

ANNEXURE - 1

Details of tax on Indian Shipping Lines Chapter 3 - Para No. 3.1.1 (i)

Sl. No.	Type of taxes	Tax effect (per cent) FY 2009-10	Tax effect (per cent) FY 2009-10	Exemption in other Countries
1	Corporate Income Tax on other income	33.99	33.22	United Kingdom, Singapore and Germany
2	Minimum Alternate Tax on profit/loss on sale of assets	17.00	19.93	United Kingdom, Singapore, Germany and Ireland
3	Dividend Distribution Tax	17.00	16.61	United Kingdom, Singapore, Ireland, Netherlands, Germany and Australia
4	Fringe Benefit Tax			Since withdrawn
5	Withholding tax liability on interest paid to foreign lenders	10.00	10.00	Netherlands and Germany
6	Withholding tax liability on charter hire charges paid to foreign ship owners	10.00	10.00	Singapore and Netherlands
7	Seafarers' taxation	0-34	0-34	Singapore
8	Wealth tax	Applicable Slab Rates	Applicable slab rates	United Kingdom, Netherlands and Germany
9	Sales tax/Value Added Tax on ship supplies	4-12.5	4-12.5	Germany and Netherlands
10	Lease tax on charter hire charges	4-12.5	4-12.5	Germany and Netherlands
11	Customs duty on stores, spares and bunkers	30-40	30-40	United Kingdom
12	Service tax	10.30	10.30	United Kingdom, Ireland, Singapore and Australia

ANNEXURE - 2

Detailed working of increase in cost of ₹ 2105.81 crore Referred to in Chapter 4, Para 4.2.1 (a)

Name of the Project	Original proposal		Final proposal		Overrun at estimated cost	
	Date of Board Approval	Amount*	Date of Contract	Amount**	In months	Amount
2 Very Large Crude Carriers	27.07.04	791.00	28.10.05	1196.79	15.27	405.79 (51.30%)
2 Container Vessels	31.01.05	477.00	14.11.06	568.02	21.73	91.02 (19.08%)
6 Long Range I Tankers	31.01.05	972.00	27.10.06	1705.68	21.13	733.68 (75.48%)
4 Aframax Tankers	30.07.05	1091.20	10.08.07	1168.42	24.70	77.22 (7.08%)
2 Long Range II Tankers	27.01.06	528.00	10.08.07	594.26	18.67	66.26 (12.55)
6 Handymax Bulk Carriers	31.01.05	702.00	04.12.07	1105.35	34.57	403.35 (57.45)
4 Panamax Bulk Carriers	30.07.05	633.60	13.08.08	962.09	37.00	328.49 (51.84%)
Total		5194.8		7300.61		2105.81

Note : * calculated at the exchange rate on the date of Board Approval

** calculated at the exchange rate on the date of contract signed

ANNEXURE - 3

Details of charter hire rates for VLCCs (Referred to in para 5.1.3(b))

Name of the VLCC	Date of entering the market	Period*	Charter hire rate fixed (US\$ per day)	Market rate (as reported by Clarkson)	Ministry's reply	Further remarks of audit
Desh Vishal (June 2009 built)	24.02.09	For 3 months 9 months 3 months 3 months	33600 34350 35750 36750	Report dated 27.03.2009 One double hull 2007 built VLCC was fixed for one year at US \$ 60000 per day on 5 February 2009.	The vessel was fixed for US \$ 60000 per day in continuation of the existing fixture. The vessel was entered in the market in February 2009 although the vessel was scheduled for delivery in June 2009. Charter hire rates fixed for some fixtures during April – May 2009 ranged from US \$ 35000 to US \$ 37500 per day and fixtures were for storage purpose also.	The fixture reported by audit was based on the Clarkson Shipping Intelligence Weekly and the context in which the vessels fixed was not indicated therein. Apart from the fixtures indicated, there were other fixtures as detailed below (i) One more double hull 2006 built VLCC was fixed for six months at US \$ 57000 per day. (ii) Another double hull 1999 built VLCC was fixed for six months at US \$ 62000 per day.
Desh Virat (October 2008 built)	11.08.09	For 6 months 3 months 3 months	33750 34750 35750	Report dated 28.08.2009 One double hull 2009 built VLCC was fixed for 6 – 12 months at US \$ 36000 per day on 5 August 2009	The fixture at US \$ 36200 was for three years and SCI was not in the market for long term fixtures as the market was on the downside.	m.t. Desh Vaibhav was entered in the market by the Company on 8 September 2009 and fixed for three years. Hence, the contention that the company was not in the market for long term fixture was not correct. Further, another double hull 2000 built VLCC was fixed for three years at US \$ 36200 per day on 23 July 2009.
Desh Vaibhav (August 2005 built)	08.09.09	For three years from 02.12.09 onwards.	30000 / 32250 / 34500 for 12 months each	-do-	The fixture reported at US \$ 36000 was for a new built vessel for utilisation as gas oil storage. Crude oil tankers can carry gas oil only during their maiden voyage and once a dirty crude oil was loaded the vessel was no longer suitable for loading gas oil.	As stated above a double hull 2000 built VLCC was fixed for three years at US \$ 36200 per day on 23 July 2009.
Desh Ujala (January 2005 built)	06.10.09	For two years from 05.02.10 onwards.	30000 for 12 months and 32000 for 12 months	Report dated 4.12.09 One double hull 2001 built VLCC was fixed for 2 years at a charter hire rate of US \$ 40000 per day on 29 September 2009.	The vessel reported by audit was capable of carrying nearly 2 million barrels without requirement of lightening, navigation and cargo systems designed with redundancy i.e. the vessel has two independent systems for propulsion, navigation and cargo such that if one fails the other can take over. With such advanced design the vessel presumably must have been very expensive	Apart from the one case reported by audit there were two more fixtures as detailed below. (i) One double hull VLCC was fixed for three years at a charter hire rate of US \$ 34000 per day. (ii) Another double hull 2006 built VLCC was fixed for six months at a charter hire rate of US \$ 37500 per day.

(*In all the cases, the charter has the option to continue with the agreed rates after the primary period is over)

ANNEXURE - 4**Details of inchartered vessels
Chapter 5-Para No.5.2)**

Name of the vessel	Period from	Period to	Total duration of hire (days)	Character hire rate (US \$ per day)	Total charter hire paid (in lakh US \$)
SCI Vijay	27 October 2005	31 March 2010	1616	30000	484.80
SCI Trust	7 July 2006	7 January 2010	1280	22250	284.80
SCI Diya	1 October 2006	18 December 2008	809	26000	210.34
SCI Kiran	27 November 2006	10 February 2009	806	22000	177.32
SCI Jyoti	20 December 2006	5 October 2009	1020	22000	224.40
SCI Mahima	14 August 2004	31 August 2007	1112	24875	276.61
Total					1658.27

(₹746.22 crore @ exchange rate of US\$ 45)

ANNEXURE - 5

Statement showing details of vessels selected for audit (Referred to in Para No.5.4)

(₹ in crore)

Vessel Name	Year of dry dock	No. of yard short-listed	No. of offers received	Lowest Bidder/ Name of the Ship Yard Place	Quoted days	Actual Days	Difference in Days	Budget Cost	Quoted Cost	Billed Cost	Settled Cost	% of reduction
M V Ganga Sagar	2007-08	5	2	M/s Yiulian Shipyard, China	30	63	33	7.4	6.18	9.72	7.19	26.03
MV Lok Prakash	2007-08	8	3	M/s Yiulian Shipyard, China	28	60	32	6.2	6.16	10.08	6.11	39.38
MT Guru Govind Singh	2007-08	6	3	M/s Dubai Drydock Ltd., Dubai.	26	30	4	9	8.99	9.75	8.74	10.36
MT R N Tagore	2008-09	7	2	M/s Colombo Dockyard PLC, Colombo	25	36	11	6.5	5.97	8.57	6.36	25.86
MT Motilal Nehru	2008-09	7	1	M/s Colombo Dockyard PLC, Colombo	26	33	7	7.5	7.49	12.32	8.25	33.06
MT B C CHaterjee	2008-09	7	2	M/s Colombo Dockyard PLC, Colombo	24	30	6	6	5.94	8.42	5.94	29.45
MT Bharatidasan	2009-10	7	3	M/s Colombo Dockyard PLC, Colombo	30	43	13	12.45	12.24	16.03	13.59	15.22
MT Desh Shakti	2009-10	4	2	M/s Arab Shipbuilding and Repair, Bahrain	25	48	23	7.3	6.84	6.02	4.74	21.26
MT Maharshi Karve	2009-10	7	1	M/s Colombo Dockyard PLC, Colombo	30	50	20	11.2	10.79	14.17	10.78	23.92
Total					244	393	149	73.55	70.60	95.08	71.70	24.59