)		0.00	(3218.70)	(1322.73)	(3883.58)	(338.08)	(2734.24)
Interest Charges		(212.14)	(701.32)	(516.32)	(628.08)	(789.10)	(757.85)
Staff Welfare Activities (Net)		(3.71)	(8.13)	(12.17)	(7.93)	(6.33)	(5.79)
Corporate Social Responsibilities Activities		(0.86)	(6.61)	0.00	0.00	0.00	0.00
Net cash flow from Financing Activities	**(C)**	**10496.76**	**(1682.97)**	**8323.53**	**(2424.63)**	**(2430.47)**	**(3780.43)**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(A +B +C)	**(961.21)**	**(2664.00)**	**5816.51**	**(5334.78)**	**5273.58**	**2115.76**
Cash & Cash Equivalents at the beginning of the Year		**24064.59**	**26728.59**	**20912.08**	**26246.86**	**20973.28**	**18857.52**
Cash & Cash Equivalents at the end of the Year		**23103.38**	**24064.59**	**26728.59**	**20912.08**	**26246.86**	**20973.28**

ANNEXURE-IV-A

DETAILS OF ADJUSTMENT MADE IN RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

Rs. in Million

	Period / Year ended on	**30th September 2010**	**31st March 2010**	**31st March 2009**	**31st March 2008**	**31st March 2007**	**31st March 2006**
A.	**PROFIT AFTER TAX AS PER AUDITED STATEMENT OF ACCOUNTS**	4,504.57	3,769.18	9,406.74	8,138.99	10,145.77	10,421.97
B.	**ADJUSTMENTS -**						
1.	**Adjustment for qualifications**						
	Extraordinary items						
a.	Refer Note No. A (3) of Annexure No. IV-B in respect of Multiemployer Pension plan liability - NYSA USA	-	-	137.61	(137.61)	-	-
	Other items						
b.	Refer Note No. A (1) of Annexure No. IV-B in respect of accounting of Charter hire earning in advance	-	-	-	-	-	91.66
c.	Refer Note No. A (2) of Annexure No. IV-B in respect of arrears of wages	-	-	71.94	(4.10)	(67.83)	-
2.	**Changes in Accounting policies**						
a.	Refer Note No. B (1) of Annexure No. IV-B in respect of accounting of Employee's Benefits on adoption of Revised AS-15	-	-	-	-	-	(46.27)
b.	Refer Note No. B (2) of Annexure No. IV-B in respect of accounting of Exchange Gain / losses.	-	-	-	(410.87)	-	-
c.	Refer Note No. B (3) of Annexure No. IV-B in respect of change in depreciation method on Computer software	-	-	-	(1.32)	(2.44)	(0.87)
d.	Refer Note No. B (4) of Annexure No. IV-B in respect of change in policy for accounting of major repair expenses over the extended useful life of the assets.	(6.50)	(13.00)	(13.00)	(13.00)	117.03	-
e.	Refer Note No. B (5) of Annexure No. IV-B in respect of accounting of Dry-dock expenses	-	-	-	6.45	(1.97)	47.76
3.	**Other Material Adjustments**						
a.	Refer Note No. C (1) of Annexure No. IV-B in respect of accounting of expenses deferred	-	-	-	-	46.53	117.71
b.	Refer Note No. C (3) of Annexure IV-B in respect of Prior Year income.	(172.24)	112.97	23.32	(34.78)	(71.71)	529.15
c.	Tax impact on adjustment	-	(2.20)	(0.20)	2.50	(4.10)	3.60
C.	**Total Adjustments**	(178.74)	97.77	219.67	(592.73)	15.51	742.74
D.	**ADJUSTED PROFIT AFTER TAX AS PER RESTATED SUMMARY STATEMENT OF PROFIT & LOSS**	4,325.83	3,866.95	9626.41	7,546.26	10,161.28	11,164.71

ANNEXURE – IV -B

EXPLANATORY NOTE FOR THE ADJUSTMENT MADE IN RESTATED FINANCIAL STATEMENT AND OTHER MATERIAL NOTES

A. **Adjustment for Qualifications:-**

1. The Corporation has accounted Charter hire earnings of Rs. 91.66 million in advance during the year ending 2004-05. Necessary adjustment has been carried out in restated accounts by reducing the opening reserve and increasing the operating income during the year 2005-06.

2. Consequent to an award of the Tribunal constituted under section 150 (1) of the Merchant Shipping Act, 1958, the Corporation incurred liability of Rs. 67.83 million in 2006-07 and Rs. 4.10 million in 2007-08, being amount payable to catering staff on board OSV (who are not the employees of the Corporation) as arrears of wages with retrospective effect from 17th April 2000. This remains un-provided during the year 2006-07 & 2007-08. The Corporation has made required provision of Rs. 71.94 million in 2008-09. Necessary adjustment in this regard has been carried out in the restated accounts by increasing the Other Expenditure and provision for the year by Rs. 67.83 million in 2006-07, Rs. 4.10 million in 2007-08 and reducing the same in 2008-09. The corresponding effect of the same has been given to Sundry Creditors under Current Liabilities & Provisions.

3. No liability under the provisions of the Multiemployer Pension Plan Amendment Act of 1980 (New York) on withdrawal from India/USA East Coast Service (IDX Service) has been provided in the accounts during the year 2007-08. A sum of Rs. 176.76 million has been provided by the Corporation during 2008-09 and disclosed as Exceptional item, which has been now considered as Extraordinary item. Necessary adjustment in this regard has been carried out in restated accounts in 2007-08 by increase in the Expenses as Extraordinary item and consequential increase in liability by Rs. 137.61 million. In 2008-09 a sum of Rs. 39.15 million has been retained in expenses which relates to the year 2008-09.

B. **Adjustment for Change in Accounting Policies:-**

1. Based on the actuarial valuation report of 2005-06, in compliance with revised AS-15, the opening balance of Reserve has been increased by Rs. 39.08 million as on 1st April 2005 representing net difference between excess provision of Gratuity held of Rs. 166.76 million and provision required against PRMS of Rs.127.68 million, relating to period prior to 1st April 2005. Further a sum of Rs. 38.48 million and Rs. 7.79 million has been considered as expenses on account of Gratuity under the head Operating expenses and on account of PRMS under the head administrative expenses during the year 2005-06.

   Consequent to change in AS-15 "Employees Benefits" with effect from 1st April 2006, the Corporation has adjusted opening reserve by Rs. 7.19 million as per transitional provision during the year 2006-07 being the difference of the liability accounted on account of Post Retirement Medical Scheme (PRMS) Rs. 135.47 million and assets accounted towards excess provision held towards Gratuity Rs. 128.28 million.

2. During the year 2007-08 , in view of notification issued by Ministry of Corporate Affairs dated 7th December, 2006 prescribing the Companies (Accounting Standards) Rules 2006, the Corporation has, with effect from 1st April, 2007, changed the accounting policy relating to recognition of foreign exchange fluctuation on repayment and conversion of liabilities pertaining to long term loans for fixed assets acquired from a country outside India, arising out of transactions entered into on or after 1st April, 2004. Consequently such foreign exchange fluctuation (loss/gain) has been charged / credited to the Profit and Loss Account, except to the extent they are regarded as an adjustment to the interest cost during the period of construction, which till previous year was adjusted to carrying value of respective assets. During the year 2008-09, the Corporation has exercised the option available vide Notification No. GSR 225(E) dated 31st March 2009 issued by the Ministry of Corporate Affairs under section 211 (3C) of the Companies Act, 1956 relating to Accounting Standard 11 "The Effect of Changes in Foreign Exchange Rates" and accordingly the exchange difference arising on repayment of liabilities and conversion of year-end foreign currency balances in respect of such long term loans relating to acquisition of depreciable capital assets arising out of transactions entered on or after 1st April 2004

has been adjusted to the cost of the respective asset/ assets under construction which was hitherto recognised in the Profit & Loss Account except to the extent that they were regarded as an adjustment to the interest cost during the period of construction. Hence necessary adjustment in this regard has been made during the year 2007-08, by reducing the gross block of the assets by Rs. 428.55 million representing exchange gain on such loans and consequently exchange gain has been reduced by Rs. 261.45 million, Operating expenses increased by Rs. 167.10 million and depreciation reduced by Rs. 17.68 million, which resulted in reduction in profit for the year by Rs. 410.87 million.

3. During the year 2007-08,in accordance with Accounting Standard 26 "Intangible Assets", the Corporation has changed the accounting policy for amortisation of computer software over the useful life not exceeding five years, which till previous year was being charged on Written Down Value Method at the rates applicable to computer hardware prescribed in 'Schedule XIV' to the Companies Act 1956. Necessary adjustment in this regard has been carried out in the restated accounts. As a result, the depreciation has increased by Rs. 0.87 million, Rs. 2.44 million and Rs. 1.32 million and consequently assets has been reduced to that extent in 2005-06, 2006-07 and 2007-08 respectively. Further, opening reserve has increased and accumulated depreciation as on 1st April 2005 has been decreased by Rs. 4.63 million in restated accounts.

4. The Corporation has changed the policy in respect of additions made involving structural changes, on or after 1st April 2007, resulting in extension of useful life based on the technical evaluation. The depreciation on such additions is provided over the extended remaining useful life (not less than rates prescribed in Schedule XIV), which was previously fully depreciated in the year of addition. Though no adjustment in this regard is required in the restated accounts of the year 2005-06, necessary adjustment has been carried out in restated accounts of year 2006-07. Based on technical evaluation of extended useful life, depreciation expenses of Rs. 117.03 million has been reversed and the accumulated depreciation has decreased to that extent. Consequent to such adjustment, depreciation expenses have been increased from the year 2007-08 to 2009-10 by Rs. 13.00 million and the accumulated depreciation has also increased to that extent. In the restated accounts for half year ended 30th September 2010, the depreciation & accumulated depreciation has increased by Rs. 6.50 million.

5. Prior to 2008-09, the dry-dock repair expenditure was recognized only on completion of entire dry-dock jobs. From the year 2008-09 onwards such expenditure is recognized to the extent of work done based on technical evaluation. Though there was no impact on profit during the year 2008-09 due to the change in policy, necessary adjustment has been carried out in restated financials by reducing the opening reserve by Rs. 52.44 million as on 1st April, 2005 equivalent to unaccounted expenditure of the year 2004-05. Further, the operating expenses have decreased by Rs. 47.76 million and Rs. 6.45 million in 2005-06 and 2007-08 respectively and increasing the same by Rs. 1.97 million in 2006-07. The corresponding impact of the same has been given in Sundry Creditors & Other liabilities.

C. Other Material Adjustments-

1. Prior to 2005-06, the Corporation had a policy of deferring major revenue expenses like extensive steel renewals, structural alterations, replacement of major equipments etc. involving an expenditure above Rs. 5 million, on each vessel, including on those which had completed their normal life and where the benefit was expected to accrue over an extended period. Such expenses were written off over a period of three to five years or the remaining useful life of the vessel depending upon the nature of each case. Further, the Corporation had paid some compensation under a Voluntary Retirement Scheme prior to 2005-06 which was being written off in five equal instalments commencing from the year in which it was incurred. A portion of such deferred revenue expenditure was written off during 2005-06 & 2006-07. Necessary adjustments in this regard have been carried out by decreasing the Opening Reserves as on 1st April, 2005 by Rs. 164.24 million being the amount of unamortised deferred revenue expenditure as on 31st March, 2005. Further, the Operating Expenses and Administration Expenses have been reduced by Rs. 75.25 million and Rs. 42.46 million in 2005-06 and Rs. 17.83 million and Rs.28.70 million in 2006-07. The corresponding impact of this adjustment has been given by reducing the unamortised Miscellaneous Expenditure to that extent.

2. Current Assets and Current Liabilities which were wrongly netted off have been increased by Rs. 337.14 million as on 31st March 2006.

3. Prior year income and expenses has been adjusted in the respective years in restated financial statement based on detailed scrutiny carried out by the management which resulted in decrease in opening reserve as on 1st April 2005 by Rs. 386.67 million.

D. Effects of Adjustment on the Opening Balance of Profit & loss Account Brought forward in Restated Financial Statement for the year ending 31st March 2006.

(Rs. In Million)

A	**Opening balance of profit & loss brought forward on 1st April, 2005 as per audited statement of accounts**	**4198.26**
	Adjustments impact :	
B.	**Adjustment for qualifications**	
	Refer note no. A (1) in respect of accounting of Charter hire earning in advance	(91.66)
	Total	**(91.66)**
C	**Changes in Accounting policies**	
	Refer note no. B (1) in respect of accounting of Employee's Benefits on adoption of Revised AS - 15	39.08
	Refer note no. B (3) in respect of change in depreciation method on Computer software	4.63
	Refer note no. B (5) in respect of accounting for dry-dock expenditure	(52.44)
	Total	**(8.73)**
D	**Other Material Adjustments**	
	Refer note no. C (1) in respect of accounting for expenses deferred	(164.24)
	Refer note no. C (3) in respect of Prior year income & expense	(386.67)
	Impact of reworking of Tax on account of all adjustment made in restated financials.	0.40
	Total	**(550.51)**
E	**Total Adjustments**	**(650.90)**
F	Opening Reserves brought forward as on 01.04.2005 in restated financials	**3547.36**

E. OTHER MATERIAL NOTES ON RESTATED FINANCIAL STATEMENT

1. The Corporation has written back sundry credit balances based on a review undertaken of old outstanding balances of Sundry Creditors. The year wise details of the same are as follows:

Year / period	Rs. in Million
2005-06	4.74
2006-07	595.63
2007-08	258.83
2008-09	17.08
2009-10	33.23
Six months ended on 30th September 2010	5.41

2. The Corporation has written back the excess provision of expenditure / provision as under :

Year / period	Rs. in Million
2005-06	239.42
2006-07	986.26
2007-08	318.76
2008-09	84.44
2009-10	628.52
Six months ended on 30th September 2010	168.28

The management explained that the reversal of the provision represents excess provision of the expenditure, which has been reversed after settlement of the respective liability / provision in the ordinary course of the business in the year of settlement.

3. Borrowing cost & interest capitalised is detailed here under:

Year / period	Rs. in Million

Year / period	Rs. in Million
2005-06	31.40
2006-07	118.20
2007-08	524.80
2008-09	288.80
2009-10	151.40
Six months ended on 30th September 2010	81.36

4. As per accounting policy followed by the Corporation, any voyage which does not fulfil the criteria of finished voyage defined in the Accounting Policy Note No. 2 (c), is treated as an unfinished voyage. Amount received on account of freight and other charges in respect of such voyages are carried forward as Unfinished Voyage Earnings under the head "Sundry Creditors & Other Liabilities". Direct operating expenses incurred for such voyages including hire and freight for vessels chartered-in are carried forward as Unfinished Voyage Expenses in assets under the head Other Current Assets.

The details of assets represented by unfinished voyage expenses and liabilities recognised representing amount of freight earnings by unfinished voyage are given here under:

Rs. in Million

Year / Period	Unfinished Voyage Expenses included in Other Current Assets	Unfinished Voyage income included in Creditors & Other liabilities
2005-06	456.04	326.51
2006-07	687.78	271.61
2007-08	587.66	258.55
2008-09	547.44	158.27
2009-10	852.01	376.48
Six months ended on 30th September 2010	713.25	280.55

5. The Corporation had paid Service Tax on operation and maintenance of vessels for Oil & Natural Gas Corporation (ONGC) relating to financial year 2005-06 amounting to Rs. 164.08 million. As per ONGC's request the Corporation preferred refund claim which has been rejected initially by the Asst. Commissioner/Commissioner of Service Tax (Appeals), the appeal for the same is pending with CESTAT. Reimbursement preferred by the Corporation on ONGC has been disputed. As per the contractual agreement ONGC is liable to pay to SCI actual expenses incurred by it on behalf of ONGC, including service tax, etc. as applicable and accordingly, the amount is recoverable from ONGC.

6. Pending implementation of the Pay Revision of Corporation's employees retrospectively from 1st Jan 2007, the Corporation has made adequate provision in the account as per management decision based on DPE OM letter dated 26th November, 2008. Cumulative provision in this regard stands at Rs. 1119.89 million as on 30th September 2010.

7. In view of opting for Tonnage Tax scheme under Income Tax Act 1961, provision for income tax liability is made as per special provisions relating to income of shipping companies from financial year 2004-05, and accordingly no provision is required for deferred tax. Consequently no such deferred tax assets and Deferred Tax liability is accounted.

8. Estimated amount of contract on capital account, remaining to be executed and hence not provided for (Net of Advance)

As on	Rs. in Million
31st March, 2006	9,223.90
31st March, 2007	29,701.30
31st March, 2008	46,725.40
31st March, 2009	59,979.00
31st March, 2010	50,286.09
30th September 2010	41,710.47

9. Service tax department has issued show cause notices to the Corporation proposing to impose levy of service tax under the category of “Storage and Warehousing Service” aggregating to (a) Rs.267.88 million for the period from 01/10/2002 to 31/12/2007 (b) Rs.75.42 million for the period from 01/01/2008 to 31/01/2009 and (c) Rs. 40.45 million for the period from 01/02/2009 to 30/09/2009 and also interest and penalty alleging that Corporation has provided storage & warehousing services to ONGC in respect of vessels given to ONGC under Time Charter arrangement. According to the management, Service Tax is not leviable for such chartering arrangement and therefore the Corporation has challenged the applicability of the Service Tax and has not accepted the liability towards Service Tax.

10. Contingent liabilities not provided for :

It includes (a) Claim against the Corporation not acknowledge as debts (b) Forfeiture of Earnest Money deposit, Cargo loss, Freight, Demurrage, Slot Payments, Fuel Cost, Other operational claim and custom duty disputed demand (As certified by the Management) (c) Guarantees given by the Bank on behalf of Corporation (d) undertaking cum indemnity bond given by Corporation (e) Cargo Claim Covered by P&I Club (f) Bond undertaking given by Corporation to custom authorities (g) Corporate Guarantees/ undertakings.

As on	Rs. in Million
31st March, 2006	3,597.16
31st March, 2007	3,675.38
31st March, 2008	3,840.03
31st March, 2009	2,984.19
31st March, 2010	3,793.37
30th September 2010	3,978.57

The Contingent Liability in respect of corporate guarantees / undertakings given in respect of joint venture is not ascertainable. The contingent liability in respect of corporate guarantees/undertakings for India LNG Transport Company no. 1 & 2 Limited is primarily for backing up the Japanese shareholder’s undertaking to the lenders to provide certain security to the lenders in the event that the exposure of the JV Companies under the interest rate swap arrangements made with regard to the Loan exceed certain agreed parameters as specified in the clause “Sponsors’ Undertaking” in the Loan Agreement and in respect of which each joint venture partner including the Corporation (other than the Japanese Shareholders) have agreed with the Japanese Shareholders to provide its appropriate share of such security.

In case of India LNG Transport Company No. 3 Limited, the sponsor’s undertaking is extended by all the shareholders including SCI to the lenders.

Since it is difficult to predict the liability that may devolve on those joint venture companies in the event the interest swap arrangements exceed agreed parameters, the amount of such undertaking given by the Corporation is not ascertainable.

12. The Corporation entered in to a joint venture agreement with the Steel Authority of India Limited, with participating interest in the ratio of 50:50, and promoted a company SAIL SCI Shipping Private Limited. The said company was incorporated on 19th May 2010, with an authorised Capital of 1700 Million. The Corporation has subscribed equity capital of Rs. 5.00 million, and remitted Rs. 1.00 million which has been considered as investment. Pending remittance towards the subscribed capital of Rs. 4.00 million the same has not been considered an investment and the consequent liability has not been booked.

13. Sethusamudram Corporation Limited, (SCL), a Special Purpose Vehicle was incorporated on 06.12.2004 at Chennai (for developing the Sethusamudram Channel Project) with M/s. Tuticorin Port Trust, Ennore Port Limited Co., M/s. Visakhapatnam Port Trust, M/s. Chennai Port Trust, Dredging Corporation of India Limited, M/s. Paradip Port Trust and the Corporation as the shareholders. The Corporation received advice from Government of India for participating in the proposed project. Accordingly Corporation agreed to participate for an investment not exceeding Rs. 500.00 million in the project. The Corporation has made its contribution of Rs.500.00 million as equity participation in SCL.

14. Disclosure in respect of Corporation interest in the Joint Venture Entities:

As per para 27 of AS 27 – Financial Reporting of Interests in Joint Ventures, interest in a jointly controlled entity is accounted for as an investment in accordance with Accounting Standard (AS) 13, Accounting for investments, in a venturer's separate financial statements. However disclosure in terms of Accounting Standard-27 are given here under for last five years:-

A. Details of Joint Venture interest:

Name	Description of Interest	Country of Incorporation	% of Interest	Year of Entering in to JV	Other Venturer's Share as on 30th September 2010
Irano Hind Shipping Company Limited	Equity	Iran	49%	1974-75	*IRISL 51.00%
India LNG Transport Company (No. 1) Limited	Equity	Malta	29.08%	2003-04	*MOL 29.08% *NYK Lines 17.89%,*K Line 8.95% , *Qship 15.00%
India LNG Transport Company (No. 2) Limited	Equity	Malta	29.08%	2003-04	*MOL 29.08%, *NYK Lines 17.89%, *K Line 8.95%, *Qship 15.00%
India LNG Transport Company (No. 3) Limited	Equity	Malta	26%	2006-07	*MOL 26.00%, *NYK Lines 16.67%, *K Line 8.33%, *Qship 20.00%, PLL 3.00%
SCI Forbes Limited	Equity	India	50%	2006-07	*Forbes 25.00%, *SICPL 25.00%
SAIL SCI Shipping Private Limited	Equity	India	50%	2010-11	* SAIL 50.00%

* IRISL- Islamic Republic of Iran Shipping Line *Mol - M/S Mitsui O.S.K.lines Limited, NYK Lines-M/S Nippon Yusen Kabushiki Kaisha Limited, K Line- M/S Kawasaki Kisen Kaisha Limited and Q Ship -M/S Qatar Shipping Company,*PLL - Petronet LNG Limited, * Forbes - Forbes & Co. Limited, *SICPL –Sterling Investment Corporation Limited, *SAIL - Steel Authority India Limited

B. Corporation's Interest in assets, liabilities, Income & Expenditure in the Joint Venture is arrived to the extent of the proportionate share of the Corporation **without setting of the transactions with those Joint Ventures**:

Corporation's Interest in Assets & Liabilities, Income & Expenditure in the Joint Venture As on 30th Sept 2010

Rs. in Million

Name	As on	Assets	Liabilities	For the year/ period ended	Income	Expenditure
Irano Hind Shipping Company	20-03-10	6304.33	2733.66	20-03-10	1107.31	1159.89

Name	As on	Assets	Liabilities	For the year/ period ended	Income	Expenditure
Limited						
India LNG Transport Company (No. 1) Limited	31-12-09	2226.99	2573.48	31-12-09	334.01	289.82
India LNG Transport Company (No. 2) Limited	31-12-09	2308.98	2668.93	31-12-09	313.55	342.38
India LNG Transport Company (No. 3) Limited	31-12-09	3004.32	3262.48	31-12-09	25.63	46.19
SCI Forbes Limited	31-03-10	2752.69	1728.44	31-03-10	123.15	118.87
SAIL SCI Shipping Private Limited	Refer Note no E -12 above					

The above figures are based on latest available audited accounts. However, no figures are available for SAIL SCI Shipping Private Limited, as the company was incorporated on 19th May, 2010 and the first accounts of SAIL SCI Shipping Private Limited will be drawn up on 31st March 2011. Figures of foreign currency converted at the rate prevailing at 30th September, 2010.

Corporation's Interest in Assets & Liabilities Income & Expenditure in the Joint Venture As on 31st March 2010

Rs. in Million

Name	As on	Assets	Liabilities	For the year/ period ended	Income	Expenditure
Irano Hind Shipping Company Limited	20-03-09	6270.77	2373.88	20-03-09	2412.93	1361.55
India LNG Transport Company (No. 1) Limited	31-12-09	2238.40	2586.67	31-12-09	345.77	291.30
India LNG Transport Company (No. 2) Limited	31-12-09	2320.81	2682.60	31-12-09	315.16	344.13
India LNG Transport Company (No. 3) Limited	31-12-09	3019.71	3279.20	31-12-09	25.76	46.43
SCI Forbes Limited	31-03-10	2752.69	1728.44	31-03-10	123.15	118.87

The above figures are based on latest available audited accounts. Figures of foreign currency converted at the rate prevailing at 31st March, 2010.

Corporation's Interest in Assets & Liabilities Income & Expenditure in the Joint Venture As on 31st March 2009

Rs. in Million

Name	As on	Assets	Liabilities	For the year/ period ended	Income	Expenditure
Irano Hind Shipping Company Limited	19-03-08	5310.50	2221.25	19-03-08	1779.55	1091.21
India LNG Transport Company (No. 1) Limited	31-12-08	2624.00	3195.20	31-12-08	351.67	406.33
India LNG Transport Company (No. 2) Limited	31-12-08	2788.04	3286.94	31-12-08	385.23	358.20
India LNG Transport Company (No. 3) Limited	31-12-08	2534.87	3042.79	31-12-08	-	1.83
SCI Forbes Limited	31-03-09	1316.56	852.82	31-03-09	0.20	10.63

The above figures are based on latest available audited accounts. Figures of foreign currency converted at the rate prevailing at 31st March, 2009.

Corporation's Interest in Assets & Liabilities Income & Expenditure in the Joint Venture As on 31st March 2008

Rs. in Million

Name	As on	Assets	Liabilities	For the year/ period ended	Income	Expenditure
Irano Hind Shipping Company Limited	20-03-07	3040.91	1015.41	20-03-07	1001.87	653.48
India LNG Transport Company (No. 1) Limited	31-12-07	2138.35	2381.72	31-12-07	303.81	276.27
India LNG Transport Company (No. 2) Limited	31-12-07	2236.46	2477.93	31-12-07	282.11	305.03
India LNG Transport Company (No. 3) Limited	31-12-07	1006.78	1060.37	31-12-07	-	4.51
SCI Forbes Limited	31-03-08	515.06	549.50	31-03-08	73.17	112.29

The above figures are based on latest available audited accounts. Figures of foreign currency converted at the rate prevailing at 31st March, 2008.

Corporation's Interest in Assets & Liabilities Income & Expenditure in the Joint Venture As on 31st March 2007

Rs. in Million

Name	As on	Assets	Liabilities	For the year/ period ended	Income	Expenditure
Irano Hind Shipping Company Limited	20-03-06	2485.41	627.81	20-03-06	950.19	576.67
India LNG Transport Company (No. 1) Limited	31-12-06	2377.60	2629.37	31-12-06	306.98	359.59
India LNG Transport Company (No. 2) Limited	31-12-06	2529.34	2721.43	31-12-06	336.59	348.31
India LNG Transport Company (No. 3) Limited	31-12-06	1028.26	1026.31	31-12-06	Nil	1.34
SCI Forbes Limited	31-03-07	476.14	471.45	31-03-07	Nil	0.28

The above figures are based on latest available audited accounts. Figures of foreign currency converted at the rate prevailing at 31st March, 2007.

Corporation's Interest in Assets & Liabilities Income & Expenditure in the Joint Venture As on 31st March 2006

Rs. in Million

Name	As on	Assets	Liabilities	For the year/ period ended	Income	Expenditure
Irano Hind Shipping Company Limited	20-03-05	950.19	148.02	20-03-05	183.84	142.99
India LNG Transport Company (No. 1) Limited	31-12-05	2570.18	2816.00	31-12-05	330.95	361.08
India LNG Transport Company (No. 2) Limited	31-12-05	2719.74	2948.63	31-12-05	329.82	362.76
India LNG Transport Company (No. 3) S.A.	Refer Remarks given here under					

The above figures are based on latest available audited accounts. However, no figures are available for India LNG Transport Company (No. 3) S.A, as the company was incorporated on 20th January, 2006 and the first accounts of India LNG Transport Company (No. 3) S.A. was drawn up on 31st December 2006. Figures of foreign currency converted at the rate prevailing at 31st March, 2006.

15. Previous year's figures along with restated financial years of the earlier year's, as may be required have been reclassified regrouped wherever necessary to confirm to current year classification.

ANNEXURE- V

'SIGNIFICANT ACCOUNTING POLICIES' AND 'CHANGES IN ACCOUNTING POLICIES DURING THE PERIOD COMMENCING FROM 1ST APRIL 2005 TO 30TH SEPT 2010'

A.1 SIGNIFICANT ACCOUNTING POLICIES

1. (a) ACCOUNTING CONVENTION:-

The financial statements are prepared to comply in all material aspects under the Historical Cost convention and in accordance with generally accepted Accounting principles in India and the relevant provisions of the Companies Act, 1956, including accounting standards notified there under :-

(b) USE OF ESTIMATES:-

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenditure during the reporting period. Although such estimates and assumptions are made on reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognised in the period in which results are crystallised.

2. RECOGNITION OF REVENUE AND EXPENDITURE:-

(a) The Profit & Loss Account reflects,

(i) The Earnings and Direct Operating Expenses (Voyage related variable costs) in respect of all Finished Voyages on accrual basis.

(ii) Standing Charges (Vessel related Fixed Costs) for all the vessels for the entire period of operation during the year on accrual basis.

(iii) Income and Expenditure in respect of the customs penalty claims, and container detention charges which are accounted for on realisation.

(iv) In respect of slot sharing agreement with other shipping lines, the earnings and expenses on accrual basis based on completed voyage cycle during the year.

(v) In respect of time charter arrangements, incomes and expenses are booked on accrual basis.

(vi) Demurrage income is recognised on estimated basis, based on past experience of settlements.

(b) The criteria followed for the purpose of determining the Finished Voyages are as under:-

(i) Passenger cum Cargo Vessels:- Disembarkation of passengers and discharge of cargo should be completed on or before the last date of the financial year.

(ii) Cargo Vessels (other than those serviced by Feeder or Daughter Vessels):- Discharge of cargo should be completed on or before the last date of the financial year.

(iii) Cargo vessels serviced by Daughter vessels:- The ultimate discharge of cargo by all daughter vessels should be completed on or before the last date of the financial year.

(iv) Cargo vessels serviced by feeder vessels: - The discharge of cargo at the transhipment port by the mainline and own feeder vessels should be completed on or before the last date of financial year. Transhipment port is the point of commencement and completion of both the services. The completion of the mainline and feeder voyage is determined independent of each other.

(v) Cellular Liner Service: - On completion of round voyage

(c) Unfinished Voyages:-

Any voyage, which does not fulfil the above mentioned criteria, is treated as an unfinished voyage. Amount received on account of freight earning and other charges in respect of such voyages are carried forward as Unfinished Voyage Earnings. Direct operating expenses incurred for such voyages including hire and freight for vessels chartered-in are carried forward as Unfinished Voyage Expenses except in case of time charter.

(d) Allocation of Container Expenses:-

Expenses relating to container activities such as stevedoring, stuffing and destuffing, transportation, etc. are identified with the relevant voyage and classified as direct operating expenses. Expenses such as container hire, kobi charges, ground rent and handling of empty containers, etc., which are not directly identifiable with any particular voyage are allocated to all voyages on the basis of unit days for each voyage. The sum so allocated to unfinished voyages is carried forward as Unfinished Voyage Expenses.

3. FIXED ASSETS AND DEPRECIATION:-

a) Fixed Assets are stated at cost of acquisition less accumulated depreciation. Cost includes borrowing cost, duties and other expenses relating to acquisition of assets.

b) Depreciation on ships is charged on "Straight Line Method" at the rates prescribed in Schedule XIV to The Companies Act, 1956 except in cases of Offshore Vessels, which are written off over a period of 12 years and second hand vessels, which are written off over their respective useful lives (not less than rates prescribed in Schedule XIV) as determined by Technical evaluation.

c) On additions made to the existing ships (including adjustments resulting on account of exchange rate fluctuation) depreciation is provided for the full year irrespective of the date of addition and balance over the remaining useful life of the ships.

d) Additions made to the ships which have completed their useful life are fully depreciated in the year of addition. However, in respect of additions made involving structural changes, on or after 1st April 2007, resulting in extension of useful life based on the technical evaluation, the depreciation is provided over the extended remaining useful life (not less than rates prescribed in schedule XIV).

e) On assets other than ships, depreciation is charged on the "Written Down Value Method" as per the rates prescribed in Schedule XIV to the Companies Act, 1956 for the full year irrespective of the dates of additions and no depreciation is being charged on assets sold/discarded during the year.

f) Computer software is amortised over the useful life not exceeding five years.

g) Assets costing individually Rs.5,000/- and below are fully depreciated in the year of addition.

h) The carrying amounts of assets are reviewed at each Balance Sheet date for impairment so as to determine the provision for impairment loss, if any, required, or the reversal, if any, required of impairment loss recognised in previous periods.

4, CAPITALISATION OF EXPENSES

Interest and other expenses, incurred till the date of first loading, on amounts borrowed for acquisition/improvement of assets, are charged to the cost of respective assets acquired/improved. In addition, operating costs including initial stores and spares of newly acquired ships till the port of first loading are added to the cost of the respective ship.

5. RETIREMENT AND DISPOSAL OF SHIPS

(a) Ships which have been retired from operations for eventual disposal are withdrawn from the fixed assets and exhibited separately at book value in the Balance Sheet under "Ships Retired From Operation".

(b) Anticipated loss, if any, in the disposal of such ships is recognised immediately and provision for the same is made in the accounts for the year in which these have been retired. For the purpose of determining the loss, the sale price is recognised, if contract for sale is concluded. In other cases, assessment of the realisable value is made on the basis of the prevailing market conditions. Losses on such ships are provided for after taking into account the expenses such as customs duty, sales tax / value added tax, etc. in connection with the disposal, as well as estimated expenses in maintaining the ship, till its sale. Wherever the exact amount under each item of expenses is not known, an assessment is done on the best estimate basis.

(c) Profits on sale of ships are accounted for only upon completion of sale thereof.

6. MAJOR REPAIRS AND RENEWALS OF SHIPS

(i) Advances given towards repairs/renewals of capital/revenue nature, are adjusted only on completion of the entire work duly certified by the concerned Authority.

(ii) Dry-dock repair expenditure are recognised in the Profit & Loss account to the extent work is done, based on technical evaluation.

7. VALUATION OF STOCKS:-

(a) Inventories are valued at lower of cost and net realisable value unless otherwise stated.

(b) Fuel oil purchases are initially booked as stock. The value of year-end stock is arrived at after charging consumption on 'First-in-First-out' method.

(c) As regards provisions purchased for victualling on board the ships, where catering is under departmental catering system, all purchases are treated as consumed.

(d) Corporation maintains godowns for keeping certain limited items of stores pending issue to the ships. Stock of stores lying in the godowns at the year end are valued at lower of cost or net realisable value.

(e) Store/Spares including paints, etc. are charged to revenue as consumed when delivered to ships. Items of Stores/Spares, which are not delivered to ships are shown under Stores/Spares-in-Transit and are treated as stock. Such stocks are valued at lower of cost and net realizable value. However, at the end of the financial year, provision for consumption is made for items which remain as Stores/Spares in transit for more than three months.

8. ACCOUNTING OF FOREIGN CURRENCY TRANSACTIONS:-

(a) All transactions during the year are booked at rate of the last Friday of the preceding month published in Financial Times, London.

(b) Liner freight is booked at rates referred to in (a) above relevant to the months in which the dates of sailing fall.

(c) The year-end foreign currency balances other than in US Dollars appearing in the books of account are converted into US Dollars at the rate of the last Friday of March published in the Financial Times, London and thereafter, the monetary assets and monetary liabilities as well as the Long Term Loans are converted into rupees at SBI Mean Rate prevailing at the end of the financial year.

(d) Exchange difference arising on repayment of liabilities and conversion of year-end foreign currency balances pertaining to long term loans for acquiring ships/ownership containers/other assets and asset under construction is adjusted in the carrying cost of ships/ownership containers/other assets and asset under construction.

(e) The exchange difference arising on revenue and other account except as stated under (d) above is adjusted in the Profit & Loss Account.

9. EMPLOYEE BENEFITS:-

(a) Liabilities towards provident fund are accounted for on accrual basis.

(b) For defined benefit plans, in case of shore staff, officers afloat, and crew on Company's roster, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the profit and loss account for the period in which they occur. The retirement benefit obligation recognised in the balance sheet represents the present value of defined benefit obligation as reduced by the fair value of the plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reduction in the future contribution to the plan.

(c) In case of crew on the general roster, gratuity, which is insignificant in value, is accounted on cash basis.

10. INSURANCE, P&I AND OTHER CLAIMS:-

(a) Provision in respect of claims against the Corporation and covered by Insurance and P&I risks is made as under:-

i. In respect of claims falling under Hull & Machinery Insurance, which are estimated to be above the deductible limit, to the extent of deductible limit.

ii. In case of Cargo claims, on the basis of the actual claims registered and/or paid pertaining to the relevant year's voyages as ascertained at the year-end as reduced by the amounts recoverable from the insurers.

(b) All types of claims settled and paid above the deductible limits are shown as recoverable from Hull Underwriters / P&I Clubs until these are finally accepted by them as per the conditions of insurance policy and/or P&I cover. Adjustments, if any of revenue nature are made after statement of claims are received from the Average Adjusters.

(c) Claims made by the Corporation against other parties including ship repair yards, ship-owners, ship charterers, customs and others, etc. are accounted for on realisation, due to uncertainty in the amounts of their ultimate recovery.

11. INVESTMENTS:-

(a) Long Term Investments are stated at cost. Provision for diminution is made to recognize a decline, other than temporary, in the value of such investments.

(b) Current Investments are stated at lower of cost and fair value.

12. TAXES ON INCOME:-

In view of opting for Tonnage Tax scheme, provision for income tax liability is made as per special provisions relating to income of shipping companies under Income Tax Act, 1961 from financial year 2004-05.

13. **LEASES:-**

In respect of assets acquired on lease prior to 1st April 2001, lease rentals are accounted on accrual basis over the period of the lease and in respect of assets acquired on or after 1st April 2001, lease rentals are accounted in accordance with AS-19 “Accounting for Leases”.

14. **PROVISIONS:-**

Provisions are recognised when the company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

A.2 CHANGES IN ACCOUNTING POLICIES DURING THE PERIOD COMMENCING FROM 1ST APRIL 2005 TO 30TH SEPT 2010

1. Consequent to change in AS 15 Employee Benefits, the Corporation adopted Revised AS -15, and revised the accounting policy relating to Employee benefits from 1st April, 2006. Accordingly, the Corporation provided the liability for all defined plans including PRMS (Post Retirement Medical Scheme). In the financial year 2005-06, contribution to Gratuity Fund and Provision for Leave Encashment on retirement are made on the basis of actuarial valuation at the end of the year in the case of shore staff, officers afloat and crew on Corporation’s roaster.

2. During the year 2007-08 , in view of notification issued by Ministry of Corporate Affairs dated 7th December, 2006 prescribing the Companies (Accounting Standards) Rules 2006, the Corporation has, with effect from 1st April, 2007, changed the accounting policy relating to recognition of foreign exchange fluctuation on repayment and conversion of liabilities pertaining to long term loans for fixed assets acquired from a country outside India, arising out of transactions entered into on or after 1st April, 2004. Consequently, such foreign exchange fluctuation (loss/gain) has been charged / credited to the Profit and Loss Account, except to the extent they are regarded as an adjustment to the interest cost during the period of construction, which were adjusted to carrying value of respective assets.

   During the year 2008-09, the Corporation has exercised the option available vide Notification No. GSR 225(E) dated 31st March 2009 issued by the Ministry of Corporate Affairs under section 211 (3C) of the Companies Act, 1956 relating to Accounting Standard 11 “The Effect of Changes in Foreign Exchange Rates” and accordingly the exchange difference arising on repayment of liabilities and conversion of year-end foreign currency balances in respect of such long term loans relating to acquisition of depreciable capital assets arising out of transactions entered on or after 1st April 2004 has been adjusted to the cost of the respective asset/ assets under construction which was hitherto recognised in the Profit & Loss Account except to the extent that they were regarded as an adjustment to the interest cost during the period of construction.

3. During the year 2007-08,in accordance with Accounting Standard 26 “Intangible Assets”, the Corporation has changed the accounting policy for amortisation of computer software over the useful life not exceeding five years, which till previous year was being charged on Written Down Value Method at the rates applicable to computer hardware prescribed in ‘Schedule XIV’ to the Companies Act 1956.

4. During the year 2007-08, the Corporation has modified the accounting policy in respect of additions made to existing vessels which have completed its originally estimated useful life. In case of addition involving structural changes on or after 1st April 2007 resulting in extension of useful life based on the technical evaluation, the depreciation on such additions is provided over the extended remaining useful life (not less than rates prescribed in schedule XIV), which was earlier fully charged to depreciation in the year of addition.

5. From the year 2008-09 and thereafter Dry-dock repair expenditure are recognised in the Profit & Loss account to the extent work is done, based on technical evaluation, which were previously charged to the expenses in the year of completion of entire Dry-dock.

6. In the year 2005-06 and 2006-07 the Corporation had the policy of deferment of expenses as follows:

(a) Compensation payable under Voluntary Retirement Scheme has been deferred to be written off in five equal instalments commencing from the year in which it was incurred.

(b) Based on the certification by the Technical Department, major revenue expenses like extensive steel renewals, structural alterations, replacement of major equipments etc. involving an expenditure above Rs. 5 million, on each vessel, including on those which had competed their normal life and where the benefit was expected to accrue over an extended period, were treated as Deferred Revenue Expenditure up to 31st March 2003 to be written off over a period of three to five years or the remaining useful life of the vessel depending upon the nature of each case.

Such major expenses incurred after 31st March 2003 are charged to Profit & Loss Account. This policy has been continued till financial year 2006-07.

ANNEXURE VI

STATEMENT OF DIVIDEND

(Rs. In Million)

Particulars	Period ended on 30th September 2010	Year ended on 31st March				
		2010	2009	2008	2007	2006
Equity Share Capital						
Face Value (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
No of Shares	423,453,645	423,453,645	423,453,645	282,302,430	282,302,430	282,302,430
Rate of Dividend						
Interim	-	-	-	45%	85%	85%
Final	-	50%	65%	40%	0***	0***
Amount of Dividend						
Interim	-	-	-	1,270.36	2,399.57	2,399.57
Final	-	2,117.27	2,752.45	1,129.21	-	-
Corporate Dividend Tax						
Interim	-	-	-	215.90	336.54	336.54
Final	-	351.65	467.78	191.91	-	-

***** For the year 2006 & 2007 Interim Dividend is declared as final Dividend.**

ANNEXURE VII

STATEMENT OF ACCOUNTING RATIOS

Particulars	**As at 30th September 2010**	**AS AT 31st March**				
		2010	**2009**	**2008**	**2007**	**2006**
Earning per Share (Rs.)* After Extra Ordinary Items						
Basic	10.22	9.13	22.73	17.82	24.00	26.37
Diluted	10.22	9.13	22.73	17.82	24.00	26.37
Earning per Share (Rs.)* Before Extra Ordinary Items						
Basic	10.22	9.13	23.33	18.15	24.00	26.37
Diluted	10.22	9.13	23.33	18.15	24.00	26.37
Return On Net Worth (%)	6.37%	6.08%	15.47%	13.51%	19.88%	25.55%
Net Assets Value per Share (Rs) *	160.45	150.24	146.97	131.87	120.70	103.18
Total No of Shares Outstanding at the beginning of the year*	423,453,645	423,453,645	423,453,645	423,453,645	423,453,645	423,453,645
Total No of Shares Outstanding at the end of the year*	423,453,645	423,453,645	423,453,645	423,453,645	423,453,645	423,453,645
Weighted Average number of Equity Shares used as denominator*						
Basic	423,453,645	423,453,645	423,453,645	423,453,645	423,453,645	423,453,645
Diluted	423,453,645	423,453,645	423,453,645	423,453,645	423,453,645	423,453,645

I. The Corporation does not have any outstanding diluted potential equity shares. Consequently, the basic and diluted earnings per share of the Corporation remain the same.

II. The shareholders of the Corporation in their Annual General Meeting held on 29th September 2008 approved issue of bonus shares in the ratio 1:2. During the year 2008-09 the Corporation has issued 141151215 fully paid up equity shares of Rs. 10/- each as bonus shares amounting to Rs. 1,41,15,12,150/- Accordingly the basic earnings per share is calculated including the bonus shares. The basic earnings per share for previous financial years have been restated after taking into account the bonus shares.

* The above information has been adjusted for all periods, based on new number of shares after issue of bonus shares in the ratio of 1:2

Notes:

a) Earnings Per Share (Rs.) = Net profit after tax / Weighted average number of equity shares as at year end.

b) Return on Net worth (%) = Net profit after tax / Net Worth (excluding revaluation reserve + Capital Grant received against Fixed Assets)

c) Net asset Value (Rs.) = Net worth (excluding revaluation reserve + Capital Grant received against Fixed Assets) / Number of equity shares outstanding at the end of the year

ANNEXURE VIII

STATEMENT OF CAPITALISATION

(Rs. In Million)

Particulars	Pre Issue as at September 30, 2010	Post Issue*
Debt	37682.04	**[●]**
Shareholders Fund		
a) Equity Share Capital	4234.54	**[●]**
b) Reserves and Surplus	63706.74	**[●]**
Total Shareholders Funds	67941.28	**[●]**
Less : Miscellaneous Exp to the extent not written-off	-	**[●]**
Net Worth	67941.28	**[●]**
Long Term Debt/ Equity	0.55	**[●]**

* The Post issue figures can be ascertained only at the conclusion of the book Building process.

ANNEXURE IX (A)

STATEMENT OF SECURED LOANS

(Rs. In Million)

Particulars	As at 30th September 2010	AS AT 31st March				
		2010	2009	2008	2007	2006
SECURED LOANS						
State Bank of India	106.67	160.00	266.67	373.33	480.00	586.66
Industrial Development Bank of India	-	-	-	-	-	27.25
Bank of Baroda	-	-	-	-	-	400.00
Oriental Bank of Commerce	781.53	1005.00	1451.94	1898.88	2345.81	2792.76
Bank of Maharastra	800.00	800.00	1200.00	1200.00	1200.00	1200.00
United Bank of India	1210.00	1210.00	-	-	-	-
FCNR Loan from State Bank of India	4173.08	4427.48	1974.84	514.01	561.20	-
Foreign Banks (in Foreign Currency)	30610.76	19366.09	19823.33	10555.81	7860.06	8737.36
Total	**37682.04**	**26968.57**	**24716.78**	**14542.03**	**12447.07**	**13744.03**

ANNEXURE IX (B)

STATEMENT OF REPAYMENT OF LOAN

(Rs. In Millions)

Lender	Facility Availed		Amount outstanding as on 30/09/2010 Amount (in Rs. million)	Repayment Schedule
	Date	Amount (in Rs. Million)		
Indian Institutions				
State Bank of India	16-Oct-99	1280.00	106.67	24 half yearly installments of Rs 53.3 millions
Bank of Maharashtra	13-oct-00	1200.00	800.00	3 bullet installments of Rs 400 million each in the 9th 10th and 11th year
Oriental Bank of Commerce	12-Jun-02	1797.65	340.78	16 half yearly equal installments of 112.35 million
Oriental Bank of Commerce – II	13-Jan-04	1777.86	440.75	16 half yearly equal installments of 111.12 million
United Bank of India	16-Jan-10	*6600.00	1210.00	14 half yearly equal installments of 86.43 million jan 2011
SUB TOTAL (A)			**2898.20**	
			External Commercial	
Bank of Nova Scotia Asia Limited	01-Dec-00	85.82	479.51	16 half yearly equal installments of USD 5.340 million
Royal Bank of Scotland	09-Feb-01	28.61	530.12	20 half yearly equal installments of USD 1.20 million with a bullet installment of USD 5.808 million at the end
KEXIM –ANZ Investment Bank	08-Jul-04	104.32	2061.41	34 quarterly installments of USD 1.335 million increasing after every 3 years
KfW _ Citigroup – Norda	30-Mar-06	103.28	3941.24	20 half yearly equal installments of USD 5.164 million
State Bank of India	19-Apr-06	103.28	4173.08	20 half yearly equal installments of USD 5.164 million
BNP Paribas	27-Mar-07	92.33	3523.38	20 half yearly equal installments of USD 4.61665 million
BNP Paribas	28-Nov-07	339.71	7010.13	20 half yearly equal installments of USD 16.9856 million
KfW	19-Dec-07	72.32	3084.47	20 half yearly equal installments of USD 3.616 million
Bank of Nova Scotia Asia Limited	24-Dec-08	*35.71	1302.67	17 half yearly equal installments of USD 2.22 million from Feb 3, 2011
BNP Paribas	30-Mar-09	*35.71	601.23	20 half yearly installments of 1.7856 million starting after delivery of the vessel.
State Bank of India, Singapore	30-Mar-10	*259.56	8076.60	Half yearly Installments of US $ 13 million for 19 installments & last installment - US $ 12.56 million, starting from May 2010
SUB TOTAL (B)			**34783.84**	
TOTAL (A+B)			**37682.04**	

*** The total facility amount has not been drawn down as yet.**

ANNEXURE IX (C)

STATEMENT OF UNSECURED LOANS

(Rs. In Million)

Particulars	As at 30th September 2010	AS AT 31st March				
		2010	2009	2008	2007	2006
-------------------NIL----------------------------						

ANNEXURE X (A)

STATEMENT OF REVENUE FROM OPERATIONS

(Rs. In Million)

Particulars	Nature (Recurring/ Non-Recurring)	Period ended on 30th September 2010	Year ended on 31st March				
			2010	2009	2008	2007	2006
Freight (Net)	Recurring	10986.29	20670.15	24056.86	22748.34	25279.08	23759.42
Charter Hire	Recurring	5964.17	12194.31	15970.79	12795.54	10472.84	10383.44
Demurrage	Recurring	553.09	1020.75	950.36	1414.82	978.97	1590.03
Receipts Towards Managed Vessels							
-Remuneration	Recurring	137.78	336.64	292.29	133.87	164.03	147.40
-Reimbursement of Overheads	Recurring	252.31	382.11	397.42	297.35	280.66	256.19
TOTAL		**17893.64**	**34603.96**	**41667.72**	**37389.92**	**37175.58**	**36136.48**

ANNEXURE X (B)

STATEMENT OF REVENUE FROM OTHER INCOMES

(Rs. In Million)

Particulars	Nature (Recurring/ Non-Recurring)	Period ended on 30th September 2010	Year ended on 31st March				
			2010	2009	2008	2007	2006
Profit on sale of ships (Net)	Recurring	1434.87	1225.13	344.62	-	827.8	120.96
Interest Income – Bank/Deposit	Recurring	672.95	1889.34	2265.76	1925.07	1826.26	1235.00
Interest Income – Deposit with Public Financial Institutions	Recurring	127.68	99.21	216.01	164.06	150.12	73.48
Interest Income – Others	Recurring	80.45	192.98	245.40	187.79	220.53	417.29
Sundry Receipts							
-Core Shipping Activities	Recurring	64.82	177.70	118.69	135.84	89.41	189.44
- Incidental Activities	Recurring	37.33	106.57	58.96	49.90	43.59	35.22
Profit On Sale Of Fixed Assets Other Than Ships	Recurring	0.02	0.03	1.73	34.93	0.47	2.94
Dividend on Trade Investments	Recurring	2.60	23.18	20.87	19.28	93.27	20.07
Currency Exchange Difference	Recurring	0.00	0.00	564.32	0.00	0.05	0.00
Profit on Sale of Bunker	Recurring	9.60	19.89	4.58	0.00	0.00	0.00

ANNEXURE X (C)

STATEMENT OF O & M EXPENDITURE

(Rs. In Million)

Particulars	Period ended on 30th September 2010	Year ended on 31st March				
		2010	2009	2008	2007	2006
OPERATING EXPENSES						
DIRECT OPERATING EXPENSES						
Agency Fees	75.47	172.87	155.21	146.39	151.31	133.81
Brokerage	42.57	81.44	90.64	92.76	87.44	93.60
Commission	285.12	486.10	571.94	624.93	570.57	615.63
Stevedoring, Dunnage, Cargo Expense Etc. & slot expenses on Joint Sector Container Services (Net)	1,038.70	2,440.92	2,680.96	2,578.65	1,957.57	1,509.04
Marine, Light and Canal Dues	1,319.61	3,055.59	2,456.07	2,375.73	2,423.71	2,342.71
Fuel Oil (Net)	3,628.23	7,362.16	7,555.05	6,740.36	5,788.18	4,693.03
Water Charges	12.83	34.48	34.32	26.82	23.42	30.98
SUB TOTAL (I)	**6402.53**	**13633.56**	**13544.19**	**12585.64**	**11002.20**	**9418.80**
HIRE OF CHARTERED STEAMER (II)	**1847.62**	**3760.47**	**4739.38**	**4830.95**	**5575.20**	**4496.88**
INDIRECT OPERATING EXPENSES*						
Wages, Bonus and other expenses on Floating Staff	1,667.63	3,505.35	3,668.20	2,448.58	2,377.03	2,513.95
Gratuity	32.28	60.88	(114.20)	(63.63)	(118.49)	37.55
Contribution to Provident Fund	10.97	30.28	30.34	49.08	46.46	52.86
Victualling, Transfer and Repatriation and Other Benefits etc.	84.22	179.88	308.72	457.05	431.20	435.00
Stores and Spares	984.54	2,014.34	2,192.67	2,073.09	2149.28	1479.61
Sundry Steamer Expenses	82.23	209.79	158.49	132.67	124.47	123.55
Repairs and Maintenance, Survey Expenses etc.	670.00	2,763.20	2,719.61	2,638.95	3186.03	2112.15
Insurance and Protection, Indemnity Club Fees and Insurance Franchisee etc.	383.74	912.13	857.19	723.72	667.55	655.56
Currency Exchange Difference	62.57	583.04	(0.00)	161.18	117.15	60.54
Sub Total (III)	**3978.18**	**10258.89**	**9821.02**	**8620.69**	**8980.68**	**7470.77**
TOTAL OPERATING EXPENSES (I+II+III)	**12228.33**	**27652.92**	**28104.59**	**26037.28**	**25558.08**	**21386.45**
ADMINISTRATION EXPENSES						
Salaries and Bonus	556.66	962.22	1,030.79	818.75	455.36	424.30

Particulars	Period ended on 30th September 2010	Year ended on 31st March				
		2010	2009	2008	2007	2006
Gratuity	11.19	16.29	(76.26)	(36.22)	(28.10)	6.11
Contribution to Provident Fund	39.24	61.06	68.71	68.38	49.03	57.95
Staff Welfare Expenses	68.95	166.31	226.92	159.94	159.91	131.08
Remuneration to Directors	10.31	8.15	9.30	5.69	6.14	7.72
Directors' Sitting Fees	1.12	3.38	1.78	0.44	0.33	0.34
Directors' Travel Expenses	6.75	9.71	15.68	11.02	10.07	7.47
Donations & Grants	0.10	0.04	5.00	40.20	0.03	0.02
Establishment charges	269.54	460.12	499.91	492.79	437.44	402.80
Repairs and Maintenance-Building	44.13	99.91	66.86	65.37	86.07	47.46
Rent	24.23	55.30	54.95	52.09	46.49	49.70
Lease Rent to Shore Employees	39.80	113.98	119.68	121.66	96.73	97.66
Rates and Taxes	2.53	20.44	14.62	11.66	15.57	13.49
Insurance	1.72	2.14	1.53	1.37	2.79	5.17
Auditors Remuneration	6.02	8.09	7.19	7.05	5.10	5.62
Bank Charges	14.62	1.86	3.47	3.45	8.68	5.57
Others	-	-	(0.00)	0.10	(0.00)	0.06
TOTAL	**1096.91**	**1989.00**	**2050.13**	**1823.74**	**1351.64**	**1262.52**
OTHER EXPENSES, PROVISIONS ETC.						
Provision for Off Hire Etc.	35.47	72.81	72.81	57.53	119.06	48.67
Provision for Doubtful Debts and Advances	18.16	43.36	388.06	124.19	88.77	31.70
Foreign Taxation	19.00	37.68	65.01	38.22	40.07	28.93
Wealth Tax	-	0.03	0.03	0.03	0.15	0.12
Miscellaneous Expenses	16.03	2.57	11.84	7.50	13.24	0.93
Debts/ Advances written off	0.01	0.69	0.20	176.68	0.75	-
Provision for Contingencies etc	0.15	3.87	0.05	-	-	-
Write off of expenses capitalized earlier	-	0.07	0.05	0.04	-	-
Provision for disputed sales tax liability	-	-	-	-	0.07	-
Loss on Redemption of Investment	-	-	-	-	-	0.01
Total Other Expenses, Provision etc.	**88.82**	**161.08**	**538.05**	**404.19**	**262.11**	**110.36**
INTEREST						
On Term Loan	255.68	521.51	646.07	606.74	792.17	790.47
Others	(0.06)	3.79	0.60	2.19	9.10	0.03
Total Interest	**255.62**	**525.30**	**646.67**	**608.93**	**801.27**	**790.50**
DEPRECIATION	2052.14	3811.73	3251.79	3028.46	2916.17	3035.81

* *Net of recoveries on account of managed vessels.*

ANNEXURE XI

STATEMENT OF TAX SHELTER

A. With effect from Financial Year 2004-05 the Corporation has opted for assessment of its income under 'Tonnage Scheme', under Chapter XII-G and there is no timing and permanent differences under these provisions as there exists no tax shelter. The salient features of the Scheme are as follows:

- A new Chapter XII-G is inserted in the Act containing Sections 115V to 115VZC which provides for special provisions relating to taxation of the income of shipping companies popularly known as tonnage tax scheme for taxation of shipping profits. Provisions are introduced with effect from 1st April, 2005 and, are applicable accordingly, in relation to assessment year 2005 – 2006 and subsequent years. It has following features:-

- It is a scheme of presumptive taxation whereby the notional income arising from the operation of a ship is determined based on the tonnage of the ship which is then taxed at the normal corporate rate applicable for the year.

- Section 115VG gives the manner of computation of the daily tonnage income which when multiplied by the number of days the ship operated, will give the annual tonnage income from the ship. A company owning at least one ship may charter in ships subject to certain limits for the purpose of operation. Relevant shipping income, which replaces the actual income from the operations, is defined in section 115 V-I Section 115VJ gives the treatment of common costs.

- Notional Income (i.e. Tonnage income) is offered for taxation and Relevant Shipping Income (i.e. income from core activities and incidental shipping income to the extent of one-fourth per cent of the turnover from core activities) is not subject to tax. This results in significant savings and there are no timing differences.

- The profits from the business of operating qualifying ships will not be taken into consideration for the purpose of MAT as per section 115VO.

- In terms of section 115VT, a tonnage tax company has to create a reserve of at least 20% of its book profits to be utilized for the purpose of acquisition of new ships.

- As per section 115VU a tonnage tax company has to comply with a minimum training requirement in accordance with the guidelines issued by the DG (Shipping).

- The company will be expelled if the training requirements are not met for 5 consecutive years. Section 115VV lays down the limit of 49 percent for chartering in of vessels. In terms of section 115VW, maintenance of separate books of account and the audit of the same is compulsory for a company opting for the scheme. Section 115VX lays down the details regarding valid certificate which indicates the net tonnage of ships. Sections 115VY and 115VZ provide for the contingencies of amalgamation and de-merger. Section 115VZB enjoins upon a company not to abuse the preferential tax regime and section 115VZC provides for expulsion of a company in case of abuse.

B. By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from another domestic company referred to in Section 115-0 of the IT Act, are exempt from tax in the hands of the company, subject to provisions of section 14A and rules framed there under.

C. By virtue of section 10(35) income earned by way of dividend from units of mutual funds specified under clause 10 (23D) is exempt from tax, subject to the provisions of Section 14A and Rules framed there under.

ANNEXURE XII

STATEMENT OF LOANS AND ADVANCES

(Rs. In Million)

Particulars	30th September 2010	As at 31st March				
		2010	2009	2008	2007	2006
LOANS AND ADVANCES (Considered good unless otherwise stated)						
(A) Secured :						
Loans and Advances to Employees and Employees' Co-operative Societies						
- Considered Good	125.19	135.24	152.13	177.63	202.44	234.74
- Considered Doubtful	0.10	0.16	0.16	0.16	0.16	0.16
	125.29	135.40	152.29	177.79	202.60	234.90
Less: Provision for Doubtful Loans & Advances	0.10	0.16	0.16	0.16	0.16	0.16
Total (A)	**125.19**	**135.24**	**152.13**	**177.63**	**202.44**	**234.74**
(B) Unsecured :						
Advances recoverable in cash or in kind or for value to be received:						
- Considered Good	2431.07	2381.69	2463.57	2167.25	2476.96	2954.88
- Considered Doubtful	336.99	339.02	342.11	94.27	107.16	107.19
Total	2768.06	2720.71	2805.68	2261.52	2584.12	3062.07
Less: Provision for Doubtful Advances	336.99	339.02	342.11	94.27	107.16	107.19
Total (B)	**2431.07**	**2381.69**	**2463.57**	**2167.25**	**2476.96**	**2954.88**
Excess of fair value of plan assets over actuarial gratuity liability	465.73	506.27	577.72	378.36	273.68	128.28
Loans and advances to employees and employees' cooperative societies under staff Welfare Scheme	0.04	0.04	0.04	0.06	0.08	0.04
Other Loans	3.00	3.35	4.10	4.82	4.98	5.74
Advance Indian Income Tax And Tax Deducted At Source (Net of provision)	3.67	8.11	-	66.45	-	-
Balances with Customs, Port Trust etc.						
(a) Considered good	142.23	137.58	95.33	139.22	245.12	183.32
(b) Considered doubtful	5.89	10.31	77.34	76.33	-	-
Total	148.12	147.89	172.67	215.55	245.12	183.32
Less: Provision for doubtful balances with Customs, Port Trust etc.	5.89	10.31	77.34	76.33	-	-
Total	**142.23**	**137.58**	**95.33**	**139.22**	**245.12**	**183.32**
Deposits	**45.34**	**26.27**	**21.33**	**17.53**	**57.30**	**54.65**
TOTAL	**3216.27**	**3198.55**	**3314.22**	**2951.32**	**3260.56**	**3561.65**

ANNEXURE XIII

STATEMENT OF SUNDRY DEBTORS

(Rs. In Million)

Particulars	As at 30th September 2010	AS AT 31st March				
		2010	2009	2008	2007	2006
Debts outstanding exceeding Six Months						
Considered Good	1223.41	787.87	1667.18	1558.18	1574.33	1720.92
Considered Doubtful	542.99	537.96	547.03	366.91	588.22	643.58
	1766.40	**1325.83**	**2214.21**	**1925.09**	**2162.55**	**2364.50**
Less: Provision for Bad and Doubtful Debts	542.99	537.96	547.03	366.91	588.22	643.58
Total (Net of Provision)	**1223.41**	**787.87**	**1667.18**	**1558.18**	**1574.33**	**1720.92**
Others						
Considered Good	**2695.34**	**2611.42**	**2731.80**	**2425.07**	**1877.61**	**2131.22**
TOTAL	**3918.75**	**3399.29**	**4398.98**	**3983.25**	**3451.94**	**3852.14**

ANNEXURE XIV

STATEMENT OF INVESTMENTS

(Rs. In Million)

Particulars	As at 30th September 2010	AS AT 31st March				
		2010	2009	2008	2007	2006
QUOTED :						
Trade Investments:						
In Shares- Fully paid up						
Equity Shares of Rs.20/- Each of Scindia Steam Navigation Company Limited, Fully paid	0.03	0.03	0.03	0.03	0.03	0.03
No of Shares held	3438	3,438	3,438	3,438	3,438	3,438
Less: Provision for Diminution in value of Investments	-	-	0.01	-	0.01	0.02
	0.03	0.03	0.02	0.03	0.02	0.01
Market Value: As at September 2010 Rs.0.05 million						
As at 31st March 2010 Rs.0.03 million						
As at 31st March 2009 Rs.0.03 million						
As at 31st March 2008 Rs.0.03 million						
As at 31st March 2007 Rs.0.02 million						
As at 31st March 2006 Rs.0.01 million						
UNQUOTED :						
Joint venture						
In Shares Fully Paid Up						
Registered Shares of Rials 5,000 each of Irano Hind Shipping Company Limited, Tehran	3.88	3.88	3.88	3.88	3.88	3.88
No of Shares held	24,500,000	24,500,000	24,500,000	24,500,000	24,500,000	980,000
Ordinary Shares of Euro 2.33 each of India LNG Transport Company (No.1) Limited	0.31	0.31	0.31	0.31	0.31	0.31
No of Shares held	2,908	2,908	2,908	2,908	2,908	2,908
Ordinary Shares of Euro 2.33 each of India LNG Transport Company (No.2) Limited	0.31	0.31	0.31	0.31	0.31	0.31
No of Shares held	2,908	2,908	2,908	2,908	2,908	2,908

Particulars	As at 30th September 2010	AS AT 31st March				
		2010	2009	2008	2007	2006
Ordinary Shares of USD 1 each of India LNG Transport Company (No.3) Limited	0.13	0.13	0.13	0.13	0.23	0.13
No of Shares held	2,600	2,600	2,600	2,600	5,200	2,600
Equity Shares of Rs. 10 each of SCI Forbes Limited	610.00	610.00	610.00	5.00	0.25	-
No of Shares held	61,000,000	61,000,000	61,000,000	5,00,000	25,000	-
Ordinary Shares of Rs. 10 each of Sethusamudram Corp. Limited	500	500	500	310	160	-
No of Shares held	50,000,000	50,000,000	50,000,000	31,000,000	16,000,000	-
Share Application Money – Sethusamudram Corp. Limited		-	-	95.00	75.00	85.00
In Shares - Partly Paid Up						
Ordinary Shares of Rs. 10 each (Current year Rs. 3.50, previous year Rs. 3.00 paid up) of SCI Forbes Limited	66.50	57.00	-	-	-	-
No of Shares held	19,000,000	19,000,000	-	-	-	-
Redeemable Preference Shares						
Preference Share of Rs. 10 each paid up of SCI Forbes Limited	618.00	495.00	-	-	-	-
No. of Shares held	61,800,000	49,500,000	-	-	-	-
Gift Received from Irano- Hind Shipping Company Limited						
Shares of 1 USD each fully paid of ISI Maritime Limited		-	-	-	-	-
No. of Shares held	295,029	295,029	295,029	295,029	5	5
Shares of Rs.10 each of SAIL SCI Shipping Company Limited	1.00	-	-	-	-	-
No. of Shares held	100,000	-	-	-	-	-
Shares of 1 USD each	-	-	-	-	-	-

Particulars	As at 30th September 2010	AS AT 31st March				
		2010	2009	2008	2007	2006
fully paid of BIIS Maritime Limited						
No. of Shares held	16	16	16	16	-	-
Shares of Rs. 10 each fully paid of Jaladhi Shipping Services Pvt. Limited		-	-	-	-	-
No. of Shares held	500	500	500	500	-	-
Non Trade Investment						
LIC Mutual Fund Income Plus Fund-Daily Dividend Plan-Reinvestment Plan of Rs.10 each	1,002.60					
No. of Units held	100,259,921.37					

Note: The Corporation entered into a joint venture agreement with Steel Authority of India Limited With participation interest in ratio of 50:50 and promoted a jointly controlled entity SAIL SCI Shipping Private Limited. This company was incorporated on 19th May 2010 with an authorized share capital of Rs 1700 million. The Corporation has subscribed equity capital of 500000 shares of Rs 10 each amounting to Rs 5 million, and remitted Rs. 1.00 million which has been considered as investment. Pending remittance towards the subscribed capital of Rs. 4.00 million the same has not been considered an investment and the consequent liability has not been booked.

ANNEXURE XV

STATEMENT OF CHANGES IN SHARE CAPITAL

(Rs. In Million)

Particulars	As at 30th September 2010	AS AT 31st March				
		2010	2009	2008	2007	2006
Share Capital						
Authorised Share Capital						
No of equity Share of Rs.10 each (In millions)	1000.00	450.00	450.00	450.00	450.00	450.00
Amount	**10000.00**	**4,500.00**	**4,500.00**	**4,500.00**	**4,500.00**	**4,500.00**
Issued						
No of Equity Shares (in Millions) at the beginning of the year	423.45	423.45	282.30	282.30	282.30	282.30
Amount	**4,234.54**	**4,234.54**	**2,823.03**	**2,823.03**	**2,823.03**	**2,823.03**
Subscribed and Paid Up						
No of Equity Shares (in Millions) at the beginning of the year	423.45	423.45	282.30	282.30	282.30	282.30
Add : Bonus Issue (In Million)	-	-	141.15	-	-	-
Add: Fresh Issue of Equity Shares (in Millions)	-	-	-	-	-	-
No of Equity Shares (in millions) at the end of the year	423.45	423.45	423.45	282.30	282.30	282.30
Amount	**4,234.54**	**4,234.54**	**4234.54**	**2,823.03**	**2,823.03**	**2,823.03**

Note:

The shareholders of the Corporation in their Annual General Meeting held on 29th September 2008 approved issue of bonus shares in the ratio 1:2. During the year 2008-09 the Corporation has issued 14,11,51,215 fully paid up equity shares of Rs 10/- each as bonus shares amounting to Rs 1,41,15,12,150/-.

ANNEXURE XVI

STATEMENT OF RELATED PARTY TRANSACTIONS

(Rs. In Million)

Particulars		Period ended 30th September 2010	Year ended 31st March				
			2010	2009	2008	2007	2006
1) Key Management Personnel							
1	Remuneration	11.46	9.38	10.46	6.60	6.75	8.36
2	Loan Recovered during the Year	0.17	0.10	0.13	0.10	0.02	0.02
3	Loan Amount Due as at end of period	0.24	0.40	0.52	0.65	0.60	0.03
2) Joint Venture Companies							
1	Investment made during the year	133.50	552.00	605.00	4.60	0.40	0.10
2	Dividend received	-	23.18	20.87	19.28	93.27	20.07
3	Interest charged	77.23	166.20	177.70	179.70	205.30	336.40
4	Expenses Charged	0.82	7.70	1.80	1.00	1.40	9.20
5	Loans/ Advances given/ adjusted	249.47	675.00	451.00	69.20	923.00	512.60
6	Loans/ Advances realized/ adjusted	57.53	905.40	517.60	486.30	-	367.60
7	Receivables	2278.59	2348.26	2634.34	2658.96	3142.84	2189.32
8	Charter Hire payments	219.96	167.60	-	-	49.90	20.20
9	Management and Accounting fees	27.93	56.80	15.60	-	-	-
10	Manning Agent fees	0.99	1.50	-	-	-	-
11	Fees for supervision of construction of vessels	-	13.70	-	-	-	-

Particulars	As at Sept 30,2010	AS AT 31ST MARCH				
		2010	2009	2008	2007	2006
(I) Key Management Personnel	Mr. S.Hajara (Chairman & Managing Director w.e.f 01/09/2005)	Mr. S.Hajara (Chairman & Managing Director w.e.f 01/09/2005)	Mr. S.Hajara (Chairman & Managing Director w.e.f 01/09/2005)	Mr. S.Hajara (Chairman & Managing Director w.e.f 01/09/2005)	Mr. S.Hajara (Chairman & Managing Director w.e.f 01/09/2005)	Mr. S.Hajara (Chairman & Managing Director w.e.f 01/09/2005)
	Mr.B.K Mandal(Director(Finance) wef 11/11/2005)	Mr.B.K Mandal(Director(Finance) wef 11/11/2005)	Mr.B.K Mandal(Director(Finance) wef 11/11/2005)	Mr.B.K Mandal(Director(Finance) wef 11/11/2005)	Mr.B.K Mandal(Director(Finance) wef 11/11/2005)	Mr.B.K Mandal(Director(Finance) wef 11/11/2005)
	MR. Kailash Gupta(Director (P&A)) w.e.f. 20/07/2006	MR. Kailash Gupta(Director (P&A)) w.e.f. 20/07/2006	MR. Kailash Gupta(Director (P&A)) w.e.f. 20/07/2006	MR. Kailash Gupta(Director (P&A)) w.e.f. 20/07/2006	MR. Kailash Gupta(Director (P&A)) w.e.f. 20/07/2006	MR.P.K. Srivastava (Chairman & Managing Director) wef 20/11/1989
	-	Mr.U.C Grover Director (T&OS) (wef	Mr.U.C Grover Director (T&OS) (wef	Mr.U.C Grover Director (T&OS) (wef	Mr.U.C Grover Director (T&OS) (wef	Mr. Capt. T.D. Hazari(T&OS((wef

Particulars	As at Sept 30,2010	AS AT 31ST MARCH				
		2010	2009	2008	2007	2006
		01/04/2006)	01/04/2006)	01/04/2006)	01/04/2006)	01/07/2001)
	Mr.J.N.Das Director (L&PS) (wef 24/12/2007)	Mr.J.N.Das Director (L&PS) (wef 24/12/2007)	Mr.J.N.Das Director (L&PS) (wef 24/12/2007)	Mr.J.N.Das Director (L&PS) (wef 24/12/2007)	Mr.R.K. Mitra(B& T)wef01/04/2004	Mr.R.K. Mitra(B& T)wef01/04/2004
	Mr. K.S.Nair Director (B&T) (w.e.f 03/11/2008)	Mr. K.S.Nair Director (B&T) (w.e.f 03/11/2008)	Mr. K.S.Nair Director (B&T) (w.e.f 03/11/2008)	Mr.S.S. Rangnekar Director (L&PS) (wef 14/03/1997)	Mr.S.S. Rangnekar Director (L&PS) (wef 14/03/1997)	Mr.S.S. Rangnekar Director (L&PS) (wef 14/03/1997)
(II) Joint Ventures	SCI Forbes Limited	SCI Forbes Limited	SCI Forbes Limited	SCI Forbes Limited	SCI Forbes Limited	
	Irano Hind Shipping Co.Ltd.	Irano Hind Shipping Co.Ltd.	Irano Hind Shipping Co.Ltd.	Irano Hind Shipping Co.Ltd.	Irano Hind Shipping Co.Ltd.	Irano Hind Shipping Co.Ltd.
	India LNG Transport Co. (No. 1) Ltd.	India LNG Transport Co. (No. 1) Ltd.	India LNG Transport Co. (No. 1) Ltd.	India LNG Transport Co. (No. 1) Ltd.	India LNG Transport Co. (No. 1) Ltd.	India LNG Transport Co. (No. 1) Ltd.
	India LNG Transport Co. (No. 2) Ltd.	India LNG Transport Co. (No. 2) Ltd.	India LNG Transport Co. (No. 2) Ltd.	India LNG Transport Co. (No. 2) Ltd.	India LNG Transport Co. (No. 2) Ltd.	India LNG Transport Co. (No. 2) Ltd.
	India LNG Transport Co. (No. 3) Ltd.	India LNG Transport Co. (No. 3) Ltd.	India LNG Transport Co. (No. 3) Ltd.	India LNG Transport Co. (No. 3) Ltd.	India LNG Transport Co. (No. 3) Ltd.	India LNG Transport Co. (No. 3) S.A.
	SAIL SCI Shipping Pvt. Ltd.	-	-	-	-	-

ANNEXURE XVII

STATEMENT OF SEGMENT REPORTING

(Rs. In Million)

	Particulars	**Period ended 30th September 2010**	**For the year ending 31st March 2010**	**2009**	**2008**	**2007**	**2006**
1) Segment Revenue							
i)	Liner Segment	5,648.35	8,334.18	8,252.32	8,220.09	7,307.55	6,707.13
ii)	Bulk Segment	12,887.99	26,686.17	32,706.63	28,799.39	31,032.78	28,691.08
iii)	Others	1,076.54	1,772.49	1,902.02	1,167.96	1,377.05	1,330.90
iv)	Unallocated Revenue	3.69	25.37	22.04	20.02	94.68	20.16
	Total	**19,616.57**	**36,818.21**	**42,883.01**	**38,207.46**	**39,812.06**	**36,749.27**
2) Segment Results							
i)	Liner Segment	696.81	(2,241.68)	(1,733.14)	(1,107.64)	(69.51)	1,037.34
ii)	Bulk Segment	2,778.49	4,942.28	9,808.26	7,795.99	9,028.91	9,007.74
iii)	Others	687.79	494.20	610.42	130.49	689.62	907.22
	Total	4,163.09	3,194.80	8,685.54	6,818.84	9,649.02	10,952.30
	Less: Unallocated Expenditure (Net of Income)	12.72	(8.68)	0.24	42.66	(75.04)	(1.83)
	Add: Interest (Net)	625.46	1,656.23	2,080.50	1,667.99	1,395.64	935.27
	Total Profit before tax	4,775.83	4,859.71	10,765.80	8,444.17	11,119.70	11,889.40
3) Segment Assets							
i)	Liner Segment	8,654.51	8,908.52	9,451.24	6,309.81	4,286.68	3,008.73
ii)	Bulk Segment	69,584.51	57,028.61	54,468.68	45,515.61	38,316.05	37,409.86
iii)	Others	5,995.55	5,453.43	3,625.01	2,434.31	2,027.41	2,260.44
	Total	84,234.57	71,390.56	67,544.93	54,259.73	44,630.14	42,679.03
	Unallocated Corporate Assets	34,977.22	31,905.71	33,265.86	26,814.21	30,901.49	25,989.66
	Total	**119,211.79**	**103,296.27**	**100,810.79**	**81,073.94**	**75,531.63**	**68,668.69**
4) Segment Liabilities							
i)	Liner Segment	1,932.83	1,455.14	1,232.33	1,505.12	1,334.13	1,548.81
ii)	Bulk Segment	5,681.52	5,508.96	6,607.93	5,285.20	5,815.86	6,425.06
iii)	Others	3,083.60	2,701.18	2,163.49	2,103.70	1,834.04	2,287.08
	Total	10,697.95	9,665.28	10,003.75	8,894.02	8,984.03	10,260.95
	Unallocated Corporate Liabilities	40,572.56	30,010.98	28,570.29	16,337.19	15,435.81	14,714.79
	Total	**51,270.51**	**39,676.26**	**38,574.04**	**25,231.21**	**24,419.84**	**24,975.74**
5) Capital Expenditure during the year							
i)	Liner Segment	(18.30)	(496.80)	6,778.78	(246.86)	3.40	3.61
ii)	Bulk Segment	5,578.27	11,007.64	7,724.61	77.22	49.47	3,271.91
iii)	Others	12.28	80.57	99.78	229.47	8.50	8.41
	Total	5,572.25	10,591.41	14,603.17	59.83	61.37	3,283.93
6) Depreciation							

i)	Liner Segment	294.40	588.71	418.86	276.54	279.55	284.83
ii)	Bulk Segment	1,754.35	3,192.09	2,732.21	2,521.44	2,626.17	2,742.21
iii)	Others	3.39	30.93	100.72	230.48	10.44	8.77
	Total	**2,052.14**	**3,811.73**	**3,251.79**	**3,028.46**	**2,916.16**	**3,035.81**

ANNEXURE XVIII

STATEMENT OF CONTINGENT LIABILITIES

(Rs. In Million)

	Particulars	As at 30th September 2010	As at 31st March 2010	2009	2008	2007	2006
Contingent Liability not Provided for							
1)	**Claims against Corporation not acknowledged as Debts**						
a)	Claims made by M/s. Chokhani International Limited. Towards Dry-Dock expenses pending before High Court, Chennai	395.16	378.77	356.92	332.70	311.40	182.10
b)	Forfeiture of earnest money deposit, cargo loss, freight, demurrage, slot payments, fuel cost, other operational claims and custom duty disputed demand (as certified by the management)	882.16	943.68	832.53	611.44	486.94	446.23
c)	Disputed amount of Income Tax (as certified by the management)	511.47	520.46	58.32	15.10	-	-
d)	Claim by National Institute of Oceanography towards loss of ship and other incidental charges due to fire	-	-	-	92.43	92.43	92.43
2)	**Guarantees given by the Banks**						
a)	On behalf of the Corporation	205.87	268.46	281.80	233.50	240.23	215.21
b)	On behalf of the Joint Venture to the extent of Corporation's Share	321.55	323.20	425.22	332.04	362.53	412.54
3)	**Undertaking cum Indemnity given by the Corporation**	100.00	100.00	100.00	100.00	100.00	100.00

Particulars		As at 30th September 2010	As at 31st March				
			2010	2009	2008	2007	2006
4)	**Cargo Claims covered by P&I Club**	24.23	17.70	48.00	63.79	172.20	239.00
5)	**Bonds/ Undertakings given by the Corporation to the Custom Authorities**	734.70	734.70	278.87	1909.65	1909.65	1909.65
6)	**Corporate Guarantees/ Undertakings-**						
-	In respect of Joint Ventures*	Not Ascertainable	Not Ascertainable	Not Ascertainable	Not Ascertainable	Not Ascertainable	Not Ascertainable
-	Others	803.43	506.40	602.53	149.38	Not Ascertainable	-

* The contingent liability in respect of corporate guarantees/undertakings for India LNG Transport Company no. 1 & 2 Limited is primarily for backing up the Japanese shareholder's undertaking to the lenders to provide certain security to the Lenders in the event that the exposure of the JV companies under the interest rate swap arrangements made with regard to the Loan exceed certain agreed parameters as specified in the clause "Sponsors' Undertaking" in the Loan Agreement and in respect of which each joint venture partner including the Corporation (other than the Japanese Shareholders) have agreed with the Japanese shareholders to provide its appropriate share of such security.

In case of India LNG Transport Company No. 3 Limited, the sponsor's undertaking is extended by all the shareholders including SCI to the lenders.

Since it is difficult to predict the liability that may devolve on those joint venture companies in the event the interest swap arrangements exceed agreed parameters, the amount of such undertaking given by the Corporation is not ascertainable.

ANNEXURE XIX

STATEMENT OF FIXED ASSETS

(Rs. In Million)

Particulars	As at 30th September 2010	As at 31st March				
		2010	2009	2008	2007	2006
Gross Block	91336.96	88931.99	81618.20	66942.48	67053.81	68188.66
Less: Depreciation	42670.65	43783.52	43248.31	40350.30	37323.97	35589.68
Net Block (A)	48666.31	45148.47	38369.89	26592.18	29729.84	32598.98
CAPITAL WORK IN PROGRESS (B)						
Asset under construction	27561.98	18547.02	20998.51	20071.95	7625.52	2372.59
Asset held for Disposal (C)	0.16	0.15	0.17	0.18	-	-
Total (A+B+C)	76228.45	63695.64	59368.57	46664.31	37355.36	34971.57

ANNEXURE XX

STATEMENT OF RESERVES & SURPLUS

(Rs. In Million)

Particulars	As at 30th September 2010	As at ending 31st March				
		2010	2009	2008	2007	2006
Capital Reserve	1253.91	1253.91	1253.91	1178.88	1,150.65	928.02
General Reserve	28096.31	28096.31	27,696.32	25,607.82	20807.82	16,807.82
Share Premium Account	-	-	-	-	-	-
Special Reserve u/s 33 AC of I.T Act, 1961 (utilized)	12150.00	12150.00	12150.00	12150.00	12,150.00	12,150.00
Tonnage Tax Reserve	2800.00	2800.00	2,000.00	6,950.00	5,250.00	3,000.00
Tonnage Tax Reserve (Utilised)	9950.00	9950.00	9950.00	3,000.00	3,000.00	3,000.00
Staff Welfare Fund	8.08	11.78	9.93	14.60	15.03	15.36
Corporate Social Responsibility Reserve	111.85	111.85	94.07	-	-	-
Allocated Social Responsibility Reserve	12.44	13.30	-	-	-	-
Profit & Loss Account	9324.15	4998.32	4847.98	4118.40	5915.26	4968.72
TOTAL	63706.74	59385.47	58002.21	53019.70	48288.76	40869.92

ANNEXURE XXI

STATEMENT OF CURRENT LIABILITIES & PROVISIONS

(Rs. In Million)

Particulars	As at 30th September 2010	As at 31st March				
		2010	2009	2008	2007	2006
A. CURRENT LIABILITIES						
Sundry Creditors						
Small and Medium Enterprises	30.44	18.48	21.10	15.20	132.40	99.20
Others	7449.62	7008.11	7783.25	6525.32	7263.80	7709.98
Interest Accrued but not due	109.58	66.10	242.12	111.77	123.52	111.35
Advances and Deposit	1374.76	1067.64	674.85	1052.65	518.28	1548.76
Security and Other Deposits	11.93	11.93	11.93	11.75	9.84	9.87
Interim Dividend Payable	-	-	-	-	2399.57	-
Other Liabilities	912.91	747.09	893.55	778.46	670.70	731.44
Unpaid Dividend	5.60	5.60	4.07	5.68	3.43	4.97
Unfinished Voyages	280.55	376.48	158.27	258.55	271.61	326.51
Bank Overdraft	-	-	-	-	-	-
Bayerische Hypo-Und Vereins Bank AG (formerly Vereins Bank, Hamburg)	-	-	0.01	-	-	-
City Bank Israel – USD Freight	-	0.01	0.01	-	-	-
Total	**10175.39**	**9301.44**	**9789.16**	**8759.38**	**11393.15**	**10542.08**
B. PROVISIONS						
Foreign Taxation (Net of Advances)	96.65	83.61	54.10	17.66	30.45	20.12
Indian Income Tax (Net of Advances)	-	-	2.65	-	57.20	250.05
Leave Encashment	539.41	571.11	541.71	392.81	340.20	283.99
Post retirement Medical Scheme	308.10	282.61	249.41	198.21	151.77	135.47
Proposed Dividend	2117.27	2117.27	2752.45	1129.21	-	-
Tax on Proposed Dividend	351.65	351.65	467.78	191.91	-	-
Total	**3413.08**	**3406.25**	**4068.10**	**1929.80**	**579.62**	**689.63**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our restated financial statements as of and in the years ended March 31, 2006, 2007, 2008, 2009, 2010 and the six-months ended September 30, 2010, prepared in accordance with the Companies Act, India GAAP and the SEBI ICDR Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in the section "Financial Statements" beginning on page 126. Unless otherwise stated, the financial information used in this section is derived from the restated financial statements of our Company.

Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. For further details, see "Summary of Significant Differences between Indian GAAP, U.S. GAAP and IFRS".

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections "Forward-Looking Statements" and "Risk Factors", respectively.

For purposes of discussion and analysis of the audited financial statements for the six-months ended September 30, 2010, financial items for this period have not been analyzed against unaudited financial information for the six-months ended September 30, 2009. This comparison is not presented because applicable regulations do not permit our Company to include unaudited financial information for the six-months ended September 30, 2009 in the Red Herring Prospectus for comparison purposes, as our Company's auditors have not audited our Company's September 30, 2009 financial statements. This discussion and analysis of the audited financial statements for the six-months ended September 30, 2010 should not be read as an estimate or projection of full Fiscal Year 2011 results of operations. See "Forward-Looking Statements".

Overview

Our Company was incorporated as 'Eastern Shipping Corporation Limited' on March 24, 1950 under the Companies Act, 1913 in Mumbai. With effect from October 2, 1961, Western Shipping Corporation Limited was amalgamated with our Company under the Shipping Corporations Amalgamation Order, 1961, issued by the Government. The name of our Company was changed from Eastern Shipping Corporation Limited to The Shipping Corporation of India Limited on October 21, 1961. We are one of India's largest shipping companies in terms of Indian flagged tonnage, with approximately a 35% share of Indian flagged tonnage as of June 30, 2010, according to the website of Directorate General of Shipping, Government of India (D.G. Shipping). As of October 31, 2010, we owned a fleet of 77 vessels of 5.37 million dead weight tonnage (DWT). As of October 31, 2010, we had ordered the construction of 26 vessels, which we expect to be delivered between the year ended 2010 and 2013, the acquisition of four of such vessels will be funded through the proceeds of the Issue, and we have plans to order an additional 20 vessels in Fiscal Year 2011. In addition, as of October 31, 2010, we managed 62 vessels of 0.22 million DWT on behalf of Government agencies, public sector undertakings, and our joint ventures. Our Directors have approved the disposal of a passenger vessel of 168 DWT, a crude tanker of 67,137 DWT and a dry bulk carrier of 26,450 DWT. We anticipate the disposal of such three vessels to occur in the fourth quarter of the Fiscal Year ending March 31, 2011.

Our fleet includes dry bulk carriers, very large crude carrier (VLCC) tankers, crude oil tankers, product tankers, container vessels, passenger-cum-cargo vessels, phosphoric acid and chemical carriers, LPG and ammonia carriers, and offshore supply vessels. As of October 31, 2010, our fleet included 18 dry bulk carriers of 781,777 DWT, four VLCCs of 1,274,175 DWT, 18 crude oil tankers of 2,081,003 DWT, 15 product tankers of 877,726 DWT, ten offshore supply vessels of 17,904 DWT, five container vessels of 202,413 DWT, three phosphoric acid and chemical carriers of 99,174 DWT, two gas carriers of 35,202 DWT, and two passenger-cum-cargo vessels of 5,303 DWT.

Our customers are primarily comprised of Government agencies, large industrial concerns, international oil companies and public sector undertakings. We have also entered into six strategic joint ventures which we believe provide us with various advantages and access to markets we would have otherwise not enjoyed. For example, we have entered into three joint ventures with Japanese companies to own and operate LNG tanker vessels.

Our operating income was Rs. 37,389.92 million, Rs. 41,667.72 million, Rs. 34,603.96 million and Rs. 17,893.64 million for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010, respectively. Our adjusted profit was Rs. 7,546.26 million, Rs. 9,626.41 million, Rs. 3,866.95 million and Rs. 4,325.83 million for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010, respectively. Our income is principally generated from our bulk carrier and tanker division which contributed 71.14%, 71.71%, 68.43% and 62.88% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010, respectively, and our liner division which contributed 20.3%, 18.09%, 21.37% and 27.56% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010, respectively.

Our business is directly impacted by levels of economic activity in general, and international shipping volumes, particularly in the energy-related shipping sector. In the twelve months ended December 31, 2009, demand for shipping services as well as the prices charged by international shipping companies dropped significantly, as the world economy came under pressure and shipping markets underwent a correction, including the Indian shipping market. Compared to Fiscal Year 2009, our total income and net profit for Fiscal Year 2010 dropped by 14.49% and 59.83%, respectively. According to the International Monetary Fund, since general economic conditions have improved, the world trade volume is expected to grow at 9% and 6.3% in 2010 and 2011, respectively. Nevertheless, demand and pricing levels for our services have generally remained well below the highs reported in previous years.

Our worldwide operations are supported by offices in the four metros of India, namely Mumbai, Delhi, Chennai and Kolkata and we also have an office in London. As of October 31, 2010, we were further supported by a network of more than 121 agents worldwide that assist us in our marketing and logistics efforts.

Factors Affecting Our Business, Results of Operations and Financial Condition

Our business, results of operations and financial condition are affected by a number of factors, some of which are beyond our control. This section sets out certain key factors that we believe have affected our business, results of operations and financial condition in the past or we expect will affect our business, results of operations or financial condition in the future. For a detailed discussion of certain factors that may adversely affect our business, results of operations and financial condition, see the risk factors in “Risk Factors” on page xi.

Demand for energy products

Our bulk carrier and tanker division is the primary revenue source of our Company, accounting for 71.14%, 71.71%, 68.43% and 62.88% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ending September 30, 2010, respectively. The demand for our bulk carriers and tankers, to a large extent, depends on the demand for energy related products, including crude oil, gas and coal. Due to imbalance in supply and demand of tonnage and its consequential effect on the freight market, our total income and adjusted profits for Fiscal Year 2010 dropped by 14.49% and 59.83%, respectively, compared to Fiscal Year 2009. We expect that our results of operations will continue to be dependent upon demand for shipping of energy related products in the future.

Our fleet size and fleet mix

Our operating results are dependent upon the size and mix of our fleet of vessels. Our ability to win new business depends upon our having vessels that are available for employment by our customers. In addition, the configuration of our fleet needs to be optimized to take advantage of the type of customer opportunities that are available to us. We believe that we must increase the size of our fleet to meet demands in various markets and to take advantage of growth opportunities. See “Our Business-Fleet on Order” for a summary of the 26 vessels of total 1,463,080 DWT we have ordered for delivery between Fiscal Year 2010 and 2013. We also expect to lower the average age of our fleet by adding new vessels, subject to timely delivery of our ordered ships.

Fluctuations in charter rates

Our total income and operating margins are affected by the charter rates that we charge for our shipping services, which are largely dependent on supply and demand. Charter rates have declined during the global economic slowdown in Fiscal Years 2009 and 2010 due to the reduced demand for shipping services. During that same period, our total income and profits for Fiscal Year 2010 dropped by 14.49% and 59.83%, respectively.

Our operational and fixed expenses

Our profitability is significantly impacted by our operational expenses. For Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010, our operational expenses were Rs. 26,037.28 million, Rs. 28,104.59 million, Rs. 27,652.92 million and Rs. 12,228.33 million, respectively, or 64.31%, 61.62%, 70.91%, and 59.66%, respectively, of our total income. Some of our expenses, such as those for rent on our properties and interest on our indebtedness, are fixed or subject to limited adjustment by us, and will not fluctuate in proportion to changes in operating revenues. The fixed expenses allow us to control our expenditure. However, if our income from operations decreases due to our inability to employ our vessels at profitable rates or low productivity, we are still required to pay such fixed expenses which will reduce our profitability and operating margin. In addition, any increase in expenses related to bunker (of fuel), maintenance, repairs, spare parts, salaries, consumables and compliance with new rules and regulations will also have a material adverse impact on the results of our operations, if we cannot pass such increased costs to our customers.

Our Accounting Policies

Our financial statements have been prepared under the historical cost convention method, in accordance with Indian Generally Accepted Accounting Principles (GAAP), the applicable accounting standards notified under the Companies (Accounting Standard) Rules, 2006, prescribed by the Central Government under the provisions of the Companies Act.

The preparation of financial statements in accordance with Indian GAAP and the provisions of the Companies Act 1956, require our management to make judgments, estimates and assumptions that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of income and expenses. These judgments, assumptions and estimates are reflected in our accounting policies.

Certain of our accounting policies are particularly important to the presentation of our financial position and results of operations. While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results of operations, we believe that the following critical accounting policies warrant particular attention.

Recognition of Income and Expenditure

Our income statement reflects:

(a) The earnings and direct operating expenses (voyage related variable costs) in respect of all finished voyages on accrual basis;

(b) Standing charges (vessel related fixed costs) for all the vessels for the entire period of operation during the year of accrual basis;

(c) Income and expenditure in respect of ad-hoc slot operations, the customs penalty claims and container detention charges which are accounted for on realization;

(d) In respect of slot sharing agreement with other shipping lines, the earnings and expenses on an accrual basis based on completed voyage cycles during the year;

(e) In respect of time charter arrangements, incomes and expenses are booked on accrual basis; and

(f) Demurrage income is recognized on estimated basis, based on past experience of settlements.

The criteria followed for the purpose of determining finished voyages are the following:

(a) Passenger cum cargo vessels: disembarkation of passengers and discharge of cargo by all daughter vessels should be completed on or before the last date of the financial year;

(b) Cargo vessels (other than those serviced by feeder or daughter vessels): discharge of cargo should be completed on or before the last date of the financial year;

(c) Cargo vessels serviced by daughter vessels: the ultimate discharge of cargo by all daughter vessels should be completed on or before the last date of the financial year;

(d) Cargo vessels serviced by feeder vessels: the discharge of cargo at the transhipment port by the mainline and own feeder vessels should be completed on or before the last date of financial year. Transhipment port is the point of commencement and completion of both the services. The completion of the mainline and feeder voyage is determined independently of each other; and

(e) Cellular liner service: On completion of round voyage.

Unfinished Voyages

Any voyage which does not fulfill the above mentioned criteria, is treated as an unfinished voyage. Collections made on account of freight and other charges in respect of such voyages are carried forward as unfinished voyage earnings. Direct operating expenses booked for such voyages, including hire and freight for vessels chartered-in, are carried forward as unfinished voyage expenses except in case of a time charter.

Allocation of Container Expenses

Expenses relating to container activities such as stevedoring, stuffing and destuffing, and transportation are identified with the relevant voyage and classified as direct operating expenses. Expenses such as container hire, kobi charges, ground rent and handling of empty containers, which are not directly identifiable with any particular voyage, are allocated to all voyages on the basis of unit days for each voyage. The sum so allocated to unfinished voyages is carried forward as unfinished voyage expenses.

Fixed Assets and Depreciation

(a) Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes borrowing cost, duties and other expenses relating to acquisition of assets.

(b) Depreciation on vessels is charged on the 'straight line method' at the rates prescribed in Schedule XIV to The Companies Act, 1956, except in cases of offshore vessels, which are written off over a period of 12 years and second hand vessels, which are written off over their respective useful lives (not less than rates prescribed in Schedule XIV) as determined by technical evaluation. On additions made to the existing vessels (including adjustments resulting on account of exchange rate fluctuation), depreciation is provided for the full year irrespective of the date of addition and balance over the remaining useful life of the vessels.

(c) Additions made to the vessels which have completed their useful life are fully depreciated in the year of addition. However, in respect of additions made involving structural changes, on or after April 1st, 2007, resulting in extension of useful life based on the technical evaluation, the depreciation is provided over the extended remaining useful life (not less than rates prescribed in schedule XIV).

(d) On assets other than vessels, depreciation is charged on the 'written down value method' as per the rates prescribed in Schedule XIV to the Companies Act, 1956, for the full year irrespective of the dates of additions and no depreciation is being charged on assets sold or discarded during the year.

(e) Computer software is amortized over the useful life not exceeding five years.

(f) Assets costing individually Rs. 5,000 and below are fully depreciated in the year of addition.

(g) The carrying amounts of assets are reviewed at each balance sheet date for impairment so as to determine the provision for impairment loss, if any, required, or the reversal, if any, required of impairment loss recognized in previous periods.

Capitalization of Expenses

Interest and other expenses, incurred up to the date of first loading on amounts borrowed for acquisition or improvement of assets, are charged to the cost of respective acquired or improved assets. In addition, operating costs, including initial stores and spares of newly acquired vessels until the port of first loading, are added to the cost of the respective vessel.

Retirement and Disposal of Vessels

(a) Vessels which have been retired from operations for eventual disposal are withdrawn from the fixed assets and exhibited separately at book value in the balance sheet under "Vessels Retired From Operation".

(b) Anticipated loss, if any, in the disposal of such vessels is recognized immediately and provision for the same is made in the accounts for the year in which these vessels have been retired. For the purpose of determining the loss, the sale price is recognized if the contract for sale is concluded. In other cases, assessment of the realizable value is made on the basis of the prevailing market conditions. Losses on such vessels are provided for after taking into account the expenses such as customs duty, sales tax or value added tax, in connection with the disposal, as well as estimated expenses in maintaining the vessel up to its sale. Wherever the exact amount under each item of expenses is not known, an assessment is done on the best estimate basis.

(c) Profits on sale of vessels are accounted for only upon completion of sale thereof.

Major Repairs and Renewals of Vessels

(a) Advances given towards repairs or renewals of capital or income are adjusted only on completion of the entire work and completion is duly certified by the relevant authority.

(b) Dry-dock repair expenditure is recognized in the profit and loss account to the extent work is done based on technical evaluation.

Valuation of Stocks

(a) Inventories are valued at lower of cost and net realizable value unless otherwise stated.

(b) Fuel oil purchases are initially booked as stock. The value of year-end stock is arrived at after charging consumption of 'first-in-first-out' method.

(c) With regards to provisions purchased for victualling on board vessels, where catering is under a departmental catering system, all purchases are treated as consumed.

(d) Our Company maintains godowns for keeping certain limited items of stores pending issue to the vessels. Stock of stores lying in the godowns at the year end are valued at lower of cost or net realizable value.

(e) Stores or spares including paints, and the like are charged to income as consumed when delivered to vessels. Items of stores or spares, which are not delivered to vessels, are shown under stores or spares-in-transit and are treated as stock. Such stocks are valued at the lower of cost and net realizable value. However, at the end of the financial year, provision for consumption is made for items which remain as stores or spares-in-transit for more than three months.

Accounting of Foreign Currency Transactions

(a) All transactions during the year are booked at the rate of the last Friday of the preceding month published in the Financial Times, London.

(b) Liner freight is booked at rate as mentioned above, relevant to the months in which the dates of sailing fall.

(c) The year-end foreign currency balances other than in US Dollars appearing in the books of account are converted into US Dollars at the rate of the last Friday of March published in the Financial Times, London and thereafter, the monetary assets and monetary liabilities as well as the long term loans are converted into Rupees at the SBI mean rate prevailing at the end of the financial year.

(d) Exchange difference arising on repayment of liabilities and conversion of year-end foreign currency balances pertaining to long term loans for acquiring vessels, ownership of containers or other assets and asset under construction is adjusted in the carrying cost of vessels, ownership containers or other assets and assets under construction.

(e) The exchange difference arising on income and other accounts except as stated under point (d) immediately above is adjusted in the profit and loss accounts.

Employee Benefits

(a) Liabilities towards provident fund are accounted for on accrual basis.

(b) For defined benefit plans, in the case of shore staff, officer afloat and crew on our Company’s roster, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur. The retirement benefit obligation recognized in the balance sheet represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in the future contribution to the plan.

(c) In the case of crew on the general roster, gratuity, which is insignificant in value, is accounted on cash basis.

Insurance, Protection & Indemnity (P&I) and Other Claims

(a) Provision in respect of claims against our Company and covered by insurance and P&I risks is made as under:

(i) In respect of claims falling under Hull & Machinery Insurance, which are estimated to be above the deductible limit, to the extent of the deductible limit.

(ii) In the case of cargo claims, on the basis of the actual claims registered and/or paid pertaining to the relevant year’s voyages as ascertained at the year-end as reduced by the amount recoverable from insurers.

(b) All types of claims settled and paid above the deductible limits are shown as recoverable from hull underwriters or P&I clubs until these are finally accepted by them as per the conditions of the insurance policy and/or P&I cover. Adjustments, if any, of income are made after the statement of claims are received from the average adjusters.

(c) Claims made by our Company against other parties including vessel repair yards, vessel-owners, vessel charterers, customs and other third parties are accounted on realization, due to uncertainty in the amounts of their ultimate recovery.

Investments

(a) Long term investments are stated at cost. The provision for diminution is made to recognize a decline, other than temporary decline, in the value of such investments.

(b) Current investments are stated at lower of cost and fair value.

Taxes on Income

In view of opting for Tonnage Tax Scheme, provision for income tax liability is made as per special provisions relating to income of shipping companies under Income Tax Act, 1961 from financial year 2004 - 2005. For details of Tonnage Tax Scheme, see “Statement of Tax Shelters” in “Financial Statements” beginning on page 126.

Leases

In respect of assets acquired on lease prior to April 1, 2001, lease rentals are accounted on an accrual basis over the period of the lease and in respect of assets acquired on or after April 1, 2001, lease rentals are accounted for in accordance with AS-19 “Accounting for Leases”.

Provisions

Provisions are recognized when our Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Selected Description of Income and Expenses

The following is a description of the primary components of our income statement.

Income

Our total income is comprised of income from operations, profit on sale of vessels, interest income and other income. Our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010 were Rs. 40,484.38 million, Rs. 45,610.18 million, Rs. 38,999.74 million and Rs. 20,497.65 million, respectively.

Income from operations

Our income from operations is comprised of freight, charter hire, demurrage and receipts from managed vessels. Our income from operations were 92.36%, 91.36%, 88.73%, and 87.3% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010 income, respectively.

Freight: represents income we earn from contracts where the rate charged to our customers is based on the amount of freight shipped.

Charter hire: represents income we earn from out chartering our vessels to third parties. Charter hires are comprised of time charter, period charter, voyage charter and contracts of affreightment (COA).

Demurrage: represents income we earn from our charterers for the excess period they remain in possession of our vessels after the period allowed per the applicable charter contract.

Receipts from managed vessels: represents income we earn from third parties who have contracted us to manage their vessels. This income includes remuneration and reimbursement of overhead expenses.

Profit on sale of vessels

In the past, we have sold our vessels that have completed their economic life, typically 25 years. The profit on sale of such vessels is recognized on a net basis after subtracting the book value and the expenses incurred up to the date of sale. Such expenses include, but are not limited to, bunker, wages and victualling, insurance, stores and spares, maintenance and other sundries. Our profit from the sale of vessels were nil, 0.76%, 3.14%, and 7% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010 income, respectively.

Interest income

Interest income consists of interest from financing extended to certain of our joint ventures, interest earned on bank deposits and deposits with other public financial institutions. Our interest income was 5.62%, 5.98%, 5.59%, and 4.3% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010 income, respectively.

Other income

Other income primarily includes: (i) sundry receipts from our core shipping activities and other incidental activities; (ii) profit on sale of fixed assets other than vessels; (iii) dividend on trade investments and investments in our joint ventures; (iv) currency exchange gain; (v) profit on the sale of bunker; and (vi) excess provision / sundry credit balances written back. Our other income was 2.02%, 1.91%, 2.54%, and 1.41% of our total income for Fiscal Year 2008, 2009, 2010 and the six-month period ended September 30, 2010 income, respectively. Other income does not exceed 3% of our total income for any of the Fiscal Years 2008, 2009, 2010 and the six-month period ending September 30, 2010.

Total expenses

Our total expenses are comprised of direct and indirect operating costs, administrative expenses, other expenses and provisions, interest and finance charges and depreciation. Our total expenses for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010 income were Rs. 31,902.60 million, Rs. 34,591.23 million, Rs. 34,140.03 million and Rs. 15,721.82 million, respectively.

Operating expenses

Operating expenses are comprised of direct expenses related to operating our vessels, rental paid for in chartering of vessels and indirect operating expenses**.** Direct operating expenses primarily include: (i) bunker (which makes up a sizeable portion of our operating expenses); (ii) marine, light and canal dues (iii) stevedoring, dunnage, cargo expenses and slot expenses on joint sector container services; (iv) agency fees paid to our network of agents worldwide; (v) brokerage fees to the brokers that intermediate between our Company and charterers; (vi) commissions paid; and (vii) water charges.

Indirect operating expenses relate to the in charter of third party vessels, and primarily include: (a) wages, bonuses and other expenses relating to floating staff; (b) stores and spares; (c) repairs, maintenance and survey expenses; (d) insurance and protection and indemnity fees; (e) currency exchange expenses; and (f) sundry steamer expenses. Our operating expenses were 64.31%, 61.62%, 70.91%, and 59.66% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010 income, respectively.

Administration expenses

Administration expenses primarily include: (i) salaries and bonuses, (ii) staff welfare expenses, (iii) establishment charges; (iv) repairs and maintenance of buildings; (v) rent; and (vi) lease rent to shore employees. Our administration expenses were 4.5%, 4.49%, 5.1%, and 5.35% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010 income, respectively.

Other expenses and provisions

Other expenses and provisions include: (i) provisions for off hire; (ii) provisions for doubtful debts and advances; (iii) foreign taxation; (iv) provisions for contingencies; and (v) other miscellaneous expenses. Our other expenses and provisions were 1%, 1.18%, 0.41%, and 0.43% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010 income, respectively.

Interest expense

Interest charges primarily include interest on term loans and other interest expenses and finance charges. Our interest and finance charges were 1.5%, 1.42%, 1.35%, and 1.25% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010 income, respectively.

Depreciation

We incur depreciation expenses on our vessels and other assets. Our depreciation expenses were 7.48%, 7.13%, 9.77%, and 10.01% of our total income for Fiscal Years 2008, 2009, 2010 and the six-month period ended September 30, 2010 income, respectively.

Our Results of Operations

The following table sets forth a summary of our results of operations derived from the restated financial statements included in this Red Herring Prospectus under "Financial Statements".

	Fiscal year ended March 31, (all Rs. amounts are in millions)						Six-months ended September 30,	
	2008	**% of Total Income**	**2009**	**% of Total Income**	**2010**	**% of Total Income**	**2010**	**% of Total Income**
Income								
Income from Operations	37,389.92	92.36	41,667.72	91.36	34,603.96	88.73	17,893.64	87.30
Total Income from Operations	**37,389.92**	92.36	41,667.72	91.36	**34,603.96**	88.73	**17,893.64**	87.30
Profit on Sale of Vessels	0.00	-	344.62	0.76	1,225.13	3.14	1,434.87	7.00
Interest Income......................	2,276.92	5.62	2,727.17	5.98	2,181.53	5.59	881.08	4.30
Other Income[(1)]	817.54	2.02	870.67	1.91	989.12	2.54	288.06	1.41
Total Income	**40,484.38**	**100**	**45,610.18**	**100**	**38,999.74**	**100**	**20,497.65**	**100**
Expenses								
Operating Expenses..............	26,037.28	64.31	28,104.59	61.62	27,652.92	70.91	12,228.33	59.66
Administration Expenses	1,823.74	4.50	2,050.13	4.49	1,989.00	5.10	1,096.91	5.35
Other Expenses, Provisions, etc.	404.19	1.00	538.05	1.18	161.08	0.41	88.82	0.43
Interest Expense	608.93	1.50	646.67	1.42	525.30	1.35	255.62	1.25
Depreciation..........................	3,028.46	7.48	3,251.79	7.13	3,811.73	9.77	2,052.14	10.01
Total Expenses..............	**31,902.60**	**78.80**	**34,591.23**	**75.84**	**34,140.03**	**87.54**	**15,721.82**	**76.70**
Profit before extraordinary items	**8,581.78**	**21.20**	**11,018.95**	**24.16**	**4,859.71**	**12.46**	**4,775.83**	**23.30**
Extraordinary Items								
Less: Provision towards loss of vessels and other incidental charges	0.00	-	214.00	0.47	-	-	-	-
Less: Provision towards NYSA USA pension liability due to exit from IDX service	137.61	0.34	39.15	0.09	-	-	-	-
Profit before Tax	**8,444.17**	**20.86**	**10,765.80**	**23.6**	**4,859.71**	**12.46**	**4,775.83**	**23.30**
Provision for Indian Income Tax								
Current	859.41	2.12	1,099.39	2.41	992.76	2.55	450.00	2.20
Fringe Benefit Tax	38.50	0.10	40.00	0.09	-		-	-

	Fiscal year ended March 31, (all Rs. amounts are in millions)						Six-months ended September 30,	
	2008	% of Total Income	2009	% of Total Income	2010	% of Total Income	2010	% of Total Income
Profit After Tax	7,546.26	18.64	9,626.41	21.11	3,866.95	9.92	4,325.83	21.10

(1) Includes excess provision/sundry credit balances written back.

Six-month period ended September 30, 2010

Total income

Our total income for the six-months ended September 30, 2010 was Rs. 20,497.65 million.

Income from operations

Our income from operations for the six-months ended September 30, 2010 was Rs. 17,893.64 million or 87.3% of total income for the same period. This income was principally generated by our bulk carrier and tanker division which contributed Rs. 12,887.99 million or 62.88%, of our total income during such period.

Profit on sale of vessels

Our net profit on the sale of vessels in the six-month period ended September 30, 2010 was Rs. 1,434.87 million or 7% of total income for the same period. During the six-month period ended September 30, 2010 we sold seven vessels

Interest income

Our earned interest income on our cash deposits at banks and other financial institutions in the six-month period ended September 30, 2010 was Rs. 881.08 million or 4.3% of total income for the same period.

Other income

Our other income, which includes income from excess provisions and certain written back credit balances which are added to other income, in the six-month period ended September 30, 2010 was Rs. 288.06 million or 1.41% of total income for the same period.

Total expenses

Our total expenses in the six-month period ended September 30, 2010 were Rs. 15,721.82 million or 76.7% of total income for the same period.

Operating expenses

Our operating expenses in the six-month period ended September 30, 2010 were Rs. 12,228.33 million or 59.66% of total income for the same period. The three largest components of our operating expenses were bunker, employee costs (for shore and floating), and charter hire.

Administration expenses

Our administration expenses in the six-month period ended September 30, 2010 were Rs. 1,096.91 million or 5.35% of total income for the same period. The largest components of the administration expenses are employee cost (shore) and establishment charges which accounted for approximately 59.9% and 24.57% of administrative expenses for the period.

Other expenses and provisions

Our other expenses and provisions in the six-month period ended September 30, 2010 were Rs. 88.82 million or 0.43% of total income for the same period. The largest components of other expenses and provisions are provision for off hire and foreign taxation, which accounted for approximately 39.93% and 21.39% of other expenses and provisions for the period.

Interest expense

Our interest expense in the six-month period ended September 30, 2010 was Rs. 255.62 million or 1.25% of total income for the same period. The total interest expenses for the period pertains to the interest expenses on term loans taken for acquisition of vessels.

Depreciation

Our depreciation expense in the six-month period ended September 30, 2010 was Rs. 2,052.14 million or 10.01% of total income for the same period.

Profit before extraordinary items and tax

Our profit before extraordinary items and tax in the six-month period ended September 30, 2010 was Rs. 4,775.83 million. We incurred no extraordinary items and incurred a provision for Indian income tax of Rs. 450 million.

Profits after extraordinary items and tax

As a result of the foregoing, we earned profits of Rs. 4,325.83 million in the six-month period ended September 30, 2010.

Fiscal Year 2010 compared to Fiscal Year 2009

Total income

Our total income decreased by Rs. 6,610.44 million, or 14.49%, to Rs. 38,999.74 million in Fiscal Year 2010 from Rs. 45,610.18 million in Fiscal Year 2009. The reasons for the decrease in our total income are set forth below.

Income from operations

Our income from operations decreased by Rs. 7,063.76 million, or 16.95%, to Rs. 34,603.96 million in Fiscal Year 2010 from Rs. 41,667.72 million in Fiscal Year 2009. The decrease in our income from operations was primarily attributable to the slowdown in the global economy and the bulk carrier and tanker market which resulted in lower freight rates for bulk carrier and tanker division. Freight rates dropped from Fiscal Year 2009 to Fiscal Year 2010. We experienced a decrease of 18.41% in the operating income of our bulk carrier and tanker division as compared to the previous year.

Profit on sale of vessels

Our profit from the sale of vessels increased by Rs. 880.51 million, or 255.5%, to Rs. 1,225.13 million in Fiscal Year 2010 from Rs. 344.62 million in Fiscal Year 2009. The increase in our profit from the sale of vessels was primarily attributable to the fact that we sold eight vessels in Fiscal Year 2010 as compared to two vessels in Fiscal Year 2009.

Interest income

Our interest income decreased by Rs. 545.64 million, or 20.01%, to Rs. 2,181.53 million in Fiscal Year 2010 from Rs. 2,727.17 million in Fiscal Year 2009.

Other income

Our other income increased by Rs. 118.45 million, or 13.6%, to Rs. 989.12 million in Fiscal Year 2010 from Rs. 870.67 million in Fiscal Year 2009. The increase in other income was primarily attributable to excess provisions and unclaimed credit balances written back. Excess provisions written back in Fiscal Year 2010 are mainly on account of freight and charter hire written back. Other income in Fiscal Year 2009 was primarily attributable to currency exchange gains of Rs. 564.32 million.

Total expenses

Our total expenses decreased by Rs. 451.20 million, or 1.3%, to Rs. 34,140.03 million in Fiscal Year 2010 from Rs. 34,591.23 million in Fiscal Year 2009. The decrease in our total expenses is set forth below.

Operating expenses

Our operating expenses decreased by Rs. 451.67 million, or 1.61%, to Rs. 27,652.92 million in Fiscal Year 2010 from Rs. 28,104.59 million in Fiscal Year 2009. Expenses related to staff, repairs and maintenance remained constant. However, certain components of our operating expenses fluctuated. Port dues increased mainly because two of our container vessels were deployed for the whole Fiscal Year 2010 as opposed to six months in Fiscal Year 2009. The main reason for the overall decrease in operating expenses was due to the decrease in charter hire expenses.

Other expenses, such as those relating to agency fees, insurance, stores and spares, management expenses and currency exchange losses increased. Insurance costs increased during this period due to higher premiums on vessel for the hull and machinery as well as cargo coverage. The biggest contributing factor to this increase was currency exchange losses in Fiscal Year 2010. In Fiscal year 2009 our company had a currency exchange gain.

Administration expenses

Our administration expenses decreased by Rs. 61.13 million, or 2.98%, to Rs. 1,989 million in Fiscal Year 2010 from Rs. 2,050.13 million in Fiscal Year 2009. The decrease in our administration expenses was primarily attributable to the reduction in staff costs which included salaries, bonus, welfare expenses and remuneration.

Other expenses and provisions

Our other expenses and provisions decreased by Rs. 376.97 million, or 70.06%, to Rs. 161.08 million in Fiscal Year 2010 from Rs. 538.05 million in Fiscal Year 2009. The decrease in our other expenses and provisions was primarily attributable to the reduction in the provisions for doubtful debts and advances.

Interest and finance charges

Our interest and finance charges decreased by Rs. 121.37 million, or 18.77%, to Rs. 525.3 million in Fiscal Year 2010 from Rs. 646.67 million in Fiscal Year 2009. We increased our loans during Fiscal Year 2010 due to the delivery of vessels. However, we decreased our finance charges because the average cost of our foreign debt decreased. This was primarily due to the effective average six month LIBOR being 0.9% in Fiscal Year 2010 as compared to 2.7% in Fiscal Year 2009.

Depreciation

Our depreciation expense increased by Rs. 559.94 million, or 17.22%, to Rs. 3,811.73 million in Fiscal Year 2010 from Rs. 3,251.79 million in Fiscal Year 2009. The increase in our depreciation charges was primarily attributable to the fact that four vessels were added to our fleet in Fiscal Year 2010 thereby increasing our depreciable assets.

Profit before extraordinary items and tax

Our profit before extraordinary items and tax in Fiscal Year 2010 was Rs. 4,859.71 million as compared to Rs.

11,018.95 million in Fiscal Year 2009. We incurred no extraordinary items and incurred a provision for Indian income tax of Rs. 992.76 million as compared to Rs. 1,139.39 million (consisting of Rs. 1,099.39 million for income tax and Rs. 40.0 million for fringe benefit tax) in Fiscal Year 2009.

Profit after extraordinary items and tax

As a result of the foregoing, we earned profits of Rs. 3,866.95 million in Fiscal Year 2010 as compared to Rs. 9,626.41 million in Fiscal Year 2009, a decrease of 59.83%.

Fiscal Year 2009 compared to Fiscal Year 2008

Total income

Our total income increased by Rs. 5,125.80 million, or 12.66%, to Rs. 45,610.18 million in Fiscal Year 2009 from Rs. 40,484.38 million in Fiscal Year 2008. The increase in our total income is set forth below.

Income from operations

Our income from operations increased by Rs. 4,277.80 million, or 11.44%, to Rs. 41,667.72 million in Fiscal Year 2009 from Rs. 37,389.92 million in Fiscal Year 2008. The increase in our income from operations was primarily attributable to our bulk carrier and tanker division which contributed 71.71% of our total income. In addition, the increase in charter rates during this period contributed to our increase in income from operations.

Profit on sale of vessels

Our profit from the sale of vessels increased by Rs. 344.62 million, to Rs. 344.62 million in Fiscal Year 2009 from 0 in Fiscal Year 2008. The increase in our profit from the sale of vessels was attributable to the fact that we did not sell any vessels in Fiscal Year 2008 whereas we sold two vessels in Fiscal Year 2009.

Interest income

Our interest income increased by Rs. 450.25 million, or 19.77%, to Rs. 2,727.17 million in Fiscal Year 2009 from Rs. 2,276.92 million in Fiscal Year 2008.

Other income

Our other income increased by Rs. 53.13 million, or 6.5%, to Rs. 870.67 million in Fiscal Year 2009 from Rs. 817.54 million in Fiscal Year 2008. The increase in other income was primarily attributable to the currency exchange gains of Rs. 564.32 million in the Fiscal Year 2009. The excess provision and unclaimed credit balances written back were reduced by Rs. 476.07 million to Rs. 101.52 million in Fiscal Year 2009 from Rs. 577.59 million in the Fiscal Year 2008.

Total expenses

Our total expenses increased by Rs. 2,688.63 million, or 8.43%, to Rs. 34,591.23 million in Fiscal Year 2009 from Rs. 31,902.60 million in Fiscal Year 2008. The reasons for the increase in our total expenses are set forth below.

Operating expenses

Our operating expenses increased by Rs. 2,067.31 million, or 7.94%, to Rs. 28,104.59 million in Fiscal Year 2009 from Rs. 26,037.28 million in Fiscal Year 2008. The increase in our operating expenses was primarily attributable to increase in expenses related to staff and bunker costs.

Bunker consumption is calculated on the FIFO (first in first out) basis. Bunker costs had continued to remain high until December 2008 since the existing stocks, which were acquired up to October 2008 at the high bunker rates prevailing then, have been consumed and expensed out. But bunker expenditure during January and March

2009 decreased as compared to the amount incurred during January and March 2008, reflecting the fall in the bunker prices. The deployment of the two new container vessels from November 2008 has also increased the expenditure. As a result of the above, the overall expenditure incurred on bunker during the current year has increased.

The increase in staff costs is substantially due to the increase in wages for floating staff officers. The pay structure for such officers was revised in Fiscal Year 2009 and in order to retain their employment, we had to pay the prevailing market rate for officer wages. Shore staff wages also increased during the period. Overall staff costs also increased due to the addition of three new vessels during Fiscal Year 2010.

In addition, port dues and cargo handling expenses increased marginally on account of deployment of the two new container vessels. Insurance cost has increased due to the higher premiums charged for the vessels for the hull and machinery as well as cargo insurance.

Administration expenses

Our administration expenses increased by Rs. 226.39 million, or 12.41%, to Rs. 2,050.13 million in Fiscal Year 2009 from Rs. 1,823.74 million in Fiscal Year 2008. The increase in administration expenses was primarily attributable to an increase in employee (shore) costs due to a provisions made for increase in salary of shore employees.

Other expenses and provisions

Our other expenses and provisions increased by Rs. 133.86 million, or 33.12%, to Rs. 538.05 million in Fiscal Year 2009 from Rs. 404.19 million in Fiscal Year 2008. The increase in other expenses and provisions were primarily attributable to provision for doubtful debts and advances which was increased by Rs. 263.87 million to Rs. 388.06 million in the Fiscal Year 2009 from Rs. 124.19 million in Fiscal Year 2008.

Interest expense

Our interest expense increased by Rs. 37.74 million, or 6.2%, to Rs. 646.67 million in Fiscal Year 2009 from Rs. 608.93 million in Fiscal Year 2008. Despite lower interest rates in Fiscal Year 2009, our total interest expense during the period increased due to the financing of three vessels delivered during October 2008.

Depreciation

Our depreciation expense increased by Rs. 223.33 million, or 7.37%, to Rs. 3,251.79 million in Fiscal Year 2009 from Rs. 3,028.46 million in Fiscal Year 2008. The increase in our depreciation charges was primarily attributable to the fact that three vessels were added to our fleet in October 2008 thereby increasing our total depreciable assets.

Profit before extraordinary items and tax

Our profit before extraordinary items and tax in Fiscal Year 2009 was Rs. 11,018.95 million as compared to Rs. 8,581.78 million in Fiscal Year 2008. We incurred extraordinary items of Rs. 253.15 million as compared to Rs. 137.61 million in 2008. Our profit before tax was Rs. 10,765.80 million. We incurred a provision for Indian income tax of Rs. 1,139.39 million in Fiscal Year 2009 as compared to Rs. 897.91 million in Fiscal Year 2008. Provision for tax was higher on account of the extra provisioning necessitated by the increase in interest income and lower writebacks in Fiscal Year 2009.

Profit after extraordinary items and tax

As a result of the foregoing, we earned profits of Rs. 9,626.41 million in Fiscal Year 2009 as compared to Rs. 7,546.26 million in Fiscal Year 2008, an increase of 27.57%.

Results of Operations by Business Segment

Six-month period ended September 30, 2010

Bulk Carriers and Tankers

In the six-month period ended September 30, 2010 our bulk carrier and tanker division earned total income of Rs. 12,887.99 million or 62.88% of our total income. During the same period, the bulk carrier and tanker division earned total profit of Rs. 2,778.49 million or 64.2% of our net profit after tax.

Liner and Passenger Services

In the six-month period ended September 30, 2010 our liner and passenger services division earned total income of Rs. 5,648.35 million or 27.56% of our total income. During the same period, the liner and passenger services division earned total profit of Rs. 696.81 million or 16.1% of our net profit after tax.

Fiscal Year 2010 compared to Fiscal Year 2009

Bulk Carriers and Tankers

In Fiscal Year 2010 our bulk carrier and tanker division earned total income of Rs. 26,686.17 million. Our bulk carriers and tankers contributed 68.43% of our total income. In Fiscal Year 2010 our bulk carrier and tanker division earned profits of Rs. 4,942.28 million, a decrease of 49.61% of profits for the same division for Fiscal Year 2009.

Segment profits decreased by 49.61% primarily due to deceased demand in the market for bulk carrier and tanker services which resulted in lower freight rates. The Baltic Dry Index which is representative of bulk carrier market rates decreased by 39% from Fiscal Year 2009 to 2010. In addition, profits decreased during Fiscal Year 2010 because we dry-docked ten of our 18 bulk carriers, thereby increasing our costs and reducing the available operating days of such vessels.

The tanker market remained depressed throughout Fiscal Year 2010. The global recession, higher inventory levels, poor market fundamentals and new vessel deliveries were the major reasons for reduced demand and tonnage oversupply. The operating earnings of all our tankers, other than VLCCs and chemical carriers, decreased during Fiscal Year 2010.

Liner and Passenger Services

In Fiscal Year 2010 our liner and passenger services division earned total income of Rs. 8,334.18 million or 21.37% of our total income compared to Rs. 8,252.32 million in Fiscal Year 2009, an increase of Rs. 81.86 million or 0.99%. In Fiscal Year 2010 our liner and passenger services division experienced a loss of Rs. 2,241.68 million, a further increase of 29.34% in losses for the same division in Fiscal year 2009.

Segment losses increased primarily due to lower liftings and lower freight rates. Our India-Subcontinent Europe (ISE) service was severely affected by lower freight rates despite increase in liftings. Our India Far-East Express 1 (INDFEX-1) and India Far-East Express 2 (INDFEX-2) services incurred substantial losses due to lower liftings and lower freight rates. The first half of Fiscal Year 2009 was robust with both volumes and freight rates being high.

In the break-bulk division, although the volume of cargo had increased during the past year, profitability had decreased considerably due to the depressed freight rates prevailing in the market during such period.

Fiscal Year 2009 compared to Fiscal Year 2008

Bulk Carriers and Tankers

In Fiscal Year 2009 our bulk carrier and tanker division earned total income of Rs. 32,706.63 million or 71.71% of our total income, an increase of Rs. 3,907.24 million or 13.57% compared to Fiscal Year 2008. In Fiscal Year 2009 our bulk carrier and tanker division earned profits of Rs. 9,808.26 million, an increase of 25.81% on profits for the same division for Fiscal Year 2008.

Segment profits increased primarily due to increase in the profitability of our crude tankers including our VLCCs. The bulk carrier market, however, was lower during the same period which resulted in reduced earnings by our bulk carriers as compared to Fiscal Year 2008.

Liner and Passenger Services

In Fiscal Year 2009 our liner and passenger services division earned income of Rs. 8,252.32 million or 18.09% of our total income compared to Rs. 8,220.09 million in Fiscal Year 2008; representing an increase of Rs. 32.23 million or 0.39% due to the delivery of two containerships in the second half of Fiscal Year 2009. In Fiscal Year 2009 our liner and passenger services division incurred losses of Rs. 1,733.14 million, an increase of 56.47% in losses for the same division for Fiscal Year 2008.

Segment losses increased primarily due to the global economic slowdown during this period which resulted in lower rates that we could charge our customers. Our INDFEX-1 and INDFEX-2 services incurred substantial losses as a result of lower freight rates. Increased bunker costs also contributed to the losses for the period.

Liquidity and Capital Resources Cash Flow

The table below summarizes our cash flows for Fiscal Years 2008, 2009 and 2010 and for the six-months ended September 30, 2010:

	Fiscal year ended March 31, (all Rs. amounts are in millions)			Six-months ended September 30,
	2008	**2009**	**2010**	**2010**
Particulars				
Net cash generated from/(used in) operating activities.................................	8,469.07	11,052.46	5,229.95	4,875.27
Net cash generated from/(used in) investing activities.................................	(11,379.22)	(13,559.48)	(6,210.98)	(16,333.24)
Net cash generated from/(used in) financing activities.................................	(2,424.63)	8,323.53	(1,682.97)	10,496.76
Net cash generated from/(used in) cash and cash equivalents..............................	(5,334.78)	5,816.51	(2,664.0)	(961.21)

Cash Flow from Operating Activities

Net cash generated from operating activities was Rs. 8,469.07 million, Rs. 11,052.46 million, Rs. 5,229.95 million and Rs. 4,875.27 million for Fiscal Years 2008, 2009, 2010 and the six-months ended September 30, 2010, respectively. Net cash flow generated from operating activities decreased by 52.68% from Rs. 11,052.46 million in Fiscal Year 2009 to Rs. 5,229.95 million in Fiscal Year 2010 and increased by 30.5% to Rs. 11,052.46 million in Fiscal Year 2009 from Rs. 8,469.07 million in Fiscal Year 2008.

Net cash generated from operating activities decreased in Fiscal Year 2010 primarily as a result of reduced operating income from our bulk carrier and tanker division which experienced a decrease in revenue of 18.41% from Rs. 32,706.63 million in Fiscal Year 2009 to Rs. 26,686.17 million in Fiscal Year 2010. Our net cash generated from operating activities increased in Fiscal Year 2009 primarily as a result of increased operating income from our bulk carrier and tanker division which experienced an increase in revenue of 13.57% from Rs. 28,799.39 million in Fiscal Year 2008 to Rs. 32,706.63 million in Fiscal Year 2009.

Cash Flow from Investing Activities

Net cash used in investing activities was Rs. (11,379.22) million, Rs. (13,559.48) million, Rs. (6,210.98) million and Rs. (16,333.24) million for Fiscal Years 2008, 2009, 2010 and the six-months ended September 30, 2010, respectively. Net cash flow used in investing activities decreased by 54.19% from Rs. (13,559.48) million in

Fiscal Year 2009 to Rs. (6,210.98) million in Fiscal Year 2010 and increased by 19.16% to Rs. (13,559.48) million in Fiscal Year 2009 from Rs. (11,379.22) million in Fiscal Year 2008.
Net cash used in investing activities primarily consisted of purchase and acquisition of fixed assets and investment with public financial institutions, which were partially offset by the proceeds we received from sale of investments and fixed assets and interest income.

Our net cash used in investing activities decreased in Fiscal Year 2010 primarily as a result of (i) the decrease in our payment for purchase/acquisition of fixed assets from Rs. 15,940.46 million in Fiscal Year 2009 to Rs. 8,139.95 million in Fiscal Year 2010, and (ii) the increase in sale of fixed assets from Rs. 330.45 million in Fiscal Year 2009 to Rs. 1,226.35 million in Fiscal Year 2010. This increase was partially offset by our investment in public financial institutions of Rs. 1,100 million in Fiscal Year 2010.

Our net cash used in investing activities increased in Fiscal Year 2009 primarily as a result of our increased payment for the purchase and acquisition of fixed assets from Rs. 12,339.15 million in Fiscal Year 2008 to Rs. 15,940.46 million in Fiscal Year 2009. This amount was partially offset by the increased proceeds we received from the sale of fixed assets of Rs. 330.45 million in Fiscal Year 2009.

Cash Flow from Financing Activities

Our net cash generated from financing activities was Rs. (2,424.63) million, Rs. 8,323.53 million, Rs. (1,682.97) million and Rs. 10,496.76 million for Fiscal Years 2008, 2009, 2010 and the six-months ended September 30, 2010, respectively. Net cash flow generated from financing activities decreased by 120.22% from Rs. 8,323.53 million in Fiscal Year 2009 to Rs. (1,682.97) million in Fiscal Year 2010 and increased by 443.29% to Rs. 8,323.53 million in Fiscal Year 2009 from Rs. (2,424.63) million in Fiscal Year 2008.

Net cash generated from financing activities primarily consisted of loans we borrowed, payment of dividends and interest charges.

Our net cash generated from financing activities decreased in Fiscal Year 2010 primarily as a result of (i) the decrease in our loans borrowed from Rs. 10,174.75 million in Fiscal Year 2009 to Rs. 2,251.79 million in Fiscal Year 2010, and (ii) the increase in our payment of dividends from Rs. 1,322.73 million in Fiscal Year 2009 to Rs. 3,218.7 million in Fiscal Year 2010.

Our net cash generated from financing activities increased in Fiscal Year 2009 primarily as a result of (i) the increase in our loan borrowed from Rs. 2,094.96 million in Fiscal Year 2008 to Rs. 10,174.75 million in Fiscal Year 2009, and (ii) the decrease in our payment of dividends of Rs. 3,883.54 million in Fiscal Year 2008 to Rs. 1,322.73 million in Fiscal Year 2009.

Material Capital Expenditure and Disposal of Vessels

Capital Expenditure

Our capital expenditures relate primarily to the purchase of vessels. We acquired nil, three, four, and five vessels during Fiscal Years 2008, 2009, 2010 and the six-months ended September 30, 2010, respectively. Capital expenditures for such acquisitions were nil, Rs. 13,447.3 million, Rs. 11,953.8 million, and 14,360.73 million for Fiscal Years 2008, 2009, 2010 and the six-months ended September 30, 2010, respectively

Disposal of Vessels

We disposed of nil, two, eight and seven vessels during Fiscal Years 2008, 2009, 2010 and the six-months ended September 30, 2010, respectively. We did not dispose of any vessels in Fiscal Year 2008. Net profit from the sale of such vessels were Rs. 344.62 million, Rs. 1,225.13 million, and Rs. 1,434.87 million for Fiscal Years 2009, 2010 and the six-months ended September 30, 2010, respectively.

Indebtedness

Our indebtedness as at September 30, 2010 was Rs. 51,270.51 million of which Rs. 37,682.04 million was long term debt and Rs. 13,588.47 million was short term debt. Our long term debt is primarily on account of credit facilities entered into for the financing of new vessel acquisitions. Such debt is secured by the vessel that is being acquired.

Market-Related Risks

Our market risk consists primarily of the risk of loss related to adverse changes in market prices. In connection with the operations of our business, we are exposed to the following financial risks:

- foreign exchange risk;
- interest rate risk;
- price risk; and
- credit risk

We do not use any derivative instruments to manage our exposure associated with such price risk.

Foreign Currency Exchange Rate Risk

While our reporting currency is in Indian Rupees, a significant portion of our income and expenses are denominated in foreign currencies. Most of our income is derived from contracts for employment of our vessels are denominated in U.S. Dollars. In addition, we incur expenditure in foreign currencies, such as acquisition of vessels and payment interest costs. The currency for all our financial reporting according to Indian GAAP is Indian Rupee, and our foreign currency exchange risks mainly comprise:

- foreign exchange exposures arising from certain repayment obligations or borrowings on our credit facilities which are denominated in currencies other than Indian Rupee; and
- foreign exchange exposures from income or expenses denominated in currencies other than Indian Rupee.

We do not actively use foreign exchange derivative instruments as a means to hedge our transaction risks. The risk is reduced through matching, as far as possible, receipts and payments in each individual currency. Our results of operations and balance sheet according to Indian GAAP could be positively or negatively affected, depending upon whether and by how much the value of the Indian Rupee appreciates or depreciates against the relevant currencies and the extent of the mismatch, if any, between our income and expenses in foreign currencies and our net foreign currency asset or liability position at the time.

Interest Rate Risk

We are exposed to interest rate risk arising from the volatility of benchmark interest, as of September 31, 2010, approximately, 92.31% of our borrowings were on a floating rate basis.

We generally do not take a speculative view on the movement in interest rates and, therefore, do not actively use interest rate derivative instruments to hedge our exposure. We mitigate the risk arising from potential fluctuations in interest rates by maintaining a balanced portfolio of floating and fixed interest rate borrowings in both Indian Rupee and foreign currencies.

Price Risk

We are exposed to the risk of variations in bunker fuel costs, which are affected by the global political and economic environment.

Credit Risk

We are exposed to credit risks with respect to local agents with whom we co-operate in rendering services to certain of our international customers. In Fiscal Year 2010 and the six-months ended September 30, 2010, we earned approximately 11.11% and 8.49%, respectively, of our income through local agents. In certain countries, due to local regulations or business requirements, we are required to deploy our vessels to the end users of such vessels through local agents, with whom we enter into contracts. Under such arrangements, we receive payments through such agents, and not directly from the end users of our vessels. Some of these local intermediaries may not be as financially sound as the end users of our vessels. If any of our counterparties fail to make payments received from customers to us or become insolvent, we would suffer losses and our business, financial condition and results of operations could be adversely affected.

Off-Balance Sheet Arrangements

We have not engaged in any material off-balance sheet financing activities to finance our operations or expansion.

Unusual or Infrequent Events or Transactions

Other than as described in this Red Herring Prospectus to our knowledge there are no events or transactions that may be described as 'unusual' or infrequent.

Related Party Transactions

We have engaged in certain related party transactions in each of Fiscal Years 2008, 2009, 2010 and the six-months ended September 30, 2010. These related party transactions include, but are not limited to (i) remuneration and loans with our key management personnel and (ii) transactions related to our joint ventures. For further details, see "Annexure XVI - Statement of Related Party Transactions" of our financial statements beginning on page 126.

Competitive Conditions

For details regarding competition in the industries in which we operate, see "Our Business" beginning on page 62.

Recent Accounting Pronouncements

There are no recent accounting pronouncements that are expected to impact our accounting policies or the manner of our financial reporting. However, the Institute of Chartered Accountants of India has announced a road map for the adoption of and convergence of Indian GAAP with, IFRS, pursuant to which all public companies in India, such as us, will be required to prepare their annual and interim financial statements under IFRS beginning with financial year commencing April 1, 2011. Because there is significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice to draw judgments regarding its implementation and application, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting.

Significant developments after September 30, 2010 that may affect our future results of operations

Except as stated in this Red Herring Prospectus, there is no development subsequent to September 30, 2010 that we believe is expected to have a material impact on the reserves, profits, earnings per share and book value of our Company.

SUMMARY OF PRINCIPAL DIFFERENCES BETWEEN IFRS AND INDIAN GAAP

The Company's financial statements are prepared in conformity with Indian GAAP, which differs in certain significant respects with IFRS. Such differences involve methods for measuring the amounts shown in the financial statements of the Company, as well as additional disclosures required by IFRS, which the Company has not prepared. The differences identified below are limited to those significant differences that are appropriate to the Company's financial statements. However, they should not be construed as being exhaustive and no attempt has been made to identify possible future differences between Indian GAAP and IFRS as a result of prescribed changes in accounting standards nor to identify future differences that may affect the Company's financial statements as a result of transactions or events that may occur in the future.

Potential invest construe this summary to be exhaustive or complete and should consult with their own professional advisors for a complete understanding and impact on the financial statements provided in this Red Herring Prospectus.

Subject	Indian GAAP	IFRS
Financial Statements – Preparation and Presentation	It is not mandatory to prepare consolidated financial statements but must use the consolidation standard if prepared	Financial statements are presented on a consolidated basis. In limited circumstances or on a voluntary basis, an entity may present single-entity parent company (standalone) financial statements along with its consolidated financial statements.
Changes in accounting policies	Disclosure: Impact of and adjustments resulting from the change, if material, are to be shown in the financial statements of the period in which the change is made. If the effect of the change cannot be estimated that fact is to be disclosed. A change that has no material effect in the current period but is reasonably expected to have material effect in later periods is to be appropriately disclosed in the period in which change is adopted.	Either restates comparatives and prior year opening retained earnings or include effects (net of taxes) in current year income statement and provide proforma comparatives in the notes. Disclosure is required of the reasons for and the effect of the change. Second option under IFRS is not available.
Correction of fundamental errors	The nature and amount of prior period items should be separately disclosed in the current year's profit and loss and the effect of the error must also be disclosed.	Restatement of comparatives is mandatory.
Functional currency - definition and determination	It does not define or require determination of functional Currency. Assumes an entity normally uses the currency of the country in which it is domiciled in recording its transaction	Functional currency is defined as the currency of the primary economic environment in which an entity operates. **IFRS** provides a list of primary and secondary indicators to consider. If the indicators are mixed and the functional currency is not obvious, management should use its judgment to determine the functional currency that most faithfully represents the economic results of the entity's operations by focusing on the currency of the economy whose competitive forces and regulations mainly determine the pricing of transactions (not the currency in which transactions are denominated) and

Subject	Indian GAAP	IFRS
		the currency that mainly influences labour, material and other costs of providing goods or services. Additional evidence (secondary in priority) may be provided from the currency in which funds from financing activities are generated, or receipts from operating activities are usually retained, as well as the nature of activities and extent of transactions between the foreign operation and the reporting entity.
Contents of financial statements – Disclosures Balance sheet and Income Statement format	Accounting standards do not prescribe formats for the balance sheet. Certain items are required to be disclosed on the face of the balance sheet. Balance sheet, profit and loss account Formats are prescribed by the Indian Companies Act and other regulatory bodies.	No particular format is prescribed for the income statement. However, expenditure must be prescribed in one of two formats (function or nature). Certain items must be presented on the face of the income statement. Similarly, no particular format is prescribed for the balance sheet; an entity may use a liquidity presentation of assets and liabilities, instead of a current/non-current presentation, only when a liquidity presentation provides more relevant and reliable information. Certain items must be presented on the face of the balance sheet.
Cash flow statement - formats and method	Headings are standardised. Indirect method to be used except, in cases specified by the regulator.	Standard headings, but flexibility over their contents. Use direct or indirect method.
Cash flow statement – Definition of cash & cash equivalents	Bank borrowings are considered to be financing activities and not cash equivalents.	Cash includes and cash equivalents with short term maturities(less than three months) and bank overdrafts repayable on demand
Changes in accounting estimates	Similar to IFRS. However, the impact of change in depreciation method is determined by retrospectively computing depreciation under the new method, and is recorded in the period of change whereas on revision of asset life, the unamortised depreciable amount is charged over the revised remaining asset life.	Changes in accounting estimates are accounted for in the income statement when identified.
Amortisation – Acquired and internally generated Intangibles	All intangible assets are amortised over their estimated useful life, from the date when the asset is available for use, with a rebuttable presumption that the useful life does not exceed ten years.	If the asset has a finite life, they are amortised, from the date when the asset is available for use, else the asset with an indefinite life are tested at least annually for impairment. There is no presumed maximum life.

Subject	Indian GAAP	IFRS
Property Plant and Equipment – Periodic reviews	Periodic reviews of depreciation methods, residual values and useful lives are not specifically required.	The depreciation method is reviewed periodically; residual values and useful lives are reviewed at each balance sheet date.
Property Plant and Equipment – Depreciation	The depreciable amount of an item of PPE is allocated on a systematic basis over its useful life, but a governing statute may provide rates for depreciation, where those rates would prevail. However, where the useful life determined by management is shorter than that envisaged under the relevant statute, the depreciation is computed by applying a higher rate. For example, Schedule XIV of the Companies Act, 1956 provide minimum rate of depreciation for companies. Generally, a component approach is not required or followed for depreciation.	The depreciable amount of an item of PPE (cost or valuation less residual value) is allocated on a systematic basis over its useful life, reflecting the pattern in which the entity consumes the assets benefits. Additionally, an entity is required to depreciate separately the significant parts of PPE if they have different useful lives (component approach). For example, it may be appropriate to depreciate separately the airframe and engines of an aircraft
Impairment of assets	Similar to IFRS, except that annual test is required only for intangible assets that are amortised for a period longer than ten years and for intangible assets not yet ready for use.	An entity should assess at each reporting date whether there are any indications that an asset may be impaired. The asset is tested for impairment if there is any such indication. Irrespective of indication, an annual test is also required for intangible assets with indefinite useful lives or not yet ready for use.
Sales of services – general	Similar to **IFRS**, except completed service contract method is used in certain circumstances, such as where performance consists of the execution of the single act, or where performance of incomplete services are so important that performance cannot be deemed complete until sole or final act takes place and the services become chargeable. A zero-profit model is not used.	IFRS requires that service transactions be accounted for under the percentage of completion method when the outcome of the transaction involving the rendering of services can be estimated reliably. Revenue may be recognised on a straight line basis if the services are performed by an indeterminate number of acts over a specified period of time. When the outcome of a service transaction cannot be measured reliably, revenue may be recognised to the extent of recoverable expenses incurred. That is, a zero-profit model would be utilised, as opposed to a completed-performance model. If the outcome of the transaction is so uncertain that recovery of costs is not probable, revenue would need to be deferred until a more accurate estimate could be made, while the cost incurred is recognised as expense. Revenue may have to be deferred in instances where a specific act is much more significant than any other act.
Interim Financial Reporting	Similar to IFRS. However, publication of quarterly results is mandatory for listed entities as specified by the Securities and	Not mandatory to prepare interim statements but must use standard if prepared. Basis should be consistent with

Subject	Indian GAAP	IFRS
	Exchange Board of India (SEBI). This reporting is not a full balance sheet reporting but specified information pertaining to Profit & Loss Account & Share Capital. These are subjected to a limited review by the statutory auditors. Companies may opt to publish audited results. Consolidation on quarterly basis is not required. Interim financial reporting is not otherwise mandatory under the accounting standards.	the full-year statements and include comparatives.
Provisions – general	Comparable to IFRS except that There is no requirement for discounting the amount of provisions.	Record provisions relating to present obligations from past events if probable outflow of resources can be reliably estimated. Where the effect of time value of money is material, the amount of provision should be the present value of the expenditure required to settle the obligation.
Contingencies	Recognition of financial assets are prohibited.	Requires disclosure of contingent assets in the financial statement where the inflow of economic benefit is probable.
Employee benefits - pension costs – defined benefit plans	Similar to IFRS, except actuarial gains and losses are recognised upfront in the income statement.	Projected Unit Credit Method is used to determine benefit obligation and record plan assets at fair value. Actuarial gains and losses can be deferred.
Termination Benefits	Similar to IFRS, however, timing of recognising liability could differ.	Termination benefits arising from redundancies are accounted for similarly to restructuring provisions. Termination indemnity schemes are accounted for based on actuarial present value of benefits.
Related party transactions - disclosures	Similar to IFRS except the following additional disclosures: Volume of transactions · Amounts due from related parties outstanding at the balance sheet date together with provision for doubtful debts due from related parties. · Amounts written off or written back during the period in respect of debts due from related parties. However there are exemptions for Public Sector Undertakings.	Disclose name of related party and nature of relationship and types of transactions. For control relationships, give disclosures regardless of whether transactions occur. Some exemptions available for separate financial statements of subsidiaries.
Extraordinary and exceptional items	AS 5 requires disclosure of extraordinary items. The term exceptional items is not defined.-	Extraordinary items limited to a few events outside control of company. Does not use the term, but requires separate disclosure of items that are of such size and nature that requires separate disclosure to explain the performance of the entity. Exceptional items usually shown on the face of the income statement or in the notes.

Subject	Indian GAAP	IFRS
Post balance sheet events – non adjusting events	Non-adjusting events are not required to be disclosed in financial statements but are disclosed in report of approving authority e.g. Director's Report.	Non-adjusting events that occur after the balance sheet date are defined as events that are indicative of conditions that arose after the balance sheet date. Where material, the nature and estimated financial effects of such events are disclosed to prevent the financial statements from being misleading.
Segment Reporting - Format	Based on business and geographical reporting one as primary format, the other as secondary. The choice will depend on the impact on business risks and returns. The secondary format requires less disclosure.	Based on operating segments and the way the chief operating decision-maker evaluates financial information for the purposes of allocating resources and assessing performance.
Segment reporting – disclosures	No such specific disclosure is required.	Total revenue is disclosed, as well as the relevant segment that reported the revenues, for each external customer greater than or equal to 10% of consolidated revenue.
Deferred Taxation – Recognition of deferred tax assets	Deferred tax assets are recognised (a) if realisation is virtually certain for entities with tax losses carry-forward, whereas (b) if realisation is reasonably certain for entities with no tax losses carry forward.	Deferred tax assets are recognized when it is considered probable (defined as more likely than not) that sufficient taxable profits will be available to utilise the temporary difference. Valuation allowances are not allowed to be recorded.
Dividends	A liability is recognised for dividends in the year to which they relate.	Dividends declared after the balance sheet date is not recognised as liability at the balance sheet date.
Government Grants – Disclosure	No such disclosure required.	Disclosure is required of the unfulfilled conditions and other contingencies attaching to government assistance that has been recognized.

FINANCIAL INDEBTEDNESS

Details of Borrowings of our Company

As of September 30, 2010, the total amount of loan outstanding for our Company is Rs. 37,682.04 million obtained from both Indian and foreign lenders.

(I) Borrowings from Indian Banks

As of September 30, 2010, the total loan outstanding of our Company obtained from different Indian banks for financing the shipbuilding and delivery of the ships is Rs. 2,898.20 million, the details of which are provided in the table below:

Sr. No.	Details of the Agreement	Name of the Lenders	Purpose	Total Facility (In Rs. million)	Amount Outstanding as on September 30, 2010 (In Rs. million)	Tenure	Repayment (approximately)	Security
1.	Loan agreement dated January 13, 2004 between our Company and Oriental Bank of Commerce	Oriental Bank of Commerce	Financing of acquisition of 146,860 DWT LR II Tanker bearing Hull No. 5196 ("Vessel")	1,777.86*	440.75	9 years	Repayable in 16 half yearly instalment of Rs. 111.12 million	First priority mortgage on the Vessel with security margin of 125 per cent and the assignment of insurance policy
2.	Loan agreement dated June 12, 2002 between our Company and Oriental Bank of Commerce	Oriental Bank of Commerce	Financing of acquisition of 146,860 DWT LR II Tanker bearing Hull No. 5195 ("Vessel")	1,797.65*	340.78	10 and half years	Repayable in 16 equal half yearly instalments of Rs. 112.35 each	First priority mortgage on the Vessel with security margin of 125 per cent and the assignment of insurance policy
3.	Loan agreement dated October 13, 2000 between our Company and Bank of Maharashtra	Bank of Maharashtra	Acquisition of 83,900 DWT LR II Tanker m.t. Maharishi Parashuram ("Vessel")	1,200.00	800.00	7 years and 10 months	Repayable in 3 equal instalments of Rs. 400 million commencing from October 2009 and ending on October 31, 2011	First priority mortgage on the Vessel with security margin of 125 per cent and the assignment of insurance policy
4.	Loan agreement dated January 16, 2010 between our Company and United Bank of India	United Bank of India	Acquisition of second hand A 51000 DWT Crude/Product Oil Tanker identified as Hull No. S-1299 ("Vessel")	6,600.00*	1,210.00	8 years	Repayable in 14 equal semi annual instalments of Rs. 86.43 million per half year commencing after a moratorium period of 12 months from the date of first disbursement.	First priority mortgage on the Vessel with security margin of 120 per cent and the assignment of insurance policy

Sr. No.	Details of the Agreement	Name of the Lenders	Purpose	Total Facility (In Rs. million)	Amount Outstanding as on September 30, 2010 (In Rs. million)	Tenure	Repayment (approximately)	Security
5.	Loan agreement dated October 16, 1999 between our Company and State Bank of India	State Bank of India	Re-finance of the loan taken from Mumbai Port Trust for acquisition of 83,576 DWT crude oil carrier ("Vesssel")	1,280.00	106.67	12 years	Repayable in 24 half yearly instalments of Rs. 53.3 million commencing from November 12, 1999 and ending on May 12, 2011	First priority mortgage on the Vessel with security margin of 130 per cent and the assignment of insurance policy
Total				**12,900.00**	**2,898.20**			

** The total facility has not yet been drawn down.*

(II) External Commercial Borrowings:

As of September 30, 2010, the total external commercial borrowings outstanding of our Company obtained from different foreign banks for financing the shipbuilding and delivery of the ships is USD 774.78 million (Rs. 34,783.84 million), the details of which is provided in the table below:

Sr. No.	Nature of Borrowing	Name of the Lenders	Purpose	Total Facility (In USD million)	Amount Outstanding as on September 30, 2010 (In USD million)	Tenure	Repayment (approximately)	Security
1.	Loan agreement dated February 9, 2001 between our Company and Royal Bank of Scotland plc	Royal Bank of Scotland plc	Financing of the acquisition of 110 dwt crude oil carrier ("Vessel")	28.61	11.81	12 years and 6 months	Repayable in 20 instalments of USD 1.20 million and the amount of last instalment shall be USD 5.80 million	First priority mortgage on the Vessel with security margin of 100 per cent and the assignment of insurance policy
2.	Loan agreement dated July 8, 2004 between our Company, the Export Import Bank of Korea and ANZ Limited	Export Import Bank of Korea and ANZ Limited	Financing of acquisition of two VLCCs to be identified as hull nos. 1604 and 1605 ("Vessels")	104.32 Export Import Bank of Korea - 73,024,000 or 70% of the total facility whichever is lower ANZ Limited – 31.30	45.91	9 years and 4 months	34 instalments starting from 3 months after the delivery date of the Vessels payable to KEXIM for USD 1.07 million per instalment and payable to ANF EF Limited for USD 0.26 million	First priority mortgage on the Vessels with security margin of 125 per cent and the assignment of insurance policy
3.	Loan agreement dated March 30, 2010 between our	Tranche 'A' and Tranche 'B' Lenders	Financing of acquisition of six ships (100A1 "Double	259.56* (75.00 in Tranche 'A' and 0.18 in Tranche 'B')	179.90	10 years and 7 months	Loan under Tranche 'A' shall be repayable in ten half yearly instalments of	***Pre-delivery security:*** Assignment of all rights in the shipbuilding

Sr. No.	Nature of Borrowing	Name of the Lenders	Purpose	Total Facility (In USD million)	Amount Outstanding as on September 30, 2010 (In USD million)	Tenure	Repayment (approximately)	Security
	Company and State Bank of India, Singapore, Mega International Commercial Bank Co., Mega International Commercial Bank Company Limited, Singapore Branch, The Bank of Nova Scotia Asia Limited ("Tranche 'A' Lenders") and State Bank of India, Singapore, Standard Chartered Bank, DBS Bank Limited and DnB NOR Bank ASA, Singapore "Tranche B Lenders")		Hull Oil Tanker" ESP) with Hull no. 1291 and Hull nos. 1293, 1294, 1295, 1296 and 1297 ("Vessels")	State Bank of India, Singapore – 56.00 in Tranche 'A' and 143.56 in Tranche 'B' Mega International Commercial Bank Co. Limited, Singapore Branch – 3.00 The Bank of Nova Scotia Asia Limited – 16.00 Standard Chartered Bank –20.00 DBS Bank Limited – 7.00 DnB NOR Bank ASA, Singapore Branch – 14.00			USD 6.90 million and last instalment of USD 6.00 million. Loan under Tranche 'B' shall be repayable in (i) first ten half yearly instalments of USD 6.10 million; (ii) eleventh instalment of USD 7.00 million; (iii) eight half yearly instalments of USD 13.00 million and last instalment of USD 12.56 million.	contract and assignment of the refund guarantees given by the shipbuilder ***Post-Delivery Security:*** First priority mortgage on the Vessels with security margin of 120 per cent and the assignment of insurance policy
4.	Loan agreement dated December 19, 2007 entered between our Company and KfW	KfW	Financing acquisition of (i) 47,000 deadweight tonne MR product tanker identified as Hull No. JLZ070501; (ii) 47,000 deadweight tonne MR product tanker identified as Hull No. JLZ070502 ("Vessels").	72.32	68.70	12 years and 3 months	Loan repayable in 20 equal instalments of USD 3.62 million per Vessel	First priority mortgage on the Vessels with security margin of 120 per cent and the assignment of insurance policy
5.	Loan Agreement dated December 24, 2008 between our Company and the Bank	The Bank of Nova Scotia Asia Limited	To finance the acquisition of two vessels with Hull No. V394 and	35.71*	29.02	10 years and 2 months	To be repaid in 17 semi-annual instalments of USD 2.22 million per Vessel	***Pre-delivery security:*** Assignment of all rights in the shipbuilding contract and assignment of

Sr. No.	Nature of Borrowing	Name of the Lenders	Purpose	Total Facility (In USD million)	Amount Outstanding as on September 30, 2010 (In USD million)	Tenure	Repayment (approximately)	Security
	of Nova Scotia Asia Limited		Hull No. V395, respectively ("Vessels")					the refund guarantees given by the shipbuilder ***Post-Delivery Security:*** First priority mortgage on the Vessels with security margin of 125 per cent and the assignment of insurance policy
6.	Loan Agreement dated March 30, 2006 between our Company, Citigroup N.A, Bahrain, KfW and Nordea Bank Finland Plc, Singapore Branch.	Citigroup N.A, Bahrain, KfW and Nordea Bank Finland Plc, Singapore Branch.	To part finance the cost of construction and purchase of the vessel with Hull No. 5299 ("Vessel")	103.28	87.79	12 years and 6 months	To be repaid in 20 equal instalments of USD 5.16 million	First priority mortgage on the Vessels with security margin of 120 per cent and the assignment of insurance policy
7.	Loan Agreement dated December 1, 2000 between our Company, the Bank of Nova Scotia, Singapore Branch, Christiania Bank og Kreditkasse ASA, Singapore Branch, DVB Group Merchant Bank (Asia) Limited	The Bank of Nova Scotia, Singapore Branch, Christiania Bank og Kreditkasse ASA, Singapore Branch, DVB Group Merchant Bank (Asia) Limited	To finance the acquisition cost of the following vessels: (i) 110,000 dwt Aframax tanker identified as Hull No. 1401; (ii) 110,000 dwt Aframax tanker identified as Hull No. 1402; and (iii) 110,000 dwt Aframax tanker identified as Hull No. 1403 ("Vessels").	85.82	10.68	11 years and 5 months	To be repaid in 16 semi annual instalments of USD 5.34 million	First priority mortgage on the Vessels with security margin of 143 per cent and the assignment of insurance policy
8.	Loan Agreement dated March 30, 2009 between our Company and	BNP Paribas, Singapore	To finance two 2,000 dwt AHTS DP2 type vessels with Hull No.	35.71* (17.86 for each vessel)	13.39	12 years and 5 months	To be repaid in 20 equal consecutive semi annual instalments of USD 1.79 million	***Pre-delivery security:*** Assignment of all rights in the shipbuilding contract and

Sr. No.	Nature of Borrowing	Name of the Lenders	Purpose	Total Facility (In USD million)	Amount Outstanding as on September 30, 2010 (In USD million)	Tenure	Repayment (approximately)	Security
	BNP Paribas		V396 and V397 respectively ("Vessels")				per Vessel	assignment of the refund guarantees given by the shipbuilder ***Post-Delivery Security:*** First priority mortgage on the Vessels with security margin of 120 per cent and the assignment of insurance policy
9.	Loan agreement dated March 27, 2007 between our Company and BNP Paribas	BNP Paribas, Paris	To part finance the acquisition of two vessels with Hull No. S371 and S372, respectively ("Vessels")	92.33 (46.16 for each vessel)	78.48	11 years and 8 months	Repayable in 20 equal consecutive semi-annual installments of USD 4.62 million	First priority mortgage on the Vessels with security margin of 120 per cent and the assignment of insurance policy
10.	Loan agreement dated April 19, 2006 between our Company and State Bank of India	State Bank of India	Acquisition of the vessel "VLCC Hull No. 5300" ("Vessel")	Rs. 4,647.6 with a swinging option into USD 103.28 million at a notional exchange rate of Rs. 45	92.95	13 years and 5 months	Repayable in 20 half yearly equal installments of USD 5.16 million	First priority mortgage on the Vessels with security margin of 125 per cent and the assignment of insurance policy
11.	Loan Agreement dated November 28, 2007 between our Company and BNP Paribas	BNP Paribas, Paris	To finance the acquisition of six vessels with Hull No. 2136, Hull No. 2137, Hull No. 2138, Hull No. 2139, Hull No. 2140 and Hull No. 2141 ("Vessels")	339.71*	156.15	13 years and 5 months	Repayable in 20 equal half yearly instalments of Rs. 16.99	First priority mortgage on the Vessels with security margin of 120 per cent and the assignment of insurance policy
Total				**1,260.56**	**774.78**			

* *The total facility has not yet been drawn down.*

STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY

Our Company's Equity Shares are listed on the Stock Exchanges with ISIN: INE109A01011. Stock market data has been given separately for the BSE (Code: 523598) and the NSE (Code: SCI). However market price information for the Equity Shares on CSE, DSE and MSE have not been provided as the Equity Shares are not actively traded on these stock exchanges.

The closing price of the Equity Shares on August 12, 2010, the working day immediately after the day on which the resolution of the Board of Directors approved this Issue, was Rs. 164.7 and Rs. 164.7 on the BSE and the NSE, respectively.

The high and low closing prices recorded on the BSE and NSE for the preceding three years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below.

BSE

Period	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the period (Rs.)
Year ending March 31, 2008	322.80	January 4, 2008	334,790	161.50	April 5, 2007	18,793	218.95
April 01, 2008 to October 28, 2008*	290.45	May 20, 2008	1,186,503	113.4	October 27, 2008	101,018	213.10
October 29, 2008 to March 31, 2009	92.55	January 5, 2009	302,055	67.95	December 05, 2008	144,786	79.13
Year ending March 31, 2010	174.85	January 18, 2010	522,994	78.55	April 1, 2009	148,113	135.13

Source: www.bseindia.com

* Our Company allotted bonus shares in the ratio 1:2 on November 3, 2008. October 29, 2008 is the ex-bonus date.

NSE

Period	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the period (Rs.)
Year ending March 31, 2008	323.30	January 04, 2008	791,652	161.45	April 05, 2007	48,719	219.01
April 01, 2008 to October 28, 2008	291.50	May 23, 2008	352,281	114.05	October 27, 2008	217,860	213.75
October 29, 2008 to March 31, 2009*	92.70	January 5, 2009	620,528	67.90	December 5, 2008	258,539	79.12
Year ending March 31, 2010	175.05	January 18, 2010	1,673,224	78.55	April 01, 2009	430,920	135.16

Source: www.nseindia.com

* Our Company allotted bonus shares in the ratio 1:2 on November 3, 2008. October 29, 2008 is ex-bonus date.

The total number of days of trading during the past six months from May 1, 2010 to October 31, 2010 is 129 days. The average volume of Equity Shares traded in the BSE and the NSE were 105,482 Equity Shares per day and 439,535 Equity Shares per day, respectively. The high and low closing prices and volume of Equity Shares traded on the respective dates during the last six months is as follows:

BSE

Month, Year	High (Rs.)	Date of High*	Volume on date of high (no. of shares)	Low (Rs.)	Date of low*	Volume on date of low (no. of shares)	Volume of trade on monthly basis
October 2010	191.85	October 6, 2010	4,232,045	164.05	October 1, 2010	34,595	7,230,360
September 2010	169.25	September 17, 2010	76,144	161.90	September 30, 2010	23,734	1,260,183
August 2010	171.30	August 5, 2010	443,003	160.50	August 27, 2010	36,353	1,773,035
July 2010	161.75	July 30, 2010	292,699	155.60	July 16, 2010	42,015	879,221
June 2010	167.25	June 11, 2010	121,598	158.24	June 30, 2010	29666	780,819
May 2010	171.15	May 13, 2010	277,238	153.95	May 25, 2010	68,059	1,683,608

** In the event the high and low price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this section.*
Source: www.bseindia.com

NSE

Month, Year	High (Rs.)	Date of High*	Volume on date of high (no. of shares)	Low (Rs.)	Date of low*	Volume on date of low (no. of shares)	Volume of trade on monthly basis
October 2010	192.05	October 6, 2010	15,265,570	164.00	October 1, 2010	299,936	29,622,798
September 2010	169.25	September 17, 2010	641,547	161.9	September 30, 2010	286,716	6,285,452
August 2010	171.30	August 5, 2010	1,730,022	160.55	August 27, 2010	172,152	7,164,334
July 2010	161.65	July 30, 2010	939,567	155.80	July 16, 2010	182,398	3,860,786
June 2010	167.35	June 11, 2010	520,016	157.80	June 30, 2010	362,504	3,604,005
May 2010	171.30	May 13, 2010	706,313	154.15	May 25, 2010	200,857	6,162,597

** In the event the high and low price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this section.*
Source: www.nseindia.com

SECTION VI - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company or any of our Directors and there are no defaults, overdues to banks/financial institutions, defaults in or dues payable to holders of any debentures, bonds and fixed deposits or arrears of preference shares issued by our Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act). Other than unclaimed liabilities of our Company, no disciplinary action has been taken by the SEBI or any stock exchanges against our Company and Directors.

For details of contingent liabilities of our Company, see "Financial Statements" beginning on page 126.

Provided below are summaries of criminal cases, public interest litigations, legal notices, regulatory cases and tax related proceedings against our Company which involve claims exceeding a monetary value of Rs. 50 million and summaries of litigation involving our Directors. The materiality threshold of Rs. 50 million is less than 10% of the profit after tax for the year ended March 31, 2010.

Litigation filed against our Company

Criminal Cases

1. Inspector Dock Safety filed a criminal complaint on September 7, 2006 before the 16th Additional Chief Metropolitan Magistrate against *inter alia* our Company and others for offences under regulations 24(1) of the Dock Workers (Safety, Health and Welfare) Regulations, 1990 read with sections 7(2) and 14(2)(a) of the Dock Workers (Safety, Health and Welfare) Act, 1986. Ajay Shivram Palkar, MBPT employee was boarding ONGC owned OSV Samudrika 15 for supply of water which was under operation and maintenance contract of our Company. This vessel was undergoing various repairing activities at 3 Victoria Dock of Mumbai Port Trust. While Ajay Shivram Palkar was boarding the vessel, the gangway toppled and fell into the basin resulting in his death. Pursuant to the order dated January 3, 2007, the 16th Additional Chief Metropolitan Magistrate issued summons against our Company. A criminal revision petition was filed by our Company against the Inspector Dock Safety before the Session Court for Greater Mumbai. The revision petition was dismissed pursuant to the order dated March 16, 2009. The matter is presently pending before the 16th Additional Chief Metropolitan Magistrate.

2. Paulo Alexandra Cerqueira de Figueiredo had initiated criminal proceedings before the Maritime Court of Lisbon against our Company in relation to the injuries sustained by him on December 8, 2005 at Lisbon. The complainant was a professional diver who sustained injuries during the process of conducting repairs on the vessel 'MT BC Chatterjee', including cleaning of sea chest grating and polishing of propeller. The criminal proceedings were initiated alleging negligence on the part of the crew. The chief engineer of the vessel was convicted and sentenced imprisonment of one year and three months by the court by an order dated February 19, 2010. Our Company has filed an appeal before the Appeal Court challenging the order dated February 19, 2010. The matter is currently pending.

3. The Labour Enforcement Officer (Central), Mumbai has filed a criminal complaint before the First Class Judicial Magistrate, Panvel against our Company. The complaint is in relation to the alleged violation of the provisions of the Contract Labour (Regulation & Abolition) Act, 1970 and Contract Labour (Regulation & Abolition) Central Rules, 1971. It has been alleged that the Company has employed contract labourers at the Nhava supply base of Oil and Natural Gas Corporation Limited, without obtaining licence under the Contract Labour (Regulation & Abolition) Act, 1970. The matter is currently pending.

Civil Cases

1. Chokhani International Limited has filed a suit (no. 1884 of 2001) before the High Court of Bombay against our Company for recovery of money. Chokhani International Limited has sought the recovery of an amount of Rs. 182.12 million, which was alleged to be due from our Company on account of dry-

docking and lay up repairs of vessel. Our Company has filed the written statement on February 15, 2008. The matter is currently pending.

2. Council of Scientific and Industrial Research and National Institute of Oceanography ("CSIRNIO") had initiated arbitration proceedings against our Company. The arbitration proceedings were in relation to damage caused to the research vessel 'R.V. Gaveshani' owned by CSIRNIO due to a fire accident on August 26, 1994. CSIRNIO and our Company had entered into an agreement on July 19, 1991 whereby our Company was appointed as an agent of the research vessel for manning, maintenance and safety of 'R.V. Gaveshani'. CSIRNIO had claimed an amount of Rs. 89.92 million on account of damages caused to the vessel and our Company had placed a counter claim of Rs. 30.1 million on account of the loss suffered due to the accident. On May 21, 2008 the arbitral tribunal passed an order allowing the claim made by CSIRNIO and rejecting the claims made by our Company. Our Company has filed an appeal before Law Secretary, Ministry of law & Justice, challenging the order dated May 21, 2008 passed by the arbitral tribunal. The matter is currently pending.

3. Oil and Natural Gas Corporation Limited ("ONGC") has initiated arbitration proceedings against our Company in relation to the damage caused to ONGC's single point mooring equipment. ONGC had entered into a contract dated June 12, 2007 with our Company for the charter hire of the vessel 'AB Tarapore' to carry out ONGC's operations. ONGC has alleged that 'AB Tarapore' has caused damage to the single point mooring equipment which is used to facilitate transfer crude oil from process platform to the tanker. ONGC has claimed a compensation of Rs. 959.95 million on account of damage to the machinery and stoppage of work due to the damage. The matter is currently pending.

4. China United Electric Import & Export Corporation, Beijing has filed a suit before Additional Joint District Jugde, Chittagong against our Company for recovery of money. The matter is in connection with the damage to the electric cable drums which was caused due to the collapse of the cargo stowage of the vessel 'M.V. Bhavabhuti'. Our Company had rejected the plaintiff's claim on the ground that the stowage was done in accordance with the instructions of the plaintiff and further that on October 12, 1999 the plaintiff has given a letter of indemnity indemnifying our Company against any claim or suit arising out of the loading of the cargo up to two tier height against the instructions of the master of the vessel. The plaintiff has claimed an amount of Rs. 90.15 million as compensation towards the damage caused to cargo. The matter is currently pending.

5. Sun Teas Private Limited has filed a case before the High Court, Colombo, Srilanka, against our Company in relation to the delay in delivery of cargo by our Company's vessel 'M.V. SCI Tej'. Sun Teas Private Limited on January 22, 2007 had obtained a court order for the arrest of another vessel of our Company 'M.V. SCI Vijay' on account on the delay in delivery of cargo by 'M.V. SCI Tej'. 'M.V. SCI Vijay' was released upon submission of a bank guarantee for an amount of US$1.65 million (Rs. 74.12 million) by the P&I club. Sun Teas Private Limited has claimed an amount of Rs. 79.15 million as compensation. The matter is currently pending.

6. VXL India Limited has filed a suit before the Civil Judge, Senior Division, Porbander against our Company in connection with the loss and damage to the cargo. The damage was caused due to fire which resulted from a simultaneous combustion during the discharge of cargo from the vessel 'M.V. Harrai' at Bedi Port. VXL Limited has claimed an amount of Rs. 66.88 million as compensation towards the damage and loss occurred. Our Company has filed its reply. The matter is currently pending.

7. Paulo Alexandra Cerqueira de Figueiredo has filed a case before the Maritime Court of Lisbon against our Company claiming compensation towards the injuries sustained by him on December 8, 2005 at Lisbon. The plaintiff was a professional diver who sustained injuries during the process of conducting repairs on the vessel 'MT BC Chatterjee', including cleaning of sea chest grating and polishing of propeller. The amount in the matter is approximately Rs. 116 million. The matter is currently pending.

Tax Cases

1. The Income Tax Officer (International Taxation) ("**ITO (IT)**") has issued a notice and an order dated August 19, 2007 alleging that the charter hire payments to the non-resident ship owners should be considered as royalty and that our Company has failed to deduct tax at source for the assessment year 2004-05. Aggrieved by the said order, our Company filed an appeal before the Commissioner of

Income Tax (Appeals) – XXXI which was partly allowed pursuant to the order dated March 27, 2008. Subsequently ITO (IT) has filed an appeal (no. 4142/M/08) before the Income Tax Appellate Tribunal against the order dated March 27, 2008 of the Commissioner of Income Tax, Appeals XXXI on June 10, 2008. Our Company has filed cross objections with the Income Tax Appellate Tribunal vide appeal no. 200 Mum-08 on November 25, 2008. The total amount claimed is Rs. 362.27 million. The matters are currently pending.

2. The Income Tax Officer (International Taxation) ("**ITO (IT)**") has issued a notice and an order dated October 18, 2007 alleging that the charter hire payments to the non-resident ship owners should be considered as royalty and that our Company has failed to deduct tax at source for the assessment year 2005-06. Aggrieved by the said order, our Company filed an appeal before the Commissioner of Income Tax (Appeals) – XXXI which was partly allowed pursuant to the order dated March 27, 2008. Subsequently, ITO (IT) has filed an appeal (nos. 4143/M/08) before the Income Tax Appellate Tribunal against the order of the Commissioner of Income Tax, Appeals XXXI on June 10, 2008.Our Company has filed cross objections with the Income Tax Appellate Tribunal vide appeal no. 201 Mum-08 on November 25, 2008. The total amount claimed is Rs. 371.48 million. The matters are currently pending.

3. The Income Tax Officer (International Taxation) ("**ITO (IT)**") has issued a notice and an order dated November 7, 2007 alleging that the charter hire payments to the non-resident ship owners should be considered as royalty and that our Company has failed to deduct tax at source for the assessment year 2006-07. Aggrieved by the said order, our Company filed an appeal before the Commissioner of Income Tax (Appeals) – XXXI which was partly allowed pursuant to the order dated March 27, 2008. Subsequently, ITO (IT) has filed an appeal (nos. 4144/M/08) before the Income Tax Appellate Tribunal against the order of the Commissioner of Income Tax, (Appeals) – XXXI on June 10, 2008. Our Company has filed cross objections with the Income Tax Appellate Tribunal vide appeal no. 202 Mum-08 on November 25, 2008. The total amount claimed is Rs. 248.20 million. The matters are currently pending.

Litigation filed by our Company

Our Company has initiated 12 civil proceedings against various entities before different forums in relation to *inter alia* income tax and service tax payment, breach of contract, recovery of wage. The total claim made under the aforesaid civil proceedings amounts to approximately Rs. 3,072.18 million. The matters are currently pending.

Litigation involving our Directors

Several parties have and may, from time to time file suits/cases impleading our Company through or along with our Chairman and Managing Directors and/or the other Directors or officers in their official capacity. Presently, there are 25 such cases, which have been filed against our Company involving our Directors, which are pending before various adjudicatory authorities in relation to higher terminal benefits, re-instatement, provident fund, gratuity, promotion and such similar issues. In most of these cases, the claim amount is not ascertainable.

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, our Company can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.

A. Approvals for the Issue

I. Approval from the Government

The Ministry of Shipping, Government of India has through its letter (no. SS-11036/37/2009-SY-II)) dated October 11, 2010 has granted approval for the Issue.

II. Approval from the Board of Directors and the shareholders

The Board of Directors of our Company has approved the Issue through a resolution passed at their meeting held on August 11, 2010.

The shareholders of our Company has approved the Issue through a resolution dated September 29, 2010 under section 81(1A) of the Companies Act.

B. Statutory requirements for our Company and its vessels

Our Company is required to obtain various approvals for our vessels. The registrations and approvals required to be obtained by our Company usually in respect of our vessels in India include the following:

1. Document of Compliance ("DOC") for our Company under ISM Code, from DG Shipping.

2. RPSL Certificate to man or manage vessels from DG Shipping.

3. Certificate of Indian Registry issued by the Principal Officer, Mercantile Marine Department, Mumbai, Government of India, under the provisions of the Merchant Shipping Act, 1958.

4. International Tonnage Certificate issued by the Registrar of Indian Ships, Mercantile Marine Department, Mumbai, Government of India under the provisions of International Convention of Tonnage Measurement of Ships, 1969.

5. International Load Line Certificate issued by the Indian Register of Shipping under the authority of Government of India, under the provisions of International Convention on Load Lines, 1966.

6. International Oil Pollution Prevention Certificate issued by Principal Officer-Cum-Joint DG (Tech), Mercantile Marine Department, Mumbai, Government of India under the provisions of the International Convention for the Prevention of Pollution from Ships, 1973.

7. Cargo Ship Safety Equipment Certificate issued by Principal Officer-Cum-Joint DG (Tech), Mercantile Marine Department, Mumbai, Government of India under the provisions of the International Convention for the Safety of Life at Sea, 1974.

8. Cargo Ship Safety Radio Certificate issued by Principal Officer-Cum-Joint DG (Tech), Mercantile Marine Department, Mumbai, Government of India under the provisions of the International Convention for the Safety of Life at Sea, 1974.

9. Cargo Ship Safety Construction Certificate ("**SAFCON certificate**") issued by Principal Officer-Cum-Joint DG (Tech), Mercantile Marine Department, Mumbai, Government of India under the provisions of the International Convention for the Safety of Life at Sea, 1974.

10. Document of Compliance issued by Principal Officer-Cum-Joint DG (Tech), Mercantile Marine Department, Mumbai, Government of India, in relation to the special requirements for ships carrying dangerous goods under the provisions of the International Convention for the Safety of Life at Sea, 1974.

11. Certificate of Fitness issued by Principal Officer, Mercantile Marine Department, Mumbai, Government of India under the provisions of the Guidelines for the Transport and Handling of Limited Amounts of Hazardous and Noxious Liquid Substances in Bulk on Offshore Support Vessels.

12. Statement of Compliance issued by Engineer and Ship Surveyor-Cum-Deputy DG, Mercantile Marine Department, Mumbai, Government of India under the provisions of International Convention for the Prevention of Pollution from Ships, 1973.

13. International Sewage Pollution Prevention Certificate issued by Engineer and Ship Surveyor-Cum-Deputy DG, Mercantile Marine Department, Mumbai, Government of India under the provisions of International Convention for the Prevention of Pollution from Ships, 1973.

14. Maritime Mobile License issued by Ministry of Communications, Government of India.

15. Specified Period License issued by the Deputy Director General of Shipping under the provisions of the Merchant Shipping Act, 1958.

16. Declaration of Shore Based Maintenance in relation to the conclusion of a shore based maintenance contract in accordance with the shore based maintenance requirements under the SOLAS GMDSS Regulations.

17. Naval Inspection & Defence Clearance issued by Joint Director of Naval Intelligence, Ministry of Defence.

18. Minimum Safe Manning Document issued by Principal Officer-Cum-Joint DG (Tech), Mercantile Marine Department, Mumbai, Government of India under the provisions of the International Convention for the Safety of Life at Sea, 1974.

19. Safety Management Certificate issued by Chief Surveyor, Directorate General of Shipping, Mumbai under the provisions of under the provisions of the International Convention for the Safety of Life at Sea, 1974.

20. International Ship Security Certificate issued by the Directorate General of Shipping, Ministry of Shipping, under the provision of the International Code for the Security of Ships and of Port Facilities, 2002.

21. Ship Sanitation Control Exemption Certificate issued by the Port Health Organisation, Ministry of Health and Family Welfare, Government of India.

22. Certificate of Inspection of Medicines, Medical Stores and Appliances issued by the Port Health Organisation, Ministry of Health and Family Welfare, Government of India certifying that the medicine chest is in order.

23. Certificate of Survey issued by the Ship Surveyor-Cum-Deputy DG, Mercantile Marine Department, Mumbai, Government of India under the provisions of the Merchant Shipping Act, 1958.

24. Tailshaft Certificate issued by Classification Society under the provisions of Class Rules pursuant to the survey of screwshafts and tube shafts and the stern bearing.

25. General Trade Licence issued by DG Shipping under the provisions of Merchant Shipping Act.

26. Civil liability certificate issued by DG Shipping under the provisions of Merchant Shipping Act.

27. Certificate of entry and acceptance issued by Protection and Indemnity Club.

28. Ship Station Licence issued by DG Shipping under the provisions of Merchant Shipping Act.

29. Shipboard Oil Pollution Emergency Plan Approval issued by DG Shipping under the provisions of Merchant Shipping Act to be submitted by vessels with a carrying capacity of 400 metric tons or greater

of oil as cargo and/or fuel that will be arriving at or transiting Panama Canal waters.

30. Shipboard Marine Pollution Emergency Plan Approval issued by DG Shipping under the provisions of Merchant Shipping Act.

C. Tax related approvals

1. Permanent Account Number: AAACT1542F

2. Tax Deduction and Collection Account Number: MUMT02250D

3. Service Tax Registration No.: AAACT1524FST001.

4. Value Added Tax Registration Number: 27610157383V

5. Central Sales Tax Registration Number: 27610157383C

6. Goods and Sales Tax Registration Number: 0000609

7. Importer Exporter Code: 0388075970

D. Intellectual property related approvals

We have received the trademark registration certificate for our logo under class 12 on January 24, 2003 in relation to our logo. However, in that trademark, the words 'SCI' in English (below the logo) and in Hindi (above the logo) were not indicated. Hence, another application no. 1529657 dated February 9, 2007 under Class 39 has been made with the Trademark Registry for obtaining trademark for the name and logo and is pending.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

- The Ministry of Shipping, Government of India has through its letter (no. SS-11036/37/2009-SY-II)) dated October 11, 2010 has granted approval for the Issue.

- Our Board of Directors has, pursuant to a resolution passed at its meeting held on August 11, 2010 authorized the Issue.

- Our shareholders have, pursuant to a special resolution passed at the annual general meeting held on September 29, 2010 under section 81(1A) of the Companies Act, authorized the Issue.

- Approval of the Selling Shareholder dated October 12, 2010 approving the Offer for Sale.

- Approval of the RBI dated November 4, 2010 for the transfer of 42,345,365 Equity Shares of our Company in favor of residents outside India in the Offer for Sale.

- We have received in-principle approvals from BSE and NSE for the listing of our Equity Shares pursuant to letters dated October 20, 2010 and October 19, 2010, respectively. NSE is the Designated Stock Exchange.

Prohibition by SEBI, RBI or governmental authorities

Our Company and our Directors have not been prohibited from accessing the capital markets for any reasons under any order or direction passed by SEBI or any other authorities.

None of our Directors are associated with the securities market and there has been no action taken by the SEBI against any of our Directors or any entity where our Directors are involved in as promoters or directors.

Neither our Company, nor our Directors, have been identified as willful defaulters by the RBI or other authorities. There are no violations of securities laws committed by any of them in the past or pending against them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 27 read with Regulation 26 (1)(d) and 26(1)(e) of the SEBI Regulations as described below:

(a) The aggregate of the proposed Issue and all previous issues made in the same financial year in terms of Issue size is not expected to exceed five times the pre-Issue net worth of our Company as per the audited balance sheet of the preceding financial year; and
(b) Our Company has not changed its name within the last one year.

Hence, we are eligible for the Issue under Regulation 27 read with Regulation 26 (1) of the SEBI Regulations.

Further, in accordance with regulation 26(4) of the SEBI Regulations, we shall ensure that the number of Allottees, i.e., persons to whom the Equity Shares will be Allotted under the Issue shall be not less than 1,000; otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days after our Company becomes liable to repay it, then our Company and every officer in default will, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% *per annum* on application money, as prescribed under section 73 of the Companies Act.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE

PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS BEING, SBI CAPITAL MARKETS LIMITED, IDFC CAPITAL LIMITED AND ICICI SECURITIES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, SBI CAPITAL MARKETS LIMITED, IDFC CAPITAL LIMITED AND ICICI SECURITIES LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED OCTOBER 12, 2010 WHICH READS AS FOLLOWS:

"(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

(a) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

(4) WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – <u>NOTED FOR COMPLIANCE</u>.

(5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL

THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS. – NOT APPLICABLE

(6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS. – NOT APPLICABLE

(7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (c) AND (d) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH PROCEEDS OF THE PUBLIC ISSUE- NOT APPLICABLE.

(8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

(9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION - NOTED FOR COMPLIANCE.

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE.

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS), REGULATIONS 2009, HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY AND

(b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME."

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE

OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHILE MAKING THE ISSUE.

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

The filing of the Draft Red Herring Prospectus does not, however, absolve our Company or the Selling Shareholder from any liabilities under section 63 or section 68 of the Companies Act, 1956 or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up, at any point of time, with the BRLMs any irregularities or lapses in the Draft Red Herring Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Caution – Disclaimer from our Company, the Selling Shareholder and the BRLMs

Our Company, our Directors, the Selling Shareholder and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of above mentioned entities and anyone placing reliance on any other source of information, including our website, www.shipindia.com, would be doing so at his own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into among the BRLMs, our Company and the Selling Shareholder dated October 12, 2010 and the Underwriting Agreement proposed to be entered into between the Underwriters, our Company and the Selling Shareholder.

All information shall be made available by our Company, the Selling Shareholder and the BRLMs to the public and investors at large and no selective or additional information would be available for any section of the public in any manner whatsoever including at road show presentations, in research or sales reports, at Bidding centers or elsewhere.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and the Selling Shareholder and will not offer, sell, pledge or transfer the Equity Shares of our Company and the Selling Shareholder to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and the Selling Shareholder. Our Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company and the Selling Shareholder.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitutions to hold and invest in shares, permitted insurance companies and pension funds and to permitted non residents including Eligible NRIs, Foreign

Institutional Investors ("FIIs") and other eligible foreign investors (viz. Foreign Venture Capital Investors ("FVCIs"), multilateral and bilateral development financial institutions). This Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations. Accordingly, our Company's Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

Accordingly, the Equity Shares are being offered and sold (i) in the United States only to, and only to U.S. persons that are, "qualified institutional buyers" (as defined in Rule 144A and referred to in this Red Herring Prospectus as "U.S. QIBs"; which, for the avoidance of doubt, does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in the Red Herring Prospectus as "QIBs"), in reliance on the exemption from registration under the U.S. Securities Act provided by Rule 144A or another available exemption and (ii) outside the United States to non-U.S. persons in reliance on Regulation S.

Each purchaser of Equity Shares inside the United States will be required to represent and agree, among other things, that such purchaser (i) is a U.S. QIB ; and (ii) will only reoffer, resell, pledge or otherwise transfer the Equity Shares in a transaction that is in compliance with the U.S. Securities Act.

Each purchaser of Equity Shares outside the United States will be required to represent and agree, among other things, that such purchaser is a non-U.S. person acquiring the Equity Shares in an "offshore transaction" in accordance with Regulation S.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the Securities Act.

Disclaimer Clause of the BSE

BSE has given vide its letter dated October 20, 2010, permission to our Company to use BSE's name in this Red Herring Prospectus as one of the stock exchanges on which our Company's securities are proposed to be listed. BSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- warrant that our Company's securities will be listed or will continue to be listed on BSE; or
- take any responsibility for the financial or other soundness of our Company, its promoters, its management or any scheme or project of our Company;

and it should not for any reason be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by BSE. Every Person who desires to apply for or otherwise acquires any securities of our Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. NSE has given vide its letter ref.: NSE/LIST/149588-7 dated October 19, 2010, permission to our Company to use NSE's name in the Red Herring Prospectus as one of the stock exchanges on which our Company's securities are proposed to be listed. The NSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that our Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of our Company, its promoters, its management or any scheme or project of our Company.

Every Person who desires to apply for or otherwise acquires any of our Company's securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus was filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C4-A, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the office of the Registrar of Companies, Maharashtra, Mumbai at Everest, 5th Floor, 100 Marine Drive, Mumbai 400 002.

Listing

Applications will be made for listing to the Stock Exchanges. NSE will be the Designated Stock Exchange with which the basis of Allotment will be finalized for the Issue.

If the permission to deal in and for an official quotation of our Equity Shares is not granted by the Stock Exchanges, we will forthwith repay, without interest, all moneys received from the Bidders in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it, *i.e.*, from the date of refusal or within 10 Working Days from the Bid Closing Date, whichever is earlier, then our Company and every officer in default will, on and from the expiry of eight days, be liable to repay such application money, with interest at the rate of 15% per annum, as prescribed under Section 73 of the Companies Act.

Our Company and the Selling Shareholder shall ensure that all steps for the completion of the necessary formalities for listing and trading from all the Stock Exchanges mentioned above are taken within 12 Working Days of the Bid Closing Date.

Consents

Consents in writing of: (a) the Directors, our Company Secretary and Compliance Officer, the Auditors, Bankers to our Company and Bankers to the Issue; and (b) the BRLMs and Syndicate Member, Registrar to the Issue, Monitoring Agency and the legal advisors, to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and

60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

The Auditors, P.S.D. & Associates, Chartered Accountants and Sarda & Pareek, Chartered Accountants have given their written consent to the inclusion of their report in the form and context in which it appears in "Financial Statements" beginning on page 126 and of their report relating to tax benefits accruing to our Company in the form and context in which it appears in "Statement of Tax Benefits" beginning on page 42 and such consent and report shall not been withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

Expert Opinion

Except the auditors report dated November 15, 2010 as included in "Financial Statements" beginning on page 126 and the statement of tax benefits dated October 11, 2010 provided by the Auditors of our Company, we have not obtained any expert opinions.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. For details of total expenses of the Issue, see "Objects of the Issue" beginning on page 34.

Fees payable to the BRLMs and the Syndicate Member

The total fees payable to the BRLMs and the Syndicate Member(s) (including underwriting commission and selling commission) will be as per their respective engagement letters with our Company and the Selling Shareholder, the Issue Agreement, the Syndicate Agreement and the Underwriting Agreement a copy of which will be available for inspection at our Registered Office during the Bidding Period.

Fees payable to the Registrar to the Issue

The fees payable by us to the Registrar to the Issue for processing of Bid-cum-Application Forms, data entry, printing of CAN, Allotment advice, refund orders, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement signed among our Company, the Selling Shareholder and the Registrar to the Issue, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refunds or send Allotment advice by registered post/speed post/under certificate of posting.

Particulars Regarding Public or Rights Issues during the Last Five Years

Our Company has not made any public and rights issues in India or abroad in the five years preceding the date of this Red Herring Prospectus.

Commission or brokerage on previous issues

No sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares since our incorporation.

Previous Issues of Shares Otherwise than for Cash

Except as disclosed in "Capital Structure" beginning on page 25, our Company has not made any previous issues of Equity Shares for consideration otherwise than for cash.

Promise v/s Performance

Our Company has not made any public or rights issues in the last three years.

Outstanding Debentures or Bond Issues or Redeemable Preference Shares

Our Company has no outstanding debentures or bonds or redeemable preference shares, as of the date of this Red Herring Prospectus.

Partly Paid Up Shares

There are no partly paid up Equity Shares of our Company.

Stock Market Data of our Equity Shares

For details, see "Stock Market Data for Equity Shares of our Company" beginning on page 206.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue, the Selling Shareholder and our Company provides for retention of records with the Registrar to the Issue for a period of three years from the last date of dispatch of the letters of Allotment, or refund orders, demat credit or where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the Bidder, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the SCSB, giving full details such as name, address of the Bidder, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the ASBA Bid cum Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances by our Company

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be seven Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible. No investor complaints have been received during the immediately preceding three years prior to filing of this Red Herring Prospectus with SEBI.

Our Company has constituted the Shareholders/Investors Grievance on December 26, 2001 and the Share Transfer Committee on September 29, 1992. The current members of the Shareholders/Investors' Grievance Committee are:

1. Arun Ramanathan, *Chairman*;
2. Arun K. Verma; and
3. B.K. Mandal

We have also appointed Dipankar Haldar, Company Secretary as the Compliance Officer for this Issue and he may be contacted in case of any pre-Issue or post Issue related problems, at the following address:

The Shipping Corporation of India Limited
Shipping House,
245, Madame Cama Road,
Mumbai 400 021
Tel.: (91 22) 2202 6666
Fax: (91 22) 2202 6906
E-mail: cs@sci.co.in
Website: www.shipindia.com

Change in Auditors

Pursuant to Section 619(2) of the Companies Act, the auditors of a government company are appointed or re-appointed by the Comptroller and Auditor General of India. The change in auditors in the last three years is as follows:

For the Fiscal 2007, 2008, 2009 and 2010, Khandelwal Jain & Co., Chartered Accountants and S. Bhandari & Co., Chartered Accountants were the statutory auditors of our Company. Pursuant to the letter dated July 12, 2010 from the Office of the Comptroller and Auditor General of India, New Delhi, Sarda & Pareek, Chartered Accountants and P.S.D. & Associates, Chartered Accountants were appointed as the statutory auditors of our Company for Fiscal 2011.

Capitalization of Reserves or Profits

Except as stated in "Capital Structure" beginning on page 25, we have not capitalized our reserves or profits in the last five years.

Revaluation of Assets

There has been no revaluation of assets of our Company in the last five years.

SECTION VII - ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum of Association and Articles of Association, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, regulations, guidelines, rules and notifications relating to the issue of capital and listing of securities issued from time to time by SEBI, Government, the Stock Exchanges, Registrar of Companies, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company including rights in respect of dividends. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see "Main Provisions of the Articles of Association" beginning on page 256.

Mode of Payment of Dividends

We shall pay dividends to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Issue Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with the SEBI

Our Company and the Selling Shareholder shall comply with applicable disclosure and accounting norms specified by the SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, our Equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and other preferential claims being satisfied;
- Subject to applicable law including any RBI rules and regulations, right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with BSE and the NSE, and our Memorandum of Association and Articles of Association.

All our Equity Shareholders have the same voting rights. For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividends, forfeiture and lien and/or consolidation/splitting, see "Main Provisions of Our Articles of Association" beginning on page 256.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialized form. As per the existing SEBI Regulations, the trading of our Equity Shares shall only be in dematerialized form. Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one Equity Share, subject to a minimum Allotment of [•] Equity Shares.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with respective depositories of the Bidder would prevail. If the investors want to change their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Fresh Issue including the Employee Reservation Portion and devolvement of Underwriters within 60 days from the Bid Closing Date, our Company and the Selling Shareholder as the case maybe shall within 70 days of the Bid Closing Date refund the entire subscription amount received. If such money is not repaid within eight days from the day our Company and the Selling Shareholder as the case maybe becomes liable to repay, our Company, every officer in default and/or the Selling Shareholder as the case maybe, shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest at the rate of 15% per annum as prescribed under section 73 of the Companies Act.

Further in terms of Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than 1,000.

Arrangement for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on Transfer of Shares

Except for lock-in of the pre-Issue Equity Shares held by our Promoter other than the Equity Shares offered in the Offer for Sale, there are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles. See "Main Provisions of our Articles of Association" beginning on page 256.

ISSUE STRUCTURE

The present Issue of 84,690,730 Equity Shares of Rs. 10 each, at a price of Rs. [●] for cash aggregating Rs. [●] million is being made through the Book Building Process. The Issue comprises a Fresh Issue of 42,345,365 Equity Shares by our Company and an Offer for Sale of 42,345,365 Equity Shares by the Selling Shareholder. The Issue comprises a Net Issue to the Public of 84,267,276 Equity Shares and a reservation of 423,454 Equity Shares for subscription by Eligible Employees. The Issue would constitute 18.18% of the post Issue paid up capital of our Company. The Net Issue would constitute 18.09% of the post Issue paid up capital of our Company.

	Eligible Employees	QIB Bidders	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for allocation[1]	423,454 Equity Shares	Up to 42,133,638 Equity Shares, or Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders	Not less than 12,640,091 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders	Not less than 29,493,547 Equity Shares or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Issue size available for allocation	Up to 0.50 % of the Issue. The Employee Reservation Portion comprises 0.08% of the post-Issue capital of our Company.	Up to 50% of the Net Issue shall be allocated to QIBs. However, 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only. The unsubscribed portion in the Mutual Funds portion will be available to QIBs	Not less than 15% of the Net Issue or Net Issue size less allocation to QIB Bidders and Retail Individual Bidders	Not less than 35% of the Net Issue available for allocation or the Net Issue less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allocation if respective category is oversubscribed	Proportionate.	Proportionate as follows: (a) 2,106,682 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 40,026,956 Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	[●] Equity Shares	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds Rs. 200,000	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds Rs. 200,000	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the maximum Bid by each Eligible Employee in this portion does not exceed Rs. 200,000	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Net Issue, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Net Issue, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed Rs. 200,000
Mode of	Compulsorily in	Compulsorily in	Compulsorily in	Compulsorily in

	Eligible Employees	QIB Bidders	Non-Institutional Bidders	Retail Individual Bidders
Allotment	dematerialized form.	dematerialized form	dematerialized form	dematerialized form
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply	Eligible Employees	Public financial institutions specified in Section 4A of the Companies Act, FIIs (and their sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual), scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, FVCIs registered with SEBI, venture capital funds registered with the SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 250 million, pension funds with a minimum corpus of Rs. 250 million, insurance funds set up and managed by the army, navy and air force of the Union of India and the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government published in the Gazette of India	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, Eligible NRIs, scientific institutions societies and trusts, and any FII sub-account registered with SEBI, which is a foreign corporate or foreign individual	Resident Indian Individuals, HUFs (in the name of the Karta) and Eligible NRIs
Terms of Payment	The entire Bid Amount shall be payable at the time of submission of the Bid cum Application Form to the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account that are specified in the ASBA Bid cum Application Form.			

[1] *The Issue is being made though the 100% Book Building Process, wherein up to 50% of the Net Issue shall be allocated to QIBs on a proportionate basis. Further, not less than 15% and 35% of the Net Issue will be available for Allocation*

on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Issue Price.

Any unsubscribed portion in any reserved category shall be added to the Net Issue to the public. Under subscription in any category, if any, would be allowed to be met with spill-over from other categories or combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the BRLMs, and the Designated Stock Exchange.

[2] *In case of ASBA Bidders, the SCSB shall be authorized to block such funds in the bank account that are specified in the ASBA Bid cum Application Form.*

Withdrawal of the Issue

Our Company and the Selling Shareholder, in consultation with the BRLMs reserve the right not to proceed with the Issue at any time after the Bid Opening Date but before the Allotment. If our Company and the Selling Shareholder withdraw the Issue, our Company shall issue a public notice, within two days, providing reasons for not proceeding with the Issue. The BRLMs through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts within one working day from the day of receipt of such notification. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchanges shall also be informed promptly.

If our Company and the Selling Shareholder withdraw the Issue after the Bid Closing Date and thereafter determines that they will proceed with a further public offering of Equity Shares, they shall file a fresh draft red herring prospectus with SEBI.

Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for only after Allotment.

Bid Programme

BID OPENS ON		**TUESDAY, NOVEMBER 30, 2010**
BID CLOSES ON	**FOR QIB BIDDERS**	**THURSDAY, DECEMBER 2, 2010**
	FOR OTHER BIDDERS	**FRIDAY, DECEMBER 3, 2010**

Bids and any revision in Bids will be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period at the Bidding centers mentioned in the Bid cum Application Form, or in the case of ASBA Bidders, at the Designated Branches, **except that on the Bid Closing Date (which for QIBs will be a day prior to the Bid Closing Date for other non-QIB Bidders), Bids will be accepted only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) and uploaded until (i) 5.00 p.m. in case of Bids by QIB Bidders, Retail Bidders and Eligible Employees; and until (ii) 4.00 p.m. for Non-Institutional Bidders. Due to limitation of time available for uploading the Bids on the Bid Closing Date, Bidders other than QIB Bidders are advised to submit their Bids one day prior to the Bid Closing Date and no later than 3.00 p.m. (Indian Standard Time) on the Bid Closing Date. Bidders other than QIB Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded would not be considered for allocation in the Issue. If such Bids were not uploaded, our Company, the Selling Shareholder and the Syndicate would not be responsible. Bids will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

On the Bid Closing Date, extension of time will be granted by the Stock Exchanges only for uploading Bids received from Retail Bidders and Eligible Employees, after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchanges within half an hour of such closure.

ISSUE PROCEDURE

This section applies to all Bidders. All Bidders can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to pay the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the application.

Book Building Procedure

This Issue is being made through the 100% Book Building Process wherein up to 50% of the Net Issue shall be allocated to QIBs on a proportionate basis. Further, not less than 15% and 35% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Issue Price.

Under subscription in Employee Reservation category will be added to the Net Issue. Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange.

Any Bidder may participate in this Issue through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid amounts will be blocked by SCSBs.

All Bidders other than ASBA Bidders are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids to the SCSBs.

Investors should note that Allotment of Equity Shares to all successful Bidders will be only in the dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository accounts including DP ID, PAN and beneficiary account number shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only on the dematerialised segment of BSE and the NSE.

Bid cum Application Form

Bidders shall use only the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form (except in relation to ASBA Bidders) shall be serially numbered. ASBA Bidders shall submit the ASBA Bid cum Application Form either in physical or electronic form (through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding) to the SCSB authorizing blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders.

The Bid cum Application Form shall contain information about the Bidder and the price and number of Equity Shares that the Bidder wishes to Bid for. Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered multiple Bids.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

On filing of the Prospectus with the RoC, the Bid cum Application Form shall be treated as a valid application form. On completion and submission of the Bid cum Application Form to a member of the Syndicate (and in the case of an ASBA Bid cum Application Form, to the SCSB), the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required under the SEBI Regulations and other applicable laws, for filing the Prospectus with the RoC and as would be required by SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form including ASBA Bid cum Application Form
Resident Indians including Eligible NRIs applying on a non-repatriation basis, excluding Eligible Employees Bidding in the Employee Reservation Portion	White
Non-Residents including Eligible NRIs, FVCIs and FIIs applying on a repatriation basis	Blue
Eligible Employees Bidding in the Employee Reservation Portion	Pink

Who can Bid?

(i) Indian nationals resident in India who are not minors in single or joint names (not more than three);
(ii) Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
(iii) Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
(iv) Mutual Funds registered with SEBI;
(v) Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws.
(vi) Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
(vii) FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
(viii) Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category.
(ix) Venture capital funds registered with SEBI;
(x) Foreign Venture Capital Investors registered with SEBI;
(xi) State Industrial Development Corporations;
(xii) Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
(xiii) Scientific and/or industrial research organisations authorised to invest in equity shares;
(xiv) Insurance Companies registered with Insurance Regulatory and Development Authority;
(xv) Provident Funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
(xvi) Pension Funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
(xvii) National Investment Fund;
(xviii) Insurance funds set up and managed by army, navy or air force of the Union of India;
(xix) Multilateral and Bilateral Development Financial Institutions; and
(xx) Eligible Employees.

As per existing regulations, OCBs cannot participate in this Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Participation by associates of BRLMs and Syndicate Members

The BRLMs and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Members are entitled to subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. Such Bidding and subscription may be on their own account or on behalf of their clients.

Bids by Mutual Funds

As per the SEBI Regulations, 5% of the QIB Portion, has been specifically reserved for Mutual Funds on a proportionate basis. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event demand in the Mutual Fund Portion is greater than 2,106,682 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall be available for allocation proportionately, after excluding the allocation in the Mutual Fund Portion, in the QIB Portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own over 10% of any company's paid-up share capital carrying voting rights.

The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which application is being made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by Non Residents including Eligible NRIs and FIIs on a repatriation basis

There is no reservation for Eligible NRIs or FIIs or FVCIs registered with SEBI. Such Eligible NRIs, FIIs and FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation.

Bids by Eligible NRIs

(i) Bid cum Application Forms for Eligible NRIs applying on a repatriation basis (blue in colour) will be available at our Registered Office and with the Syndicate.

(ii) Only such applications as are accompanied by payment in freely convertible foreign exchange shall be considered for Allotment. Eligible NRIs who intend to make payment through Non Resident Ordinary ("NRO") accounts or by debits to their Non-Resident External ("NRE") or Foreign Currency Non-Resident ("FCNR") accounts should use the application form meant for Resident Indians (white in color).

Bids by FIIs

As per current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue capital (*i.e.* 10% of 465,799,010 Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. In accordance with the foreign investment limits applicable to our Company, the total foreign investment including FII investment cannot exceed 24% of our total issued capital unless approved by the shareholders of our Company or the Selling Shareholder.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the "SEBI FII Regulations"), an FII, as defined in the SEBI FII Regulations, may issue, deal or hold, offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI Regulations. Associates and affiliates of the Underwriters, including the BRLMs and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation of, claim on or an interest in, our Company.

Bids by SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, each, as amended, prescribe investment restrictions on Venture Capital Funds and FVCIs respectively registered with the SEBI. Accordingly, the holding in any company by any individual venture capital fund or FVCI registered with the SEBI should not exceed 25% of the corpus of the venture capital fund or FVCI. However, venture capital funds or FVCIs may invest not over 33.33% of their respective investible funds in various prescribed instruments, including in public offers.

Bids by Eligible Employees

For the purpose of the Employee Reservation Portion, Eligible Employee means all or any of the following:

(i) A permanent and full-time employee of our Company or a Director of our Company (excluding any person not eligible under applicable laws, rules, regulations and guidelines), as on the date of filing of the Red Herring Prospectus with the RoC, who are Indian nationals and are based, working and present in India or on Indian territory or on our vessels as on the date of submission of the Bid cum Application Form/ASBA Form and who continue to be in the employment of our Company until submission of the Bid cum Application Form/ASBA Form.

(ii) An employee of our Company who is recruited against a regular vacancy but is on probation as on the date of submission of the Bid cum Application Form/ ASBA Form will also be deemed a 'permanent employee' of our Company.

Bids under Employee Reservation Portion by Eligible Employees shall be:

(i) Made only in the prescribed Bid cum Application Form or Revision Form (*i.e.* pink colour form).
(ii) Only Eligible Employees (as defined above) would be eligible to apply in this Issue under the Employee Reservation Portion.
(iii) Eligible Employees, as defined above, should mention the PAN and Employee Number at the relevant place in the Bid cum Application Form.
(iv) The sole/first Bidder shall be the Eligible Employee as defined above.
(v) Bids by Eligible Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Issue Price, would be considered for allocation under this category.
(vi) The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount does not exceed Rs. 200,000.
(vii) Eligible Employees who Bid for Equity Shares in the Employee Reservation Portion can apply at Cut-off Price. The Allotment in the Employee Reservation Portion will be on a proportionate basis. However, the maximum Bid by an Eligible Employee cannot exceed Rs. 200,000.
(viii) Bids by Eligible Employees can also be made in the Net Issue portion and such Bids shall not be treated as multiple Bids.
(ix) If the aggregate demand in this category is less than or equal to 423,454 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. In case of under-subscription in the reserved category portion to the public category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the Net Issue to the public. Under subscription in any other category, if any, would be allowed to be met with spill-over from other categories or combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange.
(x) If the aggregate demand in this category is greater than 423,454 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, see "—Basis of Allotment" in section "Issue Procedure" on page 229.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 250 million a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In addition to the above, certain additional documents are required to be submitted by the following entities:

(i) With respect to Bids by FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.

(ii) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Bid cum Application Form.

(iii) With respect to Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.

Our Company and the Selling Shareholder in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the BRLMs may deem fit.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus. Our Company, the Selling Shareholder and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated above.

Maximum and Minimum Bid Size

(i) ***For Retail Individual Bidders***: The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 200,000. If the Bid Amount is over Rs. 200,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to be Bid at the Cut-Off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at the Cut-Off Price is given only to the Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion, indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(ii) ***For Other Bidders (Non-Institutional Bidders and QIBs)***: The Bid must be for a minimum of such number of Equity Shares in multiples of [•] such that the Bid Amount exceeds Rs. 200,000. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws.

In case of revision in Bids, Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 200,000 for being considered for allocation in the Non-Institutional Portion. If the Bid Amount reduces to Rs. 200,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at the Cut-Off Price. **A QIB Bidder cannot withdraw its Bid after the Bid Closing Date.**

(iii) ***For Bidders in the Employee Reservation Portion***: The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 200,000. The Allotment in the Employee Reservation Portion will be on a proportionate basis. Employee Discount will be applicable to all Eligible Employees Bidding under the Employee Reservation Portion. The option to Bid at the Cut-Off Price is given only to the Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion, indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

Information for the Bidders:

(i) The Red Herring Prospectus will be filed by our Company with the RoC at least three days before the Bid Opening Date.

(ii) Copies of the Bid cum Application Form and the Red Herring Prospectus will be available with the members of the Syndicate. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate. ASBA Bid cum Application Forms can be obtained by Bidders from the SCSBs and electronic ASBA Bid cum Application Forms shall be available on the websites of SCSBs. Furthermore, the SCSBs shall ensure that the abridged prospectus is made available on their websites.

(iii) The members of the Syndicate (in accordance with the terms of the Syndicate Agreement) and the Designated Branches shall accept Bids from the Bidder during the Bidding Period in accordance with the terms of the Red Herring Prospectus.

(iv) Eligible Bidders who are interested in subscribing for the Equity Shares should approach any of the BRLMs or the Syndicate Members or their authorized agent(s) to register their Bids. Eligible Bidders can approach the Designated Branches to register their Bids under the ASBA process.

(v) The Bids should be submitted on the prescribed Bid cum Application Form only. Bids by ASBA Bidders shall be accepted by the Designated Branches in accordance with the SEBI Regulations and any other circulars issued by SEBI in this regard. Bid cum Application Forms should bear the stamp of the members of the Syndicate or Designated Branch. Bid cum Application Forms (except electronic ASBA Bid cum Application Forms), which do not bear the stamp of a member of the Syndicate or the Designated Branch, are liable to be rejected.

Instructions for completing the Bid Cum Application Form

Bids and revisions of Bids must be:

(i) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.

(ii) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained here, in the Bid cum Application Form or in the Revision Form. Bidders must provide details of valid and active DP-ID, client ID and PAN clearly and without error. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the members of the Syndicate and/or the SCSBs (as appropriate) will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.

(iii) Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. Bidders are advised to ensure that the details are correct and legible.

(iv) For Retail Individual Bidders (including Eligible NRIs) and Eligible Employees submitting Bids in the Employee Reservation Portion, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 200,000. The option to Bid at cut-off price is an option given only to the Retail Individual Bidders and Eligible Employees indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(v) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of [●] such that the Bid Amount exceeds Rs. 200,000. Bids cannot be made for over the Issue size.

(vi) Bids by Eligible NRIs, FVCIs and FIIs on a repatriation basis shall be in the names of individuals, or in the names of such FIIs, respectively, but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

(vii) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

(viii) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate or the SCSB, as the case may be, will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

General Instructions

Dos:

(i) Check if you are eligible to apply as per the terms of the Red Herring Prospectus under applicable laws, rules and regulations;

(ii) Ensure that you have Bid within the Price Band;

(iii) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour), the Non-Resident Bid cum Application Form (blue in colour), the Employee Bid cum application Form (pink in colour) as the case may be;

(iv) Ensure that the details about Depository Participant and Beneficiary Account are correct, and the Beneficiary Account is activated, as Allotment of Equity Shares will be in the dematerialized form only;

(v) Ensure that the Bids are submitted at the Bidding centres only on forms bearing the stamp of a member of the Syndicate or the SCSB in case of ASBA Bidders (except in case of electronic ASBA Bid cum Application Forms);

(vi) With respect to ASBA Bidders ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the ASBA Bidder for Bidding has a bank account. Further, ensure that the ASBA Bid cum Application Form is signed by the account holder if the Bidder is not the account holder;

(vii) Ensure that the full Bid Amount is paid for Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are available in the ASBA Account in case of Bids submitted through the ASBA process;

(viii) Ensure that you have funds equal to the Bid Amount in your bank account of the respective Designated Branch of the SCSB;

(ix) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;

(x) Ensure that you request for and have received a TRS for all your Bid options;

(xi) Submit revised Bids to the same member of the Syndicate or Designated Branch of the SCSB through whom the original Bid was placed and obtain a revised TRS;

(xii) Except for Bids (i) on behalf of the Central or State Government and the officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Bidders should mention their PAN allotted under the I.T. Act. Applications in which the PAN is not mentioned will be rejected. The exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same; and

(xiii) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects.

Don'ts:

(i) Do not Bid for lower than the minimum Bid size;

(ii) Do not submit a Bid without payment of the entire Bid Amount;

(iii) Do not Bid/revise the Bid to less than the Floor Price or higher than the Cap Price;

(iv) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate or the Designated Branch;

(v) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest and in relation to ABSA Bidders in any other mode other than blocked amounts in the bank accounts maintained by SCSBs;

(vi) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate or Designated Branch, as applicable;

(vii) Do not Bid at the Cut-off Price (for QIB Bidders and Non-Institutional Bidders);

(viii) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceed the Issue size and/or investment limit or maximum number of Equity Shares that can be held under applicable laws or regulations or the maximum amount permissible under applicable regulations;

(ix) Do not submit more than five ASBA Bid cum Application Forms per bank account;

(x) Do not Bid for amount exceeding Rs. 200,000 in case of a Bid by Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion;

(xi) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

(xii) Do not submit incorrect details of DP ID, Client ID and PAN or give details for which demat account is suspended or for which such details cannot be verified by the Registrar.

Method and Process of Bidding

(i) Our Company, the Selling Shareholder and the BRLMs shall include the Bid Opening Date and Bid Closing Date in the Red Herring Prospectus to be filed with the RoC and also publish the same in a widely circulated English national newspaper, Hindi national newspaper and a Marathi newspaper at least one working day prior to the Bid Opening Date. The Bidding Period shall be for at least three working days and not exceeding 10 working days (including the days for which the Issue is open in case of revision in Price Band).

(ii) Bidders who are interested in subscribing to the Equity Shares should approach any of the members of the Syndicate, their authorized agents or SCSBs to register their Bids, during the Bidding Period. The members of the Syndicate shall accept Bids from the all Bidders and shall have the right to vet the Bids, during the Bidding Period in accordance with the terms of the Syndicate Agreement and the Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.

(iii) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details see "Bids at Different Price Levels" below, within the Price Band and specify the demand (*i.e.*, the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

(iv) The Bidder cannot Bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCBS will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph entitled "Build up of the Book and Revision of Bids".

(v) The members of the Syndicate or the SCSBs will enter each Bid option into the electronic Bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS"), for each price and demand option and shall, on demand, give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(vi) With respect to ASBA Bidders, on receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with BSE and the NSE. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with BSE and the NSE. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid.

(vii) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "– Payment Instructions" in section "Issue Procedure" beginning on page 229.

(viii) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Bids at Different Price Levels and Revision of Bids

(i) The Price Band, the Employee Discount, the Retail Discount and the minimum Bid lot size shall be decided by our Company and the Selling Shareholder, in consultation with the BRLMs and advertised at least one working day prior to the Bid Opening Date, in English national daily Financial Express (all editions), Hindi national daily Jansatta (all editions) and Marathi language newspaper Navshakti (regional daily).

(ii) Our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on either side *i.e.* the floor price can move upward or downward to the extent of 20% of the floor price disclosed at least one working day prior to the Bid Opening Date and the Cap Price will be revised accordingly.

(iii) Our Company and the Selling Shareholder, in consultation with the BRLMs can finalize the Issue Price within the Price Band in accordance with this section, without the prior approval of or intimation to the Bidders.

(iv) The Bidder can Bid at any price within the Price Band. Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion may Bid at Cut-off Price. However, Bidding at Cut-off Price is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

(v) Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price with the members of the Syndicate. In case of ASBA Bidders bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion who Bid at Cut-off Price, the Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion who Bid at Cut-off Price shall receive the refund of the excess amounts from the Escrow Account(s).

(vi) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the revised Cap Price (such that the total amount *i.e.*, original Bid Amount plus additional payment does not exceed Rs. 200,000 for Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion, if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (*i.e.*, original Bid Amount plus additional payment) exceeds Rs. 200,000 for Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion bidding at the Cut-off Price the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(vii) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding would be refunded from the Escrow Account(s).

(viii) Our Company and the Selling Shareholder, in consultation with the BRLMs shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000. In the event of any revision in the Price Band, whether upward or downward, the minimum application size shall remain [•] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of Bidder's Permanent Account Number, DP ID number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including the Bidder's address, occupation and bank account details including the nine-digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf ('Demographic Details'). It is mandatory to provide the bank account details in the space provided in the Bid cum Application Form and Bid cum Application Forms that do not contain such details are liable to be rejected. Hence, Bidders are advised to immediately update their bank account details, PAN and Demographic Details as appearing on the records of the Depository Participant and ensure that they are true and correct. Failure to do so could result in delays in dispatch/credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs or the Registrar to the Issue or the Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their depository account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/allocation advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, on request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders (where refunds are not being made electronically)/allotment advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/Allotment advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Any such delay shall be at the Bidders sole risk and neither our Company nor the Selling Shareholder or Escrow Collection Banks nor the BRLMs nor the Registrar to the Issue shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories, which matches the two parameters, namely, Bidders PAN (in case of joint Bids, PAN of first applicant) and the DP ID, such Bids are liable to be rejected.

Payment Instructions

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company, the Selling Shareholder and the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account(s) until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholder, the Syndicate, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Bidders.

Payment into Escrow Account(s) for Bidders other than ASBA Bidders

Each Bidder (other than ASBA Bidders) shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the entire Bid Amount as per the following terms:

(i) The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the entire Bid Amount in favour of the Escrow Account(s) and submit the same to the member of the Syndicate. Bid cum Application Forms accompanied by cash, stockinvest, money order or postal order shall not be accepted.

(ii) The payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

- In case of Resident QIB Bidders: "Escrow Account– SCI FPO– QIB – R"
- In case of Non Resident QIB Bidders: "Escrow Account– SCI FPO – QIB – NR"
- In case of resident Retail and resident Non-Institutional Bidders: "Escrow Account–SCI FPO– R" :
- In case of non-resident Retail and non-resident Non-Institutional Bidders: "Escrow Account-SCI FPO –NR"
- In case of Eligible Employees: "Escrow Account–SCI FPO – Employees"

(iii) In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

(iv) In case of Bids by NRIs applying on non-repatriation basis, the payments may be made out of an NRO Account of a Non-Resident Bidder.

(v) In case of Bids by FIIs or FVCIs the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

(vi) The monies deposited in the Escrow Account(s) will be held for the benefit of the Bidders until the Designated Date.

(vii) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account(s) as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

(viii) Within 12 Working Days from the Bid Closing Date, the Registrar to the Issue shall dispatch all refund orders for amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.

(ix) Payments should be made by cheque, or demand draft drawn on any bank (including a cooperative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash, stockinvest, money orders or postal orders will not be accepted.

(x) In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

(xi) Bidders are advised to mention the number of the Bid cum Application Form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form, failure of the Issue or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the Bid Amount in the relevant bank account and the SCSBs shall unblock the Bid Amount on receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Other Instructions

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one (and not more than one) Bid.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Bids by Eligible Employees can be made also in the "Net Issue" and such Bids shall not be treated as multiple Bids.

After submitting a Bid using an ASBA Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the Designated Branches of SCSBs and uploaded with BSE and the NSE, an ASBA Bidder cannot Bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form. Submission of a second Bid cum Application Form, whether an ASBA Bid cum Application Form, to either the same or to another Designated Branch of the SCSB, or a Non-ASBA Bid cum Application Form, will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the ASBA Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in "– Build up of the Book and Revision of Bids" in section "Issue Procedure" beginning on page 229.

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs shall not accept a total of more than five ASBA Bid cum Application Forms from such ASBA Bidders with respect to any single ASBA Account.

Our Company and the Selling Shareholder reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories. A check will be carried out for the same PAN. In cases where the PAN is same, such Bids will be treated as multiple applications. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple Bids are provided below:

1. All Bids will be checked for common PAN as per the records of Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN will be treated as multiple Bids and will be rejected.

2. For Bids from Mutual Funds and FII sub-accounts, which are submitted under the same PAN, as well as Bids on behalf of the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, for whom the submission of PAN is not mandatory, the Bids will be scrutinised for DP ID and Beneficiary Account Numbers. In case such Bids bore the same DP ID and Beneficiary Account Numbers, they will be treated as multiple Bids and were rejected.

'PAN' or 'GIR' Number

Except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, the Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid cum Application Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**.

The exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same.

Right to Reject Bids

In case of QIB Bidders Bidding in the QIB Portion, the Syndicate, may reject Bids provided that such rejection shall be made at the time of acceptance of the Bid and the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Bids by Eligible Employees bidding in the Employee Reservation Portion, our Company and the Selling Shareholder have the right to reject Bids based only on technical grounds and/or as specified in the Red Herring Prospectus. Consequent refunds shall be made through any of the modes described in the Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company and the Selling Shareholder would have a right to reject the ASBA Bids only on technical grounds and/or as specified in this Red Herring Prospectus.

Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority shall be rejected.

Grounds for Technical Rejections

Bidders are advised that incomplete Bid cum Application Forms and Bid cum Application Forms that are not legible will be rejected by the members of the Syndicate or SCSBs. Bidders are advised to note that Bids are liable to be rejected on technical grounds including the following:

(i) Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;

(ii) Application on plain paper;

(iii) In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;

(iv) Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended, including minors;

(v) PAN not stated (except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, provided such claims have been verified by the Depository Participants);

(vi) Bids for lower number of Equity Shares than specified for that category of investors;

(vii) Bids at a price less than the Floor Price;

(viii) Bids at a price over the Cap Price;

(ix) Bids at Cut off Price by Non-Institutional Bidders and QIB Bidders;

(x) Submission of more than five ASBA Bid cum Application Forms per ASBA Account;

(xi) Bids for number of Equity Shares which are not in multiples of [●];

(xii) Bidder category not ticked;

(xiii) Multiple Bids as described in the Red Herring Prospectus;

(xiv) In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents not being submitted;

(xv) Bids accompanied by cash, stockinvest, money order or postal order;

(xvi) Signature of sole and/or joint Bidders missing. In addition, with respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;

(xvii) Bid cum Application Form does not have the stamp of the BRLMs the Syndicate Members or Designated Branches (except for electronic ASBA Bids);

(xviii) Bid cum Application Form does not have Bidder's depository account details or the details given are incomplete or incorrect;

(xix) Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;

(xx) In case no corresponding record is available with the Depositories that matches two parameters namely, PAN (in case of joint Bids, PAN of the first applicant) and the DP ID;

(xxi) With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;

(xxii) Bids for amounts greater than the maximum permissible amounts prescribed by applicable law;

(xxiii) Bids by OCBs;

(xxiv) Bids by persons in the Employee Reservation Portion not qualifying as Eligible Employees;

(xxv) Bids by persons in the United States, except QIBs defined under Rule 144A of the US Securities Act;

(xxvi) Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;

(xxvii) Bids or revision thereof by QIB Bidders and Non-Institutional Bidders uploaded after 4.00 P.M. on the Bid Closing Date;

(xxviii) Bank account details for the refund not given;

(xxix) Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals; and

(xxx) Bids that do not comply with the securities laws of their respective jurisdictions.

Electronic Registration of Bids

(i) The members of the Syndicate and the SCSBs will register the Bids received using the online facilities of BSE and the NSE. There will be at least one online connectivity in each city, where the Stock Exchanges are located in India and where such Bids are being accepted. Our Company, the Selling Shareholder and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the members of the Syndicate and/or the SCSBs shall be responsible for any errors in the Bid details uploaded by them. Each of the BRLMs is responsible for the activities of its respective Syndicate Member. It shall be presumed that for the Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

(ii) The BSE and the NSE will offer a screen-based facility for registering such Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents and the SCSBs during the Bidding Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis.

(iii) On the Bid Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids until such time as may be permitted by BSE and the NSE. This information will be available with the BRLMs on a regular basis. In order to ensure that the data uploaded is accurate, the Syndicate may be permitted one working day after the Bid Closing Date to amend some of the data fields (currently DP ID, Client ID) entered by them in the electronic bidding system. Bidders are cautioned that a high inflow of Bids typically experienced on the last working day of the Bidding may lead to some Bids received on the last working day not being uploaded due to lack of sufficient uploading time, and such Bids that could not uploaded will not be considered for allocation. Bids will only be accepted on working days, *i.e.*, Monday to Friday (excluding any public holiday).

(iv) Based on the aggregate demand and price for Bids registered on the electronic facilities of BSE and the NSE, a graphical representation of consolidated demand and price would be made available at the bidding centres and at the websites of each of BSE and the NSE during the Bidding Period along with category wise details.

(v) At the time of registering each Bid (except for ASBA Bids), the members of the Syndicate shall enter the following details of the Bidder in the electronic system:

- Investor Category – Individual, Corporate, non-institutional, qualified institutional buyer, Eligible NRI, FII, or Mutual Fund, financial institutions, insurance companies, Eligible Employee, etc;
- Bid cum Application Form number;
- PAN;
- Depository Participant Identity ("DP ID") and client identification number of the beneficiation account of the Bidder;
- Numbers of Equity Shares Bid for;
- Cheque amount;

- Cheque number.

With respect to ASBA Bids, at the time of registering such Bids, the SCSBs shall enter the following information pertaining to the ASBA Bidders into the online system:

- Application Number;
- PAN;
- Investor Category and Sub-Category- Individual, Corporate, FII, NRI, Mutual Funds, etc.:
- DP ID and client identification number of the beneficiary account of the Bidders;
- Numbers of Equity Shares Bid for;
- Bid Amount; and
- Bank account number.

(vi) A system generated TRS, on demand, will be given to the Bidder as a proof of the registration of each of the Bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate or Designated Branches.** The registration of the Bid by the member of the Syndicate or the Designated Branches does not guarantee that the Equity Shares shall be allocated/Allotted.

(vii) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(viii) In case of QIB Bidders (other than QIBs Bidding through ASBA), the members of the Syndicate have a right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees, Bids may be rejected except on technical grounds. Furthermore, the SCSBs shall have no right to reject Bids except on technical grounds.

(ix) The permission given by BSE and the NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholder and/or the BRLMs are cleared or approved by BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company our Promoters, our management or any scheme or project of our Company nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

(x) Only Bids that are uploaded on the online IPO system of BSE and the NSE shall be considered for allocation/Allotment. The members of the Syndicate shall be given one working day after the Bid Closing Date to verify the information uploaded on the online IPO system during the Bidding Period after which the Registrar to the Issue shall proceed with the Allotment of Equity Shares.

Build up of the book and revision of Bids

(i) Bids received from various Bidders through the members of the Syndicate and the SCSBs shall be electronically uploaded to BSE and the NSE's mainframe on a regular basis.

(ii) The book gets built up at various price levels. This information will be available with the BRLMs at the end of the Bidding Period.

(iii) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(iv) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate and the Designated Branches will not accept incomplete or inaccurate Revision Forms.

(v) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the Designated Branch of the SCSB through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(vi) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 200,000 if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(vii) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

(viii) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation portion Bidding in such categories should note that the revised amount should not exceed Rs. 200,000. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. With respect to ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid amount. In case of Bids other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions. In such cases the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the basis of Allotment.

(ix) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and will, on demand, receive a revised TRS from the members of the Syndicate or Designated Branches, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

Price Discovery and Allocation

(i) Based on the demand generated at various price levels, our Company and the Selling Shareholder, in consultation with the BRLMs shall finalize the Issue Price, the Retail Discount and the Employee Discount.

(ii) Under subscription in Employee Reservation category will be added to the Net Issue. However, if the aggregate demand by Mutual Funds in the Mutual Fund Portion is less than 2,106,682 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. Under subscription, if any in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange.

(iii) The Allocation under the Employee Reservation Portion shall be on a proportionate basis, in the manner specified under the SEBI Regulations and this Red Herring Prospectus, subject to valid Bids being received at or above the Issue Price, and is approved by the Designated Stock Exchange.

(iv) Allocation to Non-Residents, including Eligible NRIs, FIIs and foreign venture capital funds registered with SEBI, applying on repatriation basis will be subject to applicable law.

(v) Our Company and the Selling Shareholder reserve the right to cancel the Issue any time after the Bid Opening Date, but before the Allotment without assigning any reasons whatsoever. In terms of the SEBI Regulations, QIB Bidders Bidding in the QIB Portion shall not be allowed to withdraw their Bid after the Bid Closing Date.

Signing of Underwriting Agreement and RoC Filing

(i) Our Company, the Selling Shareholder, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price.

(ii) After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with the RoC in terms of Section 56, 60 and 60B of the Companies Act, which then would be termed the 'Prospectus'. The Prospectus will contain details of the Issue Price, Issue size, Employee Discount, underwriting arrangements and will be complete in all material respects.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in English national daily Financial Express (all editions), Hindi national daily Jansatta (all editions) and Marathi language newspaper Navshakti (regional daily).

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price the Employee Discount and the Retail Discount. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allotment Note

(i) On approval of the basis of Allotment by the Designated Stock Exchange and on Allotment by the Board of Directors or any committee constituted thereof, the Registrar to the Issue shall send to the members of the Syndicate and SCSBs a list of their Bidders who have been Allotted Equity Shares in the Issue.

(ii) The Registrar to the Issue will then dispatch an allotment advice to the Bidders who have been Allotted Equity Shares in this Issue.

Designated Date and Allotment of Equity Shares

(i) Our Company and the Selling Shareholder will ensure that Allotment of Equity Shares and credit to successful Bidder's depository account will be completed within 12 Working Days of the Bid Closing Date.

(ii) In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

Basis of Allotment

For Retail Individual Bidders

(i) Bids received from Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. Allotment to all successful Retail Individual Bidders will be made at the Issue Price less Retail Discount.

(ii) The Net Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

(iii) If the aggregate demand in this category is less than or equal to 29,493,547 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

(iv) If the aggregate demand in this category is greater than 29,493,547 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of Allotment, see below.

For Non-Institutional Bidders

(i) Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

(ii) The Net Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

(iii) If the aggregate demand in this category is less than or equal to12,640,091 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

(iv) If the aggregate demand in this category is greater than 12,640,091 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of Allotment see below.

For Employee Reservation Portion

(i) Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price less the Employee Discount.

(ii) If the aggregate demand in this category is less than or equal to 423,454 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

(iii) If the aggregate demand in this category is greater than 423,454 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis subject to a minimum of [●] Equity Shares either on a firm basis or as per the drawal of lots, if any, approved by the Designated Stock Exchange. For the method of proportionate basis of allocation, refer below.

(iv) Only Eligible Employees are eligible to apply under Employee Reservation Portion.

For QIBs in the QIB Portion

(i) Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. Allotment to all successful QIB Bidders will be made at the Issue Price. The QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

(ii) Allotment shall be undertaken in the following manner:

- In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

    (a) In the event Mutual Fund Bids exceed 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

(b) In the event the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.

(c) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

(iii) In the second instance Allotment to all QIBs shall be determined as follows:

- In the event of oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

- Mutual Funds, which have received allocation as per (a) above for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

- Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, our Company and the Selling Shareholder shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

(i) Bidders will be categorised according to the number of Equity Shares applied for.

(ii) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

(iii) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

(iv) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:

- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is as far as possible, equal to the number of Equity Shares calculated in accordance with (ii) above; and

- Each successful Bidder shall be allotted a minimum of [●] Equity Shares.

(v) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.

(vi) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

(i) Agreement dated January 4, 2000, between NSDL, our Company and Sharepro Services India Private Limited;

(ii) Agreement dated January 31, 2000, between CDSL, our Company and Sharepro Services India Private Limited.

Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

(iii) A Bidder applying for Equity Shares must have at least one valid beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

(iv) The Bidder must necessarily fill in the details (including the PAN, Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.

(v) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

(vi) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

(vii) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

(viii) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

(ix) Equity Shares in electronic form can be traded only on BSE and the NSE having electronic connectivity with NSDL and CDSL. BSE, NSE, CSE, DSE and MSE where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(x) Trading in the Equity Shares would be in dematerialised form only, on the demat segment of BSE and the NSE.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, PAN, Bidders depository account details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, the bank account number in which an amount equivalent to the Bid Amount was blocked.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted with the Designated Branches, Bidders can contact the relevant Designated Branch.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, reproduced below:

"*Any person who:*

(a) *makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*

(b) *otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

shall be punishable with imprisonment for a term which may extend to five years."

Payment of Refund

Bidders other than ASBA Bidders must note that on the basis of the DP ID, beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the MICR code. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Selling Shareholder, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In the case of Bids from Eligible NRIs and FIIs, refunds, dividends and other distributions, if any, will normally be payable in Indian Rupees only and net of bank charges and/or commission. Where so desired, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post. Our Company and the Selling Shareholder will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Mode of Refunds

For Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through any of the following modes:

(i) NECS – Payment of refund would be done through NECS for Bidders having an account at any of the centres specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories.

(ii) Direct Credit – Bidders having bank accounts with the Refund Bank, as per the Demographic Details received from the Depositories shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank for the same would be borne by our Company and the Selling Shareholder.

(iii) RTGS – Bidders having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose refund amount exceeds Rs. 0.2 million, shall be eligible to receive refund through RTGS, provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Bidder's bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code ("IFSC"). Charges, if any, levied by the Refund Bank for the same would be borne by our Company and the Selling Shareholder. Charges, if any, levied by the Bidder's bank receiving the credit would be borne by the Bidder.

(iv) NEFT – Payment of refund shall be undertaken through NEFT wherever the Bidders' bank branch is NEFT enabled and has been assigned the IFSC, which can be linked to an MICR code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with an MICR code. Wherever the Bidders have registered their MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Bidders through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrars to the Issue. In the event NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.

(v) For all other Bidders, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid Closing Date.

Disposal of Applications and Application Moneys and Interest in Case of Delay

With respect to Bidders other than ASBA Bidders, our Company and the Selling Shareholder shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to BSE and the NSE after the Allotment of Equity Shares.

In case of Bidders who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 Working Days from the Bid Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 12 Working Days from the Bid Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company and the Selling Shareholder shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and trading is completed at all the Stock Exchanges within 12 Working Days of the Bid Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company and the Selling Shareholder further undertakes that:

(i) Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within 12 Working Days of the Bid Closing Date;

(ii) With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 Working Days from the Bid Closing Date would be ensured. With respect to the ASBA Bidders' instructions for unblocking of the ASBA Bidder's bank account shall be made within 12 Working Days from the Bid Closing Date; and

(iii) Our Company and every officer and the Selling Shareholder as applicable, in default shall pay interest at 15% per annum for any delay beyond the time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within eight days from the day our Company and the Selling Shareholder become liable to repay. If such money is not repaid within eight days from the day our Company and the Selling Shareholder become liable to repay, our Company and every

Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

Letters of Allotment or Refund Orders or instructions to the SCSBs

Our Company and the Selling Shareholder shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, under certificate of posting, and shall dispatch refund orders above Rs. 1,500, if any, by registered or speed post at the sole or first Bidder's sole risk within 12 Working Days from the Bid Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 Working Days from Bid Closing Date.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid Closing Date, which shall be duly completed after the receipt of such instruction from the Registrar.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/instruction to SCSB by the Registrar to the Issue

Allotment of Equity Shares in the Issue, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, shall be made not later than 12 Working Days of the Bid Closing Date. Our Company and the Selling Shareholder further agrees that it shall pay interest at the rate of 15% per annum if the allotment letters or refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within eight days from the day our Company and/or the Selling Shareholder as the case maybe, become liable to repay. If such money is not repaid within eight days from the day our Company and/or the Selling Shareholder as the case maybe, becomes liable to repay, our Company and every Director of our Company who is an officer in default and/or the Selling Shareholder as the case maybe, shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company and the Selling Shareholder as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Undertakings by our Company

Our Company and the Selling Shareholder undertakes the following:

(i) That the complaints received in respect of this Issue shall be attended to by our Company and the Selling Shareholder expeditiously and satisfactorily;

(ii) That all steps for completion of the necessary formalities for listing and trading at all the Stock Exchanges within 12 Working Days of the Bid Closing Date;

(iii) That funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company and the Selling Shareholder;

(iv) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within 12 Working Days from the Bid Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

(v) That the certificates of the securities/refund orders to Eligible NRIs shall be dispatched within specified time;

(vi) That no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and

(vii) That adequate arrangements shall be made to collect all ASBA and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

The Selling Shareholder undertakes that:

(i) That the Equity Shares being sold pursuant to the Issue, have been held by them for a period of more than one year;

(ii) The Equity Shares being sold pursuant to the Offer for Sale in the Issue are free and clear of any liens or encumbrances and shall be transferred to the eligible investors within the specified time;

(iii) The funds required for despatch of refund orders or Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by the Selling Shareholder;

(iv) That the complaints received in respect of this Issue shall be attended to by the Selling Shareholder expeditiously and satisfactorily. The Selling Shareholder have authorised the Compliance Officer and the Registrar to the Issue to redress complaints, if any, of the investors;

(v) That the refund orders or Allotment advice to the successful Bidders shall be dispatched within specified time;

(vi) That the Selling Shareholder shall not have recourse to the proceed of the Issue until approval for listing of the Equity Shares from all Stock Exchanges where listing is sought has been received; and

(vii) No further offer of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Our Company shall not have recourse to the Issue Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges.

Utilisation of Issue Proceeds

The Board of Directors certifies that:

(i) All monies received in the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

(ii) Details of all monies utilised out of Fresh Issue shall be disclosed, and continue to be disclosed until the time any part of the Issue proceeds remains unutilised, under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;

(iii) Details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested;

(iv) The utilisation of monies received from Employee Reservation Portion shall be disclosed, and continue to be disclosed until the time any part of the Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

(v) The details of all unutilised monies out of the funds received from Employee Reservation Portion shall be disclosed under a separate head in the balance sheet of the issuer indicating the form in which such unutilised monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

FIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment ("**FDI**") Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/ RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the Bids are not in violation of laws or regulations applicable to them.

SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning given to such terms in the Articles of Association of our Company.

Capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association of our Company are detailed below:

Authorised Share Capital

Article 3 provides that "The Authorized Share Capital of our Company is Rs. 10,000,000,000 (Rupees ten thousand million only) divided into 1,000,000,000 (one thousand million only) shares of Rs. 10 (Rupees ten only) each."

Increase of Capital

Article 4 provides that "Subject to the approval of the President of India as per the provisions of Article 150 our Company in General Meeting may, from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amount as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine; and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of our Company and with a right of voting at general meeting of our Company in conformity with Sections 87 and 88 of the Act. Whenever the capital of our Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act."

New Capital part of the existing Capital

Article 5 provides that "Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise."

Power to issue redeemable preference Shares

Article 6 provides that "Subject to the provisions of Section 80 of the Act and subject to the approval of the President of India as per the provisions of Article 150, our Company shall have the power to issue Preference Shares which shall be redeemed not later than ten years from the date of its issue and the resolution authorising such issue shall prescribe the manner terms and conditions of redemption."

Article 7 provides that "On the issue of Redeemable Preference Shares under the provisions of Article 6 hereof the following provisions shall take effect:

a. no such shares shall be redeemed except out of the profits of our Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption;

b. no such shares shall be redeemed unless they are fully paid;

c. the premium, if any payable on redemption must have been provided for out of the profits of our Company or our Company's Share Premium Account before the shares are redeemed;

d. where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there, shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed and the provisions of the Act, relating to the reduction of the share capital of our Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid up share capital of our Company."

Reduction of Capital

Article 8 provides that "Our Company may (Subject to the provisions of Sections 78, 80 and 100 to 105 inclusive, of the Act) and subject to the approval of the President of India as per the provisions of Article 150 from time to time by Special Resolution, reduce its share capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorised by law and in particular capital may be paid off on the footing that it may be called upon again or otherwise. This article is not to derogate from any power our Company would have if it were omitted."

Sub-division, Consolidation and Cancellation of Shares

Article 9 provides that "Subject to the provisions of Section 94 of the Act and subject to the approval of the President of India as per the provisions of Article 150, our Company in General Meeting may, from time to time, subdivide or consolidate its shares, or any of them. Subject as aforesaid our Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled"

Further Issue of Capital

Article 13 provides that

a) " Subject to the provisions of the Act where at any time after the expiry of two years from the formation of our Company or the expiry of one year from the allotment of shares made for the first time after its formation whichever is earlier, it is proposed to increase the subscribed capital of our Company by allotment of further shares, whether out of unissued share capital or out of increased share capital, then such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of our Company, in proportion, as nearly as circumstances admit, to the capital paid up on these shares as on that date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than twenty-eight days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board subject to the approval of the President of India as per the provisions of Article 150 may dispose of them in such manner as they think most beneficial to our Company.

b) Notwithstanding anything contained in the preceding sub clause but subject to the approval of the President of India as per the provisions of Article 150 our Company may offer further shares to any person, whether or not those persons include the persons who at the date of-the offer are holders of the equity shares of our Company, in any manner whatsoever:

    i. by a special resolution; or

    ii. where ho such special resolution is passed, if the votes cast (whether on a show of hands, or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who being entitled so to do, vote in person, or where proxies are allowed, by proxy exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government and the President of India is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to our Company.

c) Notwithstanding anything contained in sub-clause (a) above, but subject, however, to Section 81(3) of the Act and the approval of the President of India as per the provisions of Article 150, our Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by our Company to convert such debenture or loans into shares, or to subscribe for shares in our

Company.

Shares under control of Directors

Article 14 provides that "Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of our Company) shall be under the control of the Directors; who may allot or otherwise dispose of the same to such persons in such proportion on such terms and conditions and at such times as the Directors think fit and subject to the sanction of our Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of our Company either (subject to the provisions of Section 78 and 79 of the Act) at premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors think fit. The Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act."

Power also to Company in General Meeting to Issue Shares

Article 15 provides that "In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 13 and 14 our Company in General Meeting may, subject to the provisions of Section 81 of the Act and subject to the approval of the President of India as the provisions of Article 150, determine that any shares (whether forming part of the original capital or of any increased capital of our Company) shall be offered to such person (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any person (whether a member or not) the option to call for or be allotted shares of any class of our Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or our Company In General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares."

Underwriting and Brokerage

Article 24 provides that "Subject to the provisions of Section 76 of the Act, our Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures in our Company, or procuring, or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures in our Company, but so that the commission shall not exceed in the case of shares five percent of the price at which the shares are issued and in the case of debentures two and half percent of the price at which the debentures are issued, or such higher rate or rates as may be permissible under any statutory provision for the time being in force. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other."
Article 25 provides that "Our Company may pay a reasonable sum for brokerage."

Calls

Article 27 provides that "The Board may, from time to time, subject to the terms on which any Shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution), make such call as it thinks fit upon the Members in respect of all moneys unpaid on the Shares held by them respectively and each Member shall pay the amount of every call so made on him to the person or persons and the Member(s) and place(s) appointed by the Board. A call may be made payable by installments.

Provided that the Board shall not give the option or right to call on Shares to any person except with the sanction of our Company in General Meeting."

Notice for call

Article 29 provides that "Fifteen days' notice in writing of any call or such further period as the Board may determine shall be given by our Company specifying the time and place of payment, and the person or persons to whom such calls shall be paid."

Call when made

Article 30 provides that “A call shall be deemed to have been made at the time when the resolution authorising such calls was passed at a meeting of the Board and may be made payable by the Members whose names appear on the Register of Members on such date or at the discretion of the Board on such subsequent date as may be fixed by the Board.”

Liability of joint holders for a call

Article 32 provides that “The joint holder of a share shall be jointly and severally liable to pay all calls in respect thereof.”

Board to extend time to pay call

Article 33 provides that “The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the Members who from residing at a distance or other cause, the Board may, deem fairly entitled to such extension but no Member shall be entitled to such extension, save as a matter of grace and favour.”

Calls to carry Interest

Article 34 provides that “If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any .interest from any such Member.”

Dues deemed to be calls

Article 35 provides that “Any sum, which by the terms of issue of a share become payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purpose of these Articles be deemed to be a call duly made payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions.”

Proof of dues in respect of Share

Article 36 provides that “On the trial or hearing of any action or suit brought by our Company against any Member or his representatives for the recovery of any money claimed to be due to our Company in respect of his shares, it shall be sufficient to prove

a) that the name of the Member in respect of whose shares the money is sought to be recovered appears entered in the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered;

b) that the resolution making the call is duly recorded in the Minute Book and

c) that notice of such call was duly given to the Member or his representatives issued in pursuance of these Articles and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid designated as (a), (b) and (c) above shall be conclusive evidence of the debt.”

Partial payment not to preclude forfeiture

Article 37 provides that “Neither the receipt by our Company of a portion of any money which shall from time to time be due from any Member to our Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by our Company in respect of the payment of any such money, shall preclude our Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.”

Payment in anticipation of call may carry interest

Article 38 provides that

a) "The Board may, if it thinks fit, agree to and receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the Member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time the amount so advanced or may at any time repay the same upon giving to the Member three month's notice in writing. Provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or participate in profits.

b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable."

Company's lien on Shares /Debentures

Article 39 provides that "Our Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interest in any shares shall be created except upon the footing and upon the condition that Article 22 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of our Company's lien, if any, on such shares."

Enforcing lien by sale

Article 40 provides that "For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such share and may authorise one of their Member to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such Member or his representatives and default shall have been made by him on them in payment, fulfilment, or discharge of such debts, liabilities or engagement for fourteen days after such notice."

Board to have right to forfeit Shares

Article 42 provides that "If any Member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by our Company by reason of such non-payment"

Forfeited Share to be the property of our Company

Article 46 provides that "Any share so forfeited shall be deemed to be the property of our Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any person, upon such terms and in such manner as the Board shall think fit."

Board entitled to cancel forfeiture

Article 52 provides that "The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit."

Instrument of Transfer

Article 54 provides that "The Instrument of Transfer shall be in writing and all the provisions of Section 108 of the Companies Act, and or any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and their restrictions thereof."

Directors may refuse to register Transfer

Article 57 provides that "Subject to the provisions of Section 111 of the Act, the Board may, at its discretion, decline to register or acknowledge any transfer of shares (whether fully paid or not and notwithstanding that the proposed Transferee be already a Member), but in such case it shall, within one month from the date on which the Instrument of Transfer was lodged with our Company, send to the Transferee and the Transferor notice of the refusal to register such transfer giving reasons for such refusal provided that the registration of a transfer shall not be refused on the ground that the Transferor being either alone or jointly with any other person or persons indebted to our Company on any account whatsoever except a lien on shares."

Transmission of Shares

Article 62 provides that "Subject to the provisions of the Act and Articles 59 and 60 any person becoming entitled to share in consequence of the death, lunacy, bankruptcy, insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which title as the Board thinks sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an Instrument of Transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the shares. This clause is hereinafter referred to as the "transmission clause."

Rights on Transmission

Article 63 provides that "A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share."

Buy Back of Shares

Article 67 provides that "Our Company shall be entitled to purchase its own Shares or other securities, subject to such limits, upon such terms and conditions and subject to such approvals as required under Section 77 A and other applicable provisions of the Act, The Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations 1998 and any amendments, modification(s), repromulgation (s) or re- enactment(s) thereof."

Power to Borrow

Article 67 provides that "Subject to the provisions of Sections 58A, 292 and 293 of the Act and subject to the approval of the President of India as per the provisions of Articles 150, the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the repayment of any sum or sums of money for the purposes of our Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of our Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of our Company in General Meeting."

Rights to convert Shares into stock & vice-versa

Article 76 provides that "Subject to the approval of the President of India as per the provisions of Article 150 our Company in General Meeting may convert any paid up shares into stock, and when any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein, or any part of such interest, in the name manner and subject to the same regulations as, and subject to which shares from which the stock arise might have been transferred if no such conversion had taken place or as near thereto as circumstances, will admit. Our Company may at any time convert any stock into paid up shares of any denomination"

Annual General Meetings

Article 79 provides that "Our Company shall in each year, hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings. An Annual General Meeting of our Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166(i) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held at the Registered Office of our Company or at some other place within the city in which the office of our Company is situate as the Board may determine and the notice calling the Meeting shall specify it as the Annual General Meeting. Our Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meetings. Every member of our Company shall be entitled to attend either in person or by proxy and the Auditor of our Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of our Company there shall be laid on the table the Directors Report and Audited Statement of Accounts. Auditor's Report (if not already incorporated in the Audited Statement of Accounts), the Proxy Register with Proxies and the Register of Directors' shareholding while latter Register shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the Annual List of Members, Summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Section 159, 161and 220 of the Act."

Extraordinary Meetings on requisition

Article 80 provides that "The Board may, whenever-it thinks fit, call an Extra ordinary General Meeting and it shall do so upon requisition in writing by any Member or Members holding in the aggregate not less than one-tenth of such of the paid up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made."

Quorum for General Meeting

Article 87 provides that "Five Members present in person shall be a quorum for a General Meeting."

Voting at Meeting

Article 93 provides that "At any General Meeting, a resolution put to the vote of the Meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least five Members having the right to vote on the resolution and present in person or by proxy or by the Chairman of the Meeting or by any Member or Members holding not less than one-tenth of the total voting power in respect of the resolution, or by any Member or Members present in person or by proxy and holding shares in our Company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid up which is not less than one tenth of the total sum paid on all the shares conferring that right, and unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Minute Book of our Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution."

Casting vote of Chairman

Article 94 provides that "In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member."

No right to vote unless calls are paid

Article 105 provides that "No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which our Company has, and has exercised, any right of Lien."

Instrument of Proxy

Article 112 provides that "Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or be signed by an officer or any attorney duly authorised by it, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the Meeting.

Deposit of instrument of appointment

Article 115 provides that "The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office not later than forty-eight hours before the time for holding the Meeting at which the person named in the instrument proposes to vote, and in default the instrument or proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution."
Article 116 provides that "Every instrument of proxy whether for a specified Meeting or otherwise shall as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act."

Number of Directors

Article 121 provides that "Until otherwise determined by a General Meeting of our Company and subject to the provisions of Section 252 of the Act the number of the Directors shall not be less than three and not more than sixteen."

Managing Director(s))/ Whole-Time Director(s)

Article 122 provides that "The President of India shall be entitled by a notice in writing addressed to our Company by an order made and executed in the name of the President of India and authenticated as provided by the Constitution of India to appoint such number of persons as shall, together with the Managing Director and other Directors including whole-time Directors not exceeding one-third of the total number of Directors for the time being of our Company, as Director or Directors of our Company and to remove such person or persons from office and on a vacancy being caused in such office from any cause whatsoever whether by resignation, retirement, death, removal or otherwise, of any such person or persons so appointed, to appoint another or others to fill such vacancy. One of the persons so appointed as Director by President of India shall be a representative of Ministry of Finance, Govt. of India. An appointment or removal of the Director under this Article shall become effective forthwith upon receipt by our Company of the aforesaid order. The Directors so appointed by the President of India shall not be liable to retire at any General Meeting of our Company."

Article 146 provides that "The President of India shall be entitled by a notice in writing addressed to our Company to appoint one or more Directors as the Managing Director, or Wholetime Director(s) of our Company and to remove such person from office and on a vacancy being caused in such office from any cause whatsoever whether by resignation, retirement, death, removal or otherwise, of any such person so appointed, to appoint another to fill such vacancy. An appointment or removal of the Director under this Article shall become effective forthwith upon receipt by our Company of the writing aforesaid."

Nominee Directors

Article 123 provides that "Subject to the approval of the President of India as per the provisions of Article 150 whenever, Directors enter into a contract with any Government, Central State or Local, any bank or financial institution or any person or persons (hereinafter referred to as "the appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance of for underwriting or enter into any other arrangement whatsoever, the Directors shall have, subject to the provisions of Section 255 and 620 of the Act, the power to agree that such appointer shall have the right to appoint or nominate by a notice in writing addressed to our Company, one or more Directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. Subject to the provisions of Articles the Directors may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill in any vacancy, which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of our Company including payment of remuneration and travelling expenses to such Director or Directors as may be agreed by our Company with the appointer."

Alternate Directors

Article 124 provides that "The Board may appoint an Alternate Director recommended for such appointment by the Director (hereinafter called the Original Director) in whose place he is being appointed during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. Provided that in the case of an Original Director who is appointed by the President of India under the provisions of Article 122, the Board may appoint an Alternate Director recommended for such appointment by the President of India. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of office of the Original Director is determined before he so returns to that State, any provisions in the Act or in these Articles for the automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director."

Additional Directors

Article 125 (a) provides that "Subject to the provisions of Section 260 of the Act, the Board shall have power at any time and from time to time appoint any other qualified person to be an Additional Director, but so that the total number of Director shall not at any time exceed the maximum fixed under Article 121. Any such additional Director shall hold office only upto the date of the next Annual General Meeting."

Director's power to fill-up casual vacancy

Article 125 (b) provides that "Subject to the provisions of Sections 262,264 and 284(c) of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him."

Share qualification not necessary

Article 126 provides that "A Director shall not be required to hold any share Qualification."

Remuneration of Directors

Article 127 provides that "Remuneration of the Managing Director and all other Directors (whether whole time Directors or not) shall from time to time be determined by the President of India. Such reasonable additional remuneration as may be fixed by the President of India, may be paid to any one or more of the Directors for extra or special service rendered by him or them or otherwise. A Director who is an employee of the Government shall not be entitled to any remuneration unless otherwise provided by the President of India."

Directors may contract with our Company

Article 131 provides that

1) "A Director or his relative, firm in which such Director or relative is a partner, or any other partner in such firm or a private company of which the Director is a member or Director, may enter into any contract with our Company for the sale, purchase or supply of any goods, materials or services or for underwriting the subscription of any shares in or debentures of our Company, the sanction of the Board and the previous approval of the Central Government as may be required shall be obtained in

accordance with Section 297 of the Act.

2) No sanction shall, however, be necessary for -

a) any purchase of goods and materials from our Company, or the sale of goods or materials to our Company by any such Director, relative, firm, partner or private company as aforesaid for cash or at prevailing market prices; or

b) any contract or contracts between our Company on one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of goods, materials and services in which either our Company or the Director, relative, firm, partner or private company, as the case may be, regularly trades or does business, where the value of the goods and materials or the cost of such services does not exceed Rs. 5,000/- in the aggregate in any year comprised in the period of the contract or contracts.

Provided that in circumstances of urgent necessity, a Director, relative, firm, partner or private company as aforesaid may without obtaining the consent of the Board enter into any such contract with our Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or the cost of such services exceeds Rs. 5,000 in the aggregate in any year comprised in the period of the contract if the consent of the Board shall be obtained to such contract or contracts at a meeting within three months of the date on which the contract was entered into."

Quorum

Article 154 provides that "Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two third of the total strength the number of the remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such meeting."

Powers to be exercised by Board only by Meeting

Article 165 provides that "The Board may exercise all such powers of our Company and do all such Power of Directors acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of our Company required to be exercised by our Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations, as may be prescribed by our Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting:

a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of our Company, or where our Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;
b) remit, or give time for the repayment of, any debt due by a Director;
c) invest otherwise than in trust securities the amount of compensation received by our Company in respect of the Compulsory acquisition of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of our Company and its free reserves that is to say, reserves not set apart for any specific purpose;
Provided further that the powers specified in Section 292 of the Act shall subject to these Articles be exercised only at meetings of the Board, unless the same-be delegated to the extent therein stated; or
e) contribute to charitable and other funds not directly relating to the business of our Company or the welfare of its employees, in any financial year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act

during the three financial years immediately preceeding whichever is greater.

Right to Dividend

Article 170 provides that "The profits of our Company, subject to any special rights relating thereto created or authorised to be created by these Articles, shall be divisible among the members in proportion to the amount of capital paid up or credited as paid up and to the period during the year for which the capital is paid up on the shares held by them respectively"

Declaration of Dividends

Article 171 provides that "Subject to the approval of the President of India, our Company in General Meeting may declare dividends to be paid to Members according to their respective rights, but no dividends shall exceed the amount recommended by the Board but our Company in General Meeting may declare a smaller dividend."

Interim Dividends

Article 173 provides that "The Board may, from time to time pay to the Members such interim dividend as in their judgement the position of our Company justifies."

Dividends to be paid out of profits

Article 172 provides that "No dividend shall be declared or paid otherwise by our Company for any financial year out of profits for the year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act except after the transfer to the reserves of our Company of such percentage of its profits for the year as may be prescribed or out of the profits of our Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that:

a) If our Company has not provided for depreciation for any previous financial year or years shall before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of any other previous financial year or years;
b) If our Company has incurred any loss in any previous financial year or years the amount of loss or any amount which is equal to the amount provided for depreciation for that year or these years whichever is less shall be set off against the profits of our Company for the years for which the dividend is provided to be declared or paid or against the profits of our Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of Sub-section (2) of Section 205 of the Act or against both.

Provided further that, no dividend shall be declared or paid for any financial year out of the profits of our Company for the year arrived at after providing for depreciation as above, except after the transfer to the reserves of our Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section."

Dividends not be bear interest

Article 174 provides that "Where Capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits."

Capitalisation of Profits

Article 184 provides that "Subject to the approval of the President of India as per the provisions of Article 150:

a) Our Company in General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of our Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account, or in the hands of our Company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the Share Premium Account) be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in lull either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of our Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares or debentures or debentures stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum, provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article only be applied in the paying of any unissued shares to be issued to members of our Company as fully paid bonus shares.

b) A General Meeting may resolve that any surplus moneys arising from the realisation of any capital assets of our Company, or in investments representing the same, or any other undistributed profit of our Company not subject to charge for income tax be distributed among the members on the footing that they receive the same as capital.

c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any members upon the footing of the value so fixed or that fraction of less value than Rs. 10/- may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the person entitled to the dividend or capitalised fund as may seem expedient to the Board- Where requisite a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Companies Act, 1956, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.

Division of assets of our Company in specie among Members

Article 200 provides that "Subject to the approval of the President of India as per the provisions of Articles 150, The Liquidator on any winding up (whether voluntary under supervision or compulsory) may, with the sanction of a Special Resolution, but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of our Company and may with the like sanction, vest any part of the assets of our Company in trustees upon such trust for the benefit of the contributories as the liquidator, with the like sanction, shall think fit."

Director's and others' right to indemnity

Article 201 provides that "Subject to the provisions of Section 201 of the Act every Director, Managing Director, Manager and other officer or servant or agent or our Company shall be indemnified by our Company against and it shall be the duty of the Board to pay, out of the funds of our Company all cost, losses, damages and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or act or thing done by him as such Director, Managing Director, Manager, or other Officer or servant or in any way in the discharge of his duties including travelling expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, Managing Director, Manager, or other Officer, or servant in defending any proceedings whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Act in which relief is granted by the Court"

Secrecy

Article 203 provides that

a) "Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, agent, accountant or other person employed in the business of our Company shall, if so required by the Directors, before entering upon his duties sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of our Company with the customers and the state of the accounts with individuals and in the matter relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

b) No Member shall be entitled to visit or inspect any works of our Company without the permission of the

Directors or to require discovery of or any information respecting any details of our Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter, which may relate to the conduct of the business or in the opinion of the Directors, it would be inexpedient in the interest of our Company to disclose."

SECTION IX - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which are or may be deemed material have been entered into or will be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Red Herring Prospectus) will be attached to the copy of the Red Herring Prospectus to be delivered to the RoC for registration. Copies of these documents will be available for inspection at the Registered Office, from 10.00 am to 4.00 pm on all working days from the date of filing of the Red Herring Prospectus delivered to the RoC for registration until the Bid Closing Date.

Material Contracts to the Issue

1. Engagement Letter dated August 30, 2010 between our Company, the Selling Shareholder and the BRLMs.
2. Issue Agreement dated October 12, 2010 among our Company, the Selling Shareholder and the BRLMs.
3. Memorandum of Understanding dated October 11, 2010 executed by our Company, the Selling Shareholder and the Registrar to the Issue.
4. Escrow Agreement dated [●] among our Company, the Selling Shareholder, the BRLMs, the Escrow Collection Banks and the Registrar to the Issue.
5. Syndicate Agreement dated [●] among our Company, the Selling Shareholder, the BRLMs and the Syndicate Members.
6. Underwriting Agreement dated [●] among our Company, the Selling Shareholder, the BRLMs, the Syndicate Members and the Registrar to the Issue.

Material Documents

1. Our Memorandum and Articles of Association, as amended until date.
2. Fresh certificate of incorporation dated October 21, 1961.
3. The Ministry of Shipping letter (no. SS-11036/37/2009-SY-II)) dated October 11, 2010 granted by the Government approving the Issue.
4. Board resolution and shareholders' resolution of our Company dated August 11, 2010 and September 29, 2010, respectively, authorizing the Issue and other related matters.
5. Form 23 filed with the RoC for registration of shareholders' resolution authorizing the Issue.
6. Form 5 filed with the RoC for increase in authorized share capital of our Company on July 21, 2010.
7. Form 23 filed with the RoC for registration of resolution for increase in authorized capital of our Company on July 21, 2010.
8. Report of the Auditors dated November 15, 2010 prepared as per Indian GAAP and mentioned in "Financial Statements" beginning on page 126.
9. Copies of annual reports of our Company for the last five fiscal years.
10. The statement of tax benefit report dated October 11, 2010 prepared by the Auditors as mentioned in "Statement of Tax Benefits" beginning on page 42.
11. Consent of the Auditors for inclusion of their report on accounts in the form and context in which they appear in this Red Herring Prospectus.
12. Certificate dated November 9, 2010 issued by the Auditors on 'Cash and Bank Balances with the Company' in relation to the funding arrangement for objects of the Issue.
13. In-principle letter no. IBG/MB/S-109/557 dated October 08, 2010 from State Bank of India towards the debt requirement for the acquisition of the nine vessels mentioned in "Objects of the Issue" beginning on page 34.

14. Consents of Bankers to our Company, BRLMs, Syndicate Member, Registrar to the Issue, Bankers to the Issue, Monitoring Agency, legal counsels, Directors of our Company, Company Secretary and Compliance Officer, as referred to acting, in their respective capacities.
15. In-principle listing approvals dated October 20, 2010 and October 19, 2010 from BSE and NSE, respectively.
16. Tripartite Agreement dated January 4, 2000 among our Company, NSDL and the Sharepro Services India Private Limited.
17. Tripartite Agreement dated January 31, 2000 among our Company, CDSL and the Sharepro Services India Private Limited.
18. SEBI observation letter no. CFD/DIL/ISSUES/SP/SM/OW/26396/2010 dated November 11, 2010 and in-seriatim reply to the same dated November 15, 2010.
19. Due diligence certificates dated October 12, 2010 and November [•], 2010 (to be submitted after receipt of RoC approval) to SEBI from the BRLMs.
20. Approval of the RBI for the transfer of 42,345,365 Equity Shares of our Company in favor of residents outside India in the Offer for Sale, by letter (F.E.CO.FID No.11206/10.21.219/2010-11) dated November 4, 2010.
21. Letter dated November 16, 2010 of Mrs. Amita Paunikar, Power of Attorney holder, concerning non-compliance of filing of statutory returns by one of companies in which S.C. Tripathi is a director.

Material Agreements

1. Shareholders agreement dated June 14, 2006 between our Company, Forbes Gokak Limited and Sterling Investment Corporation Private Limited.
2. Shareholders Agreement dated March 26, 2004 between our Company, Mitsui OSK Lines Limited, Nippon Yusen Kabushiki Kaisha, Qatar Shipping Company QSC and Kawasaki Kisen Kaisha Limited.
3. Shareholders Agreement dated February 21, 2006 between our Company, Mitsui OSK Lines Limited, Nippon Yusen Kabushiki Kaisha, Kawasaki Kisen Kaisha Limited, Qatar Gas Transport Company Limited and Petronet LNG Limited.
4. Joint Venture Agreement dated March 29, 2010 between our Company and Steel Authority of India Limited.
5. Memorandum of Agreement dated December 11, 1974 between our Company and Arya National Shipping Lines, Iran.
6. Memorandum of Understanding for the year 2010-2011 between our Company and the Ministry of Shipping, Government of India.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We certify that all relevant provisions of the Companies Act and the guidelines issued by the Government or the regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SEBI Act or the rules made thereunder or regulations issued, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

S. Hajara

Vijay Chhibber

Rajeev Gupta

J. N. Das

Rear Admiral (Retd.) T. S. Ganeshan

Kailash Gupta

Sushil Khanna

B. K. Mandal

Nasser Munjee

Capt. K. S. Nair

Arun Ramanathan

U. Sundararajan

S. C. Tripathi

Arun Kumar Verma

A.K. Gupta

S.K. Roongta

Date: November 16, 2010

Place: Mumbai

DECLARATION

We, the Selling Shareholder, certify that the statements made by the Selling Shareholder in this Red Herring Prospectus about or in relation to the Selling Shareholder and the Equity Shares being offered pursuant to the Offer for Sale are true and correct.

Signed by the Selling Shareholder

____
Name:
Designation:
On behalf of the President of India, acting through the Ministry of Shipping, Government of India