



Vadinar Port



Hazira Port



MT Smiti



Essar Wildcat

Essar Shipping Ports & Logistics Limited

BOARD OF DIRECTORS

Shashi Ruia

Chairman

Anshuman Ruia

Director

Sanjay Mehta

Managing Director

Rajiv Agarwal

Wholetime Director

A. R. Ramakrishnan

Wholetime Director

V. Ashok

Wholetime Director

R. N. Bansal

Independent Director

N. Srinivasan

Independent Director

K. V. Krishnamurthy

Independent Director

Dilip J. Thakkar

Independent Director

S. V. Venkatesan

Independent Director

Deepak Kumar Varma

Independent Director

COMPANY SECRETARY

Manoj Contractor

AUDITORS

Deloitte Haskins & Sells

REGISTERED OFFICE

Administrative Building
Essar Refinery Complex
Okha Highway (SH-25)
Taluka Khambalia
District Jamnagar, Gujarat 361 305

REGISTRAR & TRANSFER AGENT

Data Software Research Company Private Limited
“Sree Sovereign Complex”
22, 4th Cross Street, Trustpuram
Kodambakkam, Chennai 600 024
e-mail: dsr cmd@vsnl.com

AUDIT COMMITTEE

Anshuman Ruia
R. N. Bansal
N. Srinivasan
S. V. Venkatesan

SHAREHOLDERS' GRIEVANCE COMMITTEE

Anshuman Ruia
Rajiv Agarwal
A. R. Ramakrishnan
V. Ashok
R. N. Bansal
K. V. Krishnamurthy

SHARE TRANSFER COMMITTEE

Rajiv Agarwal
A. R. Ramakrishnan
V. Ashok

COMPENSATION COMMITTEE

Shashi Ruia
Anshuman Ruia
R. N. Bansal

CORPORATE OFFICE

Essar House
11, Keshavrao Khadye Marg
Mahalaxmi, Mumbai 400 034

NOTICE

Notice is hereby given that the Thirty-fourth Annual General Meeting of the Members of Essar Shipping Ports & Logistics Limited will be held at the Registered Office of the Company at Administrative Building, Essar Refinery Complex, Okha Highway (SH-25), Taluka Khambalia, District Jamnagar, Gujarat 361 305 at 3.00 p.m. on Saturday, July 24, 2010, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended March 31, 2010, and the Audited Balance Sheet as on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. N. Ruia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. V. Ashok, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. N. Srinivasan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. K. V. Krishnamurthy, who retires by rotation and being eligible, offers himself for re-appointment.
6. To re-appoint Messers. Deloitte Haskins & Sells, Chartered Accountants as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary resolution:
 - (a) "RESOLVED THAT Mr. Rajiv Agarwal, who was appointed as an Additional Director by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company liable to retire by rotation."
 - (b) "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approval from the Central Government or any other

authority, as may be required, consent of the Company be and is hereby accorded to the appointment of Mr. Rajiv Agarwal as the Wholetime Director of the Company for a period of three years commencing from May 27, 2010 to be designated as Managing Director with effect from July 24, 2010 on the terms and conditions including remuneration as set out in the Explanatory statement annexed to the notice convening this meeting with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration/ Compensation Committee of the Board) to alter and vary the terms and conditions of the said appointment, as may be agreed to between the Board and Mr. Rajiv Agarwal."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force), enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and in accordance with the guidelines issued by the Government of India (GOI), the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI) and/or any other competent authorities and clarifications thereof, issued from time to time, the applicable provisions of Foreign Exchange Management Act, 1999 ("FEMA"), Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 (FCCB Scheme) and subject to such approvals, permissions, consents and sanctions, as may be necessary from the GOI, RBI, SEBI and/or other competent authorities and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall include any committee constituted/ to be constituted by the Board for exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot (including with provisions for reservation on firm and/or competitive basis, for such part of issue and for such categories of persons including

employees of the Company as may be permitted), in one or more tranches, Equity Shares and/or Equity Shares through Global Depository Shares (GDSs) / Receipts (GDRs) and/or American Depository Receipts (ADRs) and/or Optionally/ Compulsorily Convertible / Foreign Currency Convertible Bonds (FCCBs) and/or Convertible Bonds, Convertible Debentures, fully or partly and/or any other instruments/ securities, convertible into or exchangeable with Equity Shares and/or securities convertible into Equity Shares at the option of the Company and/or the holder(s) of such securities and/or securities linked to Equity Shares and/or securities with or without detachable / non-detachable warrants and/or warrants with a right exercisable by the warrant holders to subscribe to Equity Shares and/or any instruments (hereinafter referred to as 'Securities' which terms shall include Equity Shares) or combination of Equity Shares or Securities, with or without premium as the Board may, at its sole discretion decide by way of one or more public and/or private offerings in domestic and/or one or more international market(s), with or without green shoe option and/or private placement or issue through Qualified Institutions Placement in accordance with the Guidelines for Qualified Institutions Placement prescribed under Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 or by any one or more or a combination of the above modes / methods or otherwise and at such time or kinds, with or without an over allotment offer, and in one or more tranches, aggregating to an amount not exceeding US\$ 500,000,000 (United States Dollar Five Hundred Million only) or in equivalent Indian Rupees to Domestic / Foreign Investors / Qualified Institutional Buyers / Institutional Investors / Foreign Institutional Investors / Members / Employees / Non-Resident Indians / Companies / Bodies Corporate / Trusts / Mutual Funds / Banks / Financial Institutions / Insurance Companies / Promotor Companies / Pension Funds / Individuals or otherwise, whether shareholders of the Company or not and on such terms and conditions, as the Board may, at its sole discretion, at any time hereinafter decide."

"RESOLVED FURTHER THAT in case of any Equity Linked Issue / Offering of Securities, the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion, exchange, redemption or cancellation of any such Securities."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board, in consultation with Lead Managers, Underwriters, Advisors, Merchant Bankers and/or other persons as appointed by the Company, be and is hereby authorised to finalise the timing of the issue(s) / offering(s), including the investors to whom Equity Shares / Securities are to be allotted and accept any modifications to the terms of the issue as may be required and any other matter in connection with or incidental to the issue."

"RESOLVED FURTHER THAT the Company and/or any entity, agency or body, authorised and/or appointed by the

Company, may issue Depository Receipts representing the underlying Securities issued by the Company in negotiable, registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability and free transferability thereof as per international practices and regulations (including listing on one or more stock exchange(s) in or outside India) and under the forms and practices prevalent in the international market."

"RESOLVED FURTHER THAT :

- i. The equity shares issued and allotted directly or upon conversion, exchange, redemption or cancellation of other Securities when fully paid up, shall rank pari-passu with the existing equity shares of the Company;
- ii. The Relevant Date for determining the pricing of the Securities (whether on Qualified Institutions Placement to QIBs as per provisions of Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 or issue of equity shares underlying the GDSs / GDRs / ADRs or Securities issued on conversion of FCCBs) is the date of the meeting in which the Board decides to open the proposed issue or such date as may be notified by SEBI or RBI from time to time;
- iii. For the purpose of giving effect to this resolution the Board be and is hereby authorised to do all such acts, deeds, matters and things as the Board may in its absolute discretion consider necessary, proper, expedient, desirable or appropriate for making the said issue as aforesaid and to settle any question, query, doubt or difficulty that may arise in this regard including the power to allot under subscribed portion, if any, in such manner and to such person(s) as the Board may deem fit and proper in its absolute discretion to be most beneficial to the Company."

"RESOLVD FURTHER THAT such of these Securities to be issued, which are not subscribed, may be disposed off by the Board in such manner and on such terms including offering/placing them with Banks / Financial Institutions / Mutual Funds or otherwise as the Board may deem fit and proper in its absolute discretion."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred on it by this resolution, to any Committee or Director(s) or any person or persons, as it may in its absolute discretion deem fit in order to give effect to this resolution."

By Order of the Board

MANOJ CONTRACTOR
Company Secretary

Mumbai
May 27, 2010

Registered Office:
Administrative Building
Essar Refinery Complex, Okha Highway (SH – 25)
Taluka Khambalia, Dist. Jamnagar 361 305
Gujarat

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself on a poll. The proxy need not be a Member of the Company. Proxy forms in order to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
2. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, July 19, 2010 to Saturday, July 24, 2010, both days inclusive.
4. The members are requested to immediately notify, in their own interest, the change in their mailing address to the Company's Registrar and Share Transfer Agent, Data Software Research Company Private Limited, "Sree Sovereign Complex", 22, 4th Cross Street, Trustpuram, Kodambakkam, Chennai 600 024, Tel: 91-44-24801664, Fax: 91-44-24834636.
5. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the Share Certificates for consolidating their holdings in one folio. Members are further advised to hold the shares in dematerialised form, as the trading of the shares on Bombay Stock Exchange and National Stock Exchange where the shares of your Company are listed is in compulsory demat mode.
6. Members are informed that in case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. In terms of Section 109A of the Companies Act, 1956, members are entitled to make nomination in respect of shares held by them in physical form. Members desirous of making nominations are requested to send their requests in Form 2B, in duplicate, to the Secretarial Department at the Registered Office of the Company or to the Registrar and Share Transfer Agent – Data Software Research Company Private Limited.
8. Members desiring any information regarding the accounts are requested to write to the Company at "Essar House", 11, Keshavrao Khadye Marg, Mahalaxmi, Mumbai 400 034 atleast 10 days before the date of the meeting to enable the Company to keep the information ready.
9. Appointment/Re-appointment of Directors:
At the ensuing Annual General Meeting, Mr. S. N. Ruia, Mr. V. Ashok, Mr. N. Srinivasan and Mr. K. V. Krishnamurthy retire by rotation and being eligible offer themselves for re-appointment and Mr. Rajiv Agarwal is being appointed as a Director designated as Managing

Director. The information pertaining to the aforesaid Directors in terms of Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto.

10. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.

ANNEXURE TO NOTICE:

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 7 (a) and (b)

Mr. Rajiv Agarwal was appointed as an Additional Director in the wholetime employment of the Company with effect from May 27, 2010, for a period of three years, to be designated as Managing Director effective July 24, 2010 being the date of the Annual General Meeting. In terms of Section 260 of the Companies Act, 1956 and in accordance with Article 73 of the Articles of Association of the Company, Mr. Agarwal holds office upto the date of ensuing Annual General Meeting.

Mr. Agarwal aged 46 years is a Chartered Accountant, Cost and Works Accountant and Company Secretary by qualification with over twenty five years of rich and varied experience in industries like Retail, BPO, Telecom, Manmade fibres, Shipping and Logistics etc., and has successfully led businesses as CEO since 1992, mainly in telecom services and shipping, logistics and ports sectors.

Mr. Agarwal has been associated with the Essar Group since 1997. In his previous assignments with the group, Mr. Agarwal has held various senior management positions as the CEO and Director of The Mobile Store Limited and is credited with creating a well recognised and strong Indian Telecom Brand in just two years. Prior to this Mr. Agarwal was associated with Telecom Towers and Infrastructure Limited as Director and established the business model for the industry, which today is valued at about USD 500 million. He has also served as Director of Aegis Communications, a startup venture in BPO, which has scaled up to be the 5th largest BPO in the country. He was also the Executive Director of Essar Shipping Limited from 1998-02.

Prior to joining the Essar Group Mr. Agarwal was the CEO and Director of IndoRama Textiles Limited, Joint Managing Director of Modi Korea Telecom during 1994-97 and Chief Executive Officer of Modi Champion during 1992-94.

Mr. Agarwal has won a series of accolades and awards including CEO of the Year Award – 2009 Asia Retail Congress, Retail Professional of the Year:2008 at Franchise India and Best Retailer in Telecom Segment – over two years in India Retail Forum.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956, with requisite deposit proposing the name of Mr. Agarwal as a candidate for the office of Director of the Company.

The gist of material terms relating to his appointment are as follows:

- (a) Period of Appointment : three years from May 27, 2010.
- (b) In consideration of his duties, Mr. Agarwal shall be paid the following remuneration:

1. Remuneration :

Basic salary in the range of Rs.5,00,000/- to Rs.10,00,000/- per month, as may be determined by the Board of Directors or such other authority as may be delegated by the Board.

In addition to the Basic Salary, Mr. Agarwal shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses/ allowances for utilisation of gas, electricity, water, furnishing and repairs, medical reimbursement, education allowance, leave travel concession for self and his family including dependents, club fees, premium for medical insurance, commission and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors or such other authority as may be delegated by the Board of Directors from time to time upto the limit of Rs.23,50,000/- per month. As per the rules of the Company, Mr. Agarwal will be eligible for Provident Fund, Gratuity and Superannuation, which payments shall not be included for the purpose of calculation of the Managerial Remuneration.

2. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of tenure of Mr. Agarwal, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above subject to compliance with the applicable provisions of Schedule XIII to the Act, if and to the extent necessary, with the approval of the Central Government.

- (c) Mr. Agarwal shall not be paid any sitting fees for attending the meetings of the Board or any Committee(s) thereof.
- (d) Mr. Agarwal shall be bound by the non-compete and confidentiality provisions as applicable to the members of the Board.
- (e) Either party shall be entitled to terminate the employment by giving not less than three calendar months prior notice in writing in that behalf to the other party, provided that the Company shall be entitled to terminate Mr. Agarwal's employment at any time by payment to him of three months basic salary in lieu of such notice.

The above may be treated as an abstract of the agreement between the Company and Mr. Agarwal pursuant to Section 302 of the Companies Act, 1956.

The Board is of the opinion that the appointment of Mr. Agarwal would be in the best interest of the Company. The Board accordingly recommends the resolutions at Item Nos. 7(a) and (b) of the accompanying notice for your approval.

None of the Directors other than Mr. Agarwal are concerned

or interested in the resolution at Item Nos. 7(a) and (b) of the accompanying Notice.

Item No. 8.

Your Company has made considerable investments in the ports & terminals, oilfields services and sea transportation and surface logistics business and is further expanding its operations in these businesses. The capex plan includes the following projects:

Ports & Terminals

- Expansion of the terminal at Vadinar from 46 metric tons per annum (mtpa) to 53 mtpa under Vadinar Ports & Terminals Limited.
- Expansion of the terminal at Hazira under Essar Bulk Terminal Limited.
- Setting up of 20 mtpa terminal at Salaya under Essar Bulk Terminal (Salaya) Limited.
- Setting up of 14 mtpa coal terminal and mechanisation of 16 mtpa iron ore terminal at Paradip.

Oilfields Services

- Two new building Jack Up rigs.

Sea Transportation

- Six new building supramax dry bulk carriers.
- Six new building mini cape dry bulk carriers.

Execution of the aforementioned projects require considerable amount of equity. In order to meet the funding needs for the expansions plans mentioned above, including but not limited to meeting the equity needs of the Company for further organic and inorganic expansions and also to consider reducing the debt, the Company is proposing to raise fresh capital by issuance of either Equity Shares and/or Global Depository Receipts (GDRs), Foreign Currency Convertible Bonds (FCCBs) or any other security ("Securities") of the Company either by way of a public issue or a private placement (including a Qualified Institutions Placement in accordance with Chapter XIII-A of the Securities & Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000).

The detailed terms and conditions for the issue / offering will be determined in consultation with the lead managers, consultants, advisors and/or such other intermediaries as may be appointed for the issue / offer. Wherever necessary and applicable, the pricing of the issue / offer will be finalised in accordance with applicable guidelines in force, of the Government of India, Securities & Exchange Board of India, Reserve Bank of India and other appropriate authorities.

The size of any of the above issue / offering of Securities is proposed to be upto an aggregate amount not exceeding US\$ 500,000,000 (United States Dollars Five Hundred Million) or equivalent amount in Indian currency (inclusive of such premium as may be determined).

The Securities issued pursuant to the issue / offering may be listed on the Indian stock exchange(s) and/or internationally recognised stock exchange(s).

Section 81 of the Companies Act, 1956 provides, inter alia, that whenever the Company proposes to increase its subscribed capital by further issue / offer and allotment of shares, such shares shall be offered to the existing members of the Company in the manner laid down in the said Section, unless the members decide otherwise by a special resolution.

Accordingly, the consent of the members is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement(s) executed by the Company with the stock exchange(s), authorising the Board of Directors and/or a Committee thereof to issue the Securities, as stated in the resolution, which would result in issuance of shares of the Company to persons other than the existing members of the Company.

None of the Directors of the Company is in any way concerned or interested in the proposed resolution. The Board recommends the Special Resolution at Item No. 8 of the accompanying notice for approval by the members.

By Order of the Board

MANOJ CONTRACTOR
Company Secretary

Mumbai
May 27, 2010

Registered Office:

Administrative Building
Essar Refinery Complex
Okha Highway (SH – 25)
Taluka Khambalia
Dist. Jamnagar 361 305
Gujarat

Details of Directors seeking re-appointment at the Thirty-Fourth Annual General Meeting in pursuance of Clause 49 of the Listing Agreement.

Mr. Shashi Ruia

Mr. Shashi Ruia, Chairman, Essar Group, is a first generation entrepreneur industrialist. He has made invaluable contributions towards strengthening the core and infrastructure sectors in India and has steered the Essar Group to a premier position both domestically and globally.

Mr. Ruia began his career in the family business in 1965 under the guidance of his father, the late Mr. Nand Kishore Ruia. Mr. Shashi Ruia was instrumental in Essar's foray into businesses that were the domain of multinational giants or Indian public sector units: shipping, marine construction, steel, power, telecom, offshore engineering and oil exploration. Mr. Ruia's vision saw the Essar Group gain a first mover advantage in many of these businesses.

Mr. Ruia has masterminded the group's business strategy and consolidated a range of activities through backward and forward integration. This has enabled the group unleash unique synergies across its businesses.

Mr. Ruia is on several important national bodies and industry associations. He was on the managing committee of the Federation of Indian Chambers of Commerce and Industry (FICCI), an apex body of India's trade and business associations. He has also been the chairman of the prestigious Indo-US Joint Business Council and is a former president of the Indian National Shipowners' Association (INSA).

Mr. Ruia is also a Director on the Board of various other Indian companies viz., Essar Steel Limited, Essar Power Limited, Asia Motorworks Limited, Essar Projects (India) Limited, Essar Oil Limited and India Securities Limited.

Mr. Ruia does not hold any shares in the Company.

Mr. V. Ashok

Mr. V. Ashok is a Commerce graduate and a Chartered Accountant by profession. He has over twenty-five years experience in the fields of finance, commerce, accounts and general business.

Mr. Ashok has been with Essar Group since 1997 and is currently a Wholtime Director of Essar Shipping Ports & Logistics Limited. During his tenure with the Company, he has handled the treasury, working capital and long-term finance portfolio of the Company. Prior to joining Essar, Mr. Ashok was Financial Controller at Majan Glass Company SAOG, Muscat with responsibility of managing the finance, accounts and commercial functions including cost control and budgeting.

Mr. Ashok is also a Director on the Board of various other Indian companies viz., Vadinar Oil Terminal Limited, Vadinar Ports & Terminals Limited, Essar Bulk Terminal Limited, Essar Bulk Terminal (Salaya) Limited, Essar Bulk Terminal Paradip Limited, Essar Logistics Limited, Essar Dredging Limited, Essar Oilfield Services India Limited, Essar Ports & Terminals Limited, Essar Paradip Terminals Limited and Adel Shipping & Logistics Limited.

Mr. Ashok is a member of the Audit Committee of Essar Logistics Limited, Essar Bulk Terminal Limited, Vadinar Oil Terminal Limited, Vadinar Ports & Terminals Limited and Essar Oilfield Services India Limited.

Mr. Ashok does not hold any shares in the Company.

Mr. N. Srinivasan

Mr. N. Srinivasan joined the Board of Directors on April 28, 2005. He has been a member of the Institute of Chartered Accountants of India since 1955. Mr. Srinivasan was a senior partner in Fraser & Ross / Deloitte Haskins & Sells and has had a close association with the development of the accounting profession in India. He was Chairman of the Southern Indian Regional Council and a Central Council Member of the Institute of Chartered Accountants.

Mr. Srinivasan is also a Director on the Board of various other Indian companies viz., United Breweries (Holdings) Limited, UB Engineering Limited, Mcdowell Holdings Limited, India Cements Limited, India Cements Capital Limited, Tractors & Farm Equipments Limited, The Andhra Pradesh Paper Mills Limited, Amco Batteries Limited, The United Nilgiri Tea Estates Company Limited, GATI Limited, Ador Fontech Limited, Tafe Motors and Tractors Limited, Best & Crompton Engineering Limited, Redington (India) Limited, SCM Microsystems (I) Pvt. Ltd.(Alternate Director) and UT Worldwide (I) Pvt. Ltd. (Alternate Director).

Mr. Srinivasan is a Chairman of the Audit Committee of UB Engineering Limited, GATI Limited and Tractors & Farm Equipments Limited and Investors' Grievance Committee of United Breweries (Holdings) Limited and Redington India Limited.

Apart from the Company, Mr. Srinivasan is also a member of the Audit Committee of India Cements Limited, India Cements Capital Limited, The Andhra Pradesh Paper Mills Limited and Investors' Grievance Committee of The United Nilgiri Tea Estates Company Limited.

Mr. Srinivasan does not hold any shares in the Company.

Mr. K. V. Krishnamurthy

Mr. K. V. Krishnamurthy, a Chartered Accountant by profession is a fellow member of the Indian Institute of Bankers and was a member of its Governing Board. He has over 33 years of experience in Public Sector Banking. His areas of specialisation include both domestic and international banking, treasury management, risk management, foreign exchange management and human resource management.

He is credited with the remarkable turnaround of both Bank of India and Syndicate Bank, leading nationalised banks. He has been the Chairman/Director of nationalised banks like Bank of India, Bank of Baroda, Syndicate Bank and other financial institutions like Indo Hong Kong International Finance Company Limited, Export Credit Guarantee Corporation of India and Agricultural Finance Corporation of India Limited.

Mr. Krishnamurthy is also a Director on the Board of various other Indian companies viz. Asset Reconstruction Company (India) Limited, Sundaram BNP Paribas Trustees Co. Limited, FCH Centrum Direct Limited, Essel Propack Limited, Borosil Glass Works Limited, Essar Steel Limited, Thirumalai Chemicals Limited, Centrum Capital Limited, VVF Industries Limited, Essar Oil Limited, Balan Foods Private Limited and Packaging India Private Limited.

Mr. Krishnamurthy is a Chairman of the Audit Committee of Borosil Glass Works Limited, VVF Industries Limited and Centrum Capital Limited.

Mr. Krishnamurthy is also a member of the Audit Committee of Asset Reconstruction Company (India) Limited, Sundaram BNP Paribas Trustees Co. Limited, Essel Propack Limited, Essar Steel Limited and Thirumalai Chemicals Limited.

Mr. Krishnamurthy does not hold any shares in the Company.

Mr. Rajiv Agarwal

Mr. Agarwal aged 46 years is a Chartered Accountant, Cost and Works Accountant and Company Secretary by qualification with over twenty five years of rich and varied experience in industries like Retail, BPO, Telecom, Manmade fibres, Shipping and Logistics etc., and has successfully led businesses as CEO since 1992, mainly in telecom services and shipping, logistics and ports sectors.

Mr. Agarwal has been associated with the Essar Group since 1997. In his previous assignments with the group, Mr. Agarwal has held various senior management positions as the CEO and Director of The Mobile Store Limited and is credited with creating a well recognised and strong Indian Telecom Brand in just two years. Prior to this Mr. Agarwal was associated with Telecom Towers and Infrastructure Limited as Director and established the business model for the industry, which today is valued at about USD 500 million. He has also served as Director of Aegis Communications, a startup venture in BPO, which has scaled up to be the 5th largest BPO in the country. He was also the Executive Director of Essar Shipping Limited from 1998-02.

Prior to joining the Essar Group Mr. Agarwal was the CEO and Director of IndoRama Textiles Limited, Joint Managing Director of Modi Korea Telecom during 1994-97 and Chief Executive Officer of Modi Champion during 1992-94.

Mr. Agarwal has won a series of accolades and awards including CEO of the Year Award – 2009 Asia Retail Congress, Retail Professional of the Year:2008 at Franchise India and Best Retailer in Telecom Segment – over two years in India Retail Forum.

Mr. Agarwal is also a Director on the Board of various other Indian companies viz. Essar Retail Holdings Limited, AMW Finance Limited, The MobileStore Services Private Limited and Essar Telecom Infrastructure Private Limited.

Mr. Agarwal does not hold any shares in the Company.

Persons constituting 'group' coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 for the purpose of interse transfer of shares of the Company under regulation 3(1)(e)(i) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997:

Sr.No.	Name of the Company
1.	Essar Investments Limited
2.	Teletch Investments (India) Limited
3.	Essar Global Limited
4.	Essar Shipping & Logistics Limited
5.	Essar Steel Limited

DIRECTORS' REPORT

To the Members of Essar Shipping Ports & Logistics Limited

Your Directors take pleasure in presenting the Thirty-fourth Annual Report of your Company together with Audited Accounts for the year ended March 31, 2010. Pursuant to the provisions of Section 219 of the Companies Act, 1956 and as permitted by the Securities and Exchange Board of India (SEBI), the abridged annual accounts of the Company are enclosed. Any member interested in obtaining a copy of the unabridged accounts may write to the Company Secretary at the Registered Office.

1. FINANCIAL RESULTS:

The summary of the standalone and consolidated financial results of your Company for the year ended March 31, 2010 are furnished below:

(Rs. in crore)

Particulars	Consolidated		Standalone	
	For the year ended 31.03.2010	For the year ended 31.03.2009	For the year ended 31.03.2010	For the Year ended 31.03.2009
Total Income	3,092.14	2,676.57	1,132.80	1,154.79
Total Expenditure	1,985.64	1,739.70	705.56	748.15
EBITDA	1,106.50	936.87	427.24	406.64
Less: Interest & Finance charges	537.35	434.80	218.69	129.22
Less: Provision for Depreciation	446.94	377.82	119.51	159.45
Profit before Tax	122.21	124.25	89.04	117.97
Less: Provision for Tax	27.01	47.05	(0.96)	10.31
Profit before Share of Minority Interest	95.20	77.20	90.00	107.66
Less: Share of Minority Interest (loss)	1.43	–	–	–
Profit after Tax	93.77	77.20	90.00	107.66

On a consolidated basis, during the year under review, your Company registered an increase of 16% in the Total Income and an increase of 18% in EBITDA as compared to the previous year. This increase in Total Income and EBITDA is largely attributed to the contribution by the Oilfields Services business.

On a standalone basis which is represented by the Sea Transportation Business, the revenues were consistent with last year, with an increase in EBITDA by 5%.

2. DIVIDEND

Your Company has consolidated the Ports and Terminals and Oilfield Services business and is currently expanding the capacities in these businesses which are highly capital intensive in nature. Some of these investments have already started generating cashflows. Expansion of capacities in these businesses along with the existing business of sea transportation and the various capital expenditure committed

require substantial resources. This necessitates the operating profits to be ploughed back towards capital expenditure. With a view to conserving resources for these requirements, your Directors have not recommended any dividend for the year ended March 31, 2010.

3. MANAGEMENT DISCUSSION & ANALYSIS

Overview of the World Economy

The world is gradually recovering from the shocks of the most severe recession in recent history. It was the first time since World War II that the global economy has substantially contracted when compared to previous years. The acute phase of the financial crisis has passed and a global economic recovery is underway. However, the recovery remains fragile and is expected to slowdown in the second half of 2010 as the growth impact of fiscal and monetary measures wane and the current inventory cycle runs its course. Economists believe that the baseline scenario for global growth would be 2.7 percent in 2010 and 3.2 percent in 2011. The world can be classified into slow growth economies like U.S.A, U.K and the rest of Europe who are grappling with huge fiscal deficits and significant debt, and faster growing Asian countries which have remained well insulated from the turmoil. The Euro zone is currently facing the possibility of sovereign defaults which has had a negative impact on the Euro; it has lost significant value against the US dollar. With a weakening currency and low growth prospects, the Euro zone is expected to grow at a very slow pace.

Overview of the Indian Economy

The Indian economy witnessed an average annual GDP growth of over 9% during the period from 2005-08. The global financial crisis contributed to the deceleration in annual GDP growth to 6.1% in 2009. India escaped the brunt of the global financial crisis because of its prudent banking regulations and a relatively low dependence on exports for growth. Domestic demand driven by purchases of consumer durables and automobiles has emerged as a key driver of the economy. During the slowdown, imports and exports were severely impacted. The Indian economy has bounced back, with industrial output improving every month. The government expects GDP growth to be over 8% in 2010 and above 9% from 2011 onwards.

The risks that India faces are more external in nature. The risk of the global economy experiencing a downturn, sovereign default or failure of banks threaten India's impressive growth rate. The fiscal deficit for 2009 was at 6.9% of GDP, which is a cause of concern for the economy. Improvement in this situation will allow better credit access to corporates as government borrowing will reduce.

YOUR COMPANY'S BUSINESS PERFORMANCE, OPPORTUNITIES AND OUTLOOK

The business model adopted by your Company is unique in nature with no peer group comparison. The business is based on the intrinsic and captive demand for transportation services and logistics & cargo handling infrastructure required by the steel, power generation and refining industry. With interests in

dry bulk ports and oil terminals, crude and dry bulk carriers, port to plant logistics and oilfield services, your Company continues to provide end-to-end logistics solutions to its customers in a very cost effective manner.

a) Ports & Terminal Business:

Consolidated cargo throughput at major ports in India grew by 5.7 percent in the current fiscal according to the latest data released by the Indian Ports Association. The country's 13 gateway ports, seven on the east and six on the west coast handled 560 million tons of cargo during 2009 compared to 530 million tons in the previous year and are expected to handle more than 600 million tons in the current year.

Your Company through its subsidiary Vadinar Oil Terminal Limited (VOTL) is operating the 46 million metric tons per annum (mmtpa) liquid terminal at Vadinar on the west coast of India. The expansion of the current capacity to 53 mmtpa is planned through another subsidiary Vadinar Ports & Terminals Limited (VPTL) which is scheduled for completion by April 2011. VPTL has already commissioned an evacuation jetty adjacent to the existing evacuation jetty of VOTL.

Your Company through its subsidiary Essar Bulk Terminal Limited (EBTL) commissioned its all weather deep draft dry bulk port of 30 million tons per annum (mtpa) capacity at Hazira on May 1, 2010. The expansion work at this port is currently underway and once completed the dry bulk port at Hazira will have an aggregate capacity of 50 mtpa.

Your Company through another subsidiary Essar Bulk Terminal (Salaya) Limited is setting up a dry bulk port facility at Salaya in Gujarat. The port will handle import of coal and export of pet coke.

In view of the tremendous long term opportunities provided by the Government of India to privatise ports, especially container terminals, your Company is actively pursuing development of Ports & Terminal projects through competitive bidding route or through joint ventures and strategic alliances.

Qualifying through a competitive bidding process, your Company has been awarded the bid to construct a 14 mtpa coal terminal on a Build, Operate and Transfer (BOT) basis by Paradip Port Trust. The project is being implemented by Essar Paradip Terminal Limited (EPTL), a subsidiary company. EPTL has been granted a 30 years concession by Paradip Port Trust for the said project and the construction is expected to commence soon.

b) Sea Transportation Business:

Existing forecasts suggest that the outlook for seaborne trade is uncertain and that challenging times lie ahead for shipping and international seaborne trade. While demand fell, the supply of new vessels continued to grow. As the world's shipping capacity continues to increase even during the current economic downturn, freight rates are expected to stagnate. Since the beginning of the economic crisis, numerous orders at the world's shipyards have been

cancelled. Shipbuilders have been spending more time on renegotiating existing contracts rather than receiving new enquiries or orders.

The dry bulk segment witnessed a marginal increase in seaborne trade of dry bulk commodities. Seaborne transport of iron ore, coking coal and steel products was largely driven by China. With the global economic recovery underway, demand for commodities has increased. This has resulted in freight rates bottoming out and stabilising. Uncertainty and volatility of the freight rates has been the highlight of the last year and is expected to continue this year too.

In the energy transportation segment, global oil consumption is expected to improve over the next few years. Increase in consumption has resulted in stabilisation of freight rates and the outlook for wet bulk is quite positive.

As per International Maritime Organisation (IMO) regulations, single-hull vessels have to be phased out by 2010. However, considering the economic constraints that developing countries could face in this exercise, countries were allowed to extend the phase-out up to 2015. India is one of the many countries that chose to extend the deadline. Many countries are expected to deny entry to single-hull vessels post the 2010 deadline. Due to this, a large number of single hull tankers have been/are in the process of being phased out and large tonnage of double hull tankers are expected to join the fleet in the next couple of years.

c) Oilfields Services Business:

Global demand for offshore services is likely to revive gradually in line with the positive outlook on crude. New supplies of assets are likely to peak in FY11. Hence, while demand for rig services will revive gradually, supply may keep rates tepid for some time.

Crude oil has a positive outlook due to the revival of the global economy. Crude demand is expected to grow at 1.6% for the next few years. Crude supply is likely to be supported by OPEC and Brazilian crude. The long-term price of crude is expected to be at USD 90 per barrel levels, which will encourage companies to increase their budgets towards new explorations.

The domestic offshore services sector is poised for significant growth on the back of development of India's relatively unexplored sedimentary basin, the New Exploration Licensing Policy (NELP) commitments, growing offshore crude/gas production and future monetisation of new discoveries in prospective basins like KG, Cambay, Mahanadi, etc. This is likely to be a catalyst for demand for offshore supply vessels, drilling units and construction services.

Essar Oilfields Services Limited (EOSL), a wholly owned subsidiary has successfully completed its maiden drilling contract with Gujarat State Petroleum Corporation Limited (GSPCL), for its Semi-submersible Rig, "Essar Wildcat". The Rig has now been deployed with Vietsovpetro JV, Vietnam. Of the twelve onshore rigs, seven are currently contracted with global energy majors. Your Company through another

subsidiary has also entered into an agreement to acquire two New Building Jack Up Rigs which are expected to be delivered during the next financial year.

d) Logistics Business:

Your Company through its wholly owned subsidiary Essar Logistics Limited (ELL) provides project cargo, transshipment, lighterage and trucking services to steel mills and oil refineries. ELL has made investments in acquiring assets for movement of project cargo.

5. RISK MANAGEMENT

Economic Risks: As a business philosophy, your Company has followed the conservative policy of entering into long term contracts with reputed global majors in each of its divisions thereby ensuring long term profitability of the Company and assured cashflows.

Forex Risk: A majority of the revenues of your Company are in foreign currency which creates a natural hedge against foreign exchange exposures. Apart from this, Essar Group's specialised forex team provides efficient advice to mitigate the exchange risk of your Company.

Interest Rate Risk: Your Company has been undertaking suitable hedging strategies to overcome any adverse interest rate risks. It has formulated internal target rates at which any open interest rate risk can be hedged.

6. QUALITY, SAFETY AND ENVIRONMENT

Your Company, in order to ensure highest standard of safety, has implemented and initiated various measures with respect to Quality, Safety and Environment Management Systems. The initiatives by your Company have been rewarded with several recognitions. Some of the noticeable ones amongst the many are as follows:

- a) OHSAS 18001 certified by American Bureau of Shipping (ABS); first and only shipping company in India to obtain this certification.
- b) VOTL along with Essar Oil Limited has been awarded the Integrated Management System – ISO 9001, 14000 and 18001 certification by Det Norsk Veritas (DNV).
- c) VOTL has also been awarded the ISO 29001 certification by ABS.
- d) Essar Wildcat has been awarded IADC Certificate for 365 days of Loss Time Injury (LTI) Free Operations.
- e) ISO 9001:2000 and ISO 14001:2004 certification to the Sea Transportation division by ABS Quality Evaluations Inc.
- f) Nil detention of vessels during the year, with most of the fleet trading internationally.

7. INTERNAL CONTROL FRAMEWORK

Your Company conducts its business with integrity, high standards of ethical behavior and in compliance with the laws and regulations that govern its business. Your Company has a well established framework of internal controls in operation, including suitable monitoring procedures. In addition to the external audit, the financial and operating controls of your Company at various

locations are reviewed by Internal Auditors, who report their observations to the Audit Committee of the Board.

8. HUMAN RESOURCE

Your Company has introduced contemporary Human Resource practices to enhance technical and managerial competence of the employees and to further leverage their capabilities to enhance the performance of its business. Further the Company has taken a series of initiatives to enhance emotional and intellectual engagement of employees with the Company and its business.

9. INFORMATION TECHNOLOGY

Your Company has successfully implemented SAP in its financial and budget management systems. The Company is also exploring various methods of automation so as to have greater visibility and control over its assets and further improve the turnaround time thereby increasing asset utilisation and profitability. All the vessels are undergoing upgradation of systems in terms of hardware and software. Your Company has implemented a robust Document Management System thus improving the availability of critical information in e-mode thereby reducing the use of paper.

10. SUBSIDIARIES:

Your Company had the following subsidiaries as on March 31, 2010:

1. Essar Ports & Terminals Limited, Mauritius (EPTL)
2. Vadinar Oil Terminal Limited, India (VOTL) (wholly owned subsidiary of EPTL)
3. Vadinar Ports & Terminals Limited, India (a subsidiary of VOTL)
4. Essar Bulk Terminal Limited, India (EBTL) (a subsidiary of EPTL)
5. Essar Bulk Terminal (Salaya) Limited, India (EBTSL) (wholly owned subsidiary of EPTL)
6. Essar Logistics Limited, India (ELL)
7. Essar Dredging Limited, India (EDL) (wholly owned subsidiary of EBTL)
8. Essar Paradip Terminals Limited, India (EPTL)
9. Essar International Limited, Guernsey, Channel Islands (EIL)
10. Energy Transportation International Limited, Bermuda (ETIL) (wholly owned subsidiary of EIL)
11. Energy II Limited, Bermuda (E-II) (wholly owned subsidiary of EIL)
12. Essar Oilfields Services Limited, Mauritius (EOSL)
13. Essar Oilfield Services India Limited, India (wholly owned subsidiary of EOSL)
14. Essar Oilfields Services FZE, Dubai (EOSFZE) (wholly owned subsidiary of EOSL)

Subsequent to March 31, 2010, one more company has become a wholly owned subsidiary of the Company viz. Essar Ports & Terminals Limited, India (effective April 16, 2010) and Essar Oilfields Services FZE, wholly owned subsidiary of the Company has been liquidated (effective April 14, 2010).

11. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S. N. Ruia, Mr. V. Ashok, Mr. N. Srinivasan and Mr. K. V. Krishnamurthy retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Mr. Ravi Ruia, resigned from the Directorship of your Company with effect from March 31, 2010. Mr. Sanjay Mehta, Managing Director also retires at the ensuing Annual General Meeting and does not offer himself for re-appointment. Your Board places on record their appreciation for the valuable contribution made by Mr. Ravi Ruia and Mr. Sanjay Mehta in the progress of the Company.

Mr. Rajiv Agarwal has been appointed as an Additional Director in the wholetime employment of the Company. The Company has received a notice from a member proposing the appointment of Mr. Agarwal as the Director of the Company. If appointed Mr. Agarwal will be designated as the Managing Director of the Company with effect from July 24, 2010.

12. AUDITORS

Your Company's Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants, retire at the ensuing Annual General Meeting. It is proposed to re-appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants, as the Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

13. CORPORATE GOVERNANCE

The Company has complied with the requirements under the Corporate Governance reporting system. The disclosures as required therein have been furnished in the Annexure to the Directors' Report under the head "Corporate Governance".

14. PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

This does not apply to your Company as the shipping industry is not included in the Schedule to the relevant rules.

Foreign exchange earnings and outgo are summarised below:

Total Foreign Exchange:

- | | |
|--|--------------------|
| (1) Earned (including loan receipts, sale of ships, freight, charter hire earnings, interest income, etc.) | : Rs. 798.62 crore |
| (2) Used (including cost of acquisition of ships, loan repayments, interest, operating expenses, etc.) | : Rs. 785.33 crore |

Your Company has obtained exemption from the Central Government under Section 211(4) of the Companies Act, 1956 from giving information required under clauses (a), (b), (c) and (e) of Paragraph 4-D of Part II of Schedule VI to the Companies Act, 1956 vide Order no. 46/5/2010-CL-III dated March 19, 2010.

15. PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given in the Annexure forming part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Report and Accounts are being sent to all the shareholders of the Company excluding the statement of particulars of employees u/s 217 (2A) of the said Act. Any shareholder interested in obtaining a copy of this statement may write to the Company Secretary for the same at the Registered Office of the Company.

16. STATEMENT OF DIRECTORS RESPONSIBILITIES

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 the Board of Directors hereby state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the annual accounts on a going concern basis.

17. GOVERNMENT POLICY

The Government needs to favourably consider issues relating to Withholding Tax, Tax on Capital Gains on Sale of Ships, Tax on Ship Staff Salary, Service Tax and Fringe Benefit Tax. Due to these factors the Indian Tonnage has been hampered. Infrastructure Projects such as Ports are highly capital intensive and therefore liberal policies relating to External Commercial Borrowings needs to be formulated to encourage investments.

18. APPRECIATION AND ACKNOWLEDGEMENTS

Your Directors express their sincere thanks and appreciation to all the employees for their commendable teamwork and contribution to the growth of the Company.

Your Directors also thank its bankers, charterers and other business associates for their continued support and co-operation during the year.

For and on behalf of the Board

Mumbai
May 27, 2010

V. Ashok	R. N. Bansal
Wholetime Director	Director

CORPORATE GOVERNANCE REPORT

1. Statement on Company's philosophy on Code of Corporate Governance

Your Company believes that adhering to global standards of Corporate Governance is essential to enhance shareholders value and achieve long term corporate goals. The Company's philosophy on Corporate Governance stresses the importance of transparency, accountability and protection of shareholder interests. The Board oversees periodic review of business plans, monitors performance and ensures compliance of regulatory requirements including SEBI Regulations and Listing requirements.

2. Board of Directors

The Company has a non-executive Chairman and Independent Directors which constitutes more than half the total number of Directors.

A. Composition, Category, Attendance and Number of other Directorships of the Directors are furnished below:

As at March 31, 2010 the Board consisted of eleven members. The composition, category of directors and directorships held in other companies was as under:

Name of Director	Category of Director	* No. of outside Directorships in other Indian public companies	**No. of Committee positions held in other public companies	
			Chairman	Member
Mr. Shashi Ruia (Chairman)	Promoter Non-Executive	9	–	–
Mr. Anshuman Ruia	Promoter Non-Executive	9	–	6
Mr. R. N. Bansal	Independent Non-Executive	8	4	4
Mr. N. Srinivasan	Independent Non-Executive	14	5	4
Mr. K. V. Krishnamurthy	Independent Non-Executive	10	3	5
Mr. Dilip Thakkar	Independent Non-Executive	13	5	5
Mr. Deepak Kumar Varma	Independent Non-Executive	1	–	–
Mr. S. V. Venkatesan	Independent Non- Executive	10	3	7
Mr. Sanjay Mehta (Managing Director)	Non-Promoter Executive	9	–	4
Mr. A. R. Ramakrishnan (Wholetime Director)	Non-Promoter Executive	2	–	1
Mr. V. Ashok (Wholetime Director)	Non-Promoter Executive	10	–	5

* excludes foreign companies, private limited companies, Section 25 companies and Alternate Directorships.

** includes membership of Audit and Share Transfer & Shareholders' Grievance Committee only.

Mr. Ravi Ruia, Director has resigned from the Board with effect from March 31, 2010.

Mr. Rajiv Agarwal has been appointed as an Additional Director in wholetime employment designated as Chief Executive Officer w.e.f. May 27, 2010.

B. Details of Board Meetings held during the year:

Sr. No.	Date	Board Strength	No. of Directors present
1.	May 18, 2009	12	10
2.	June 17, 2009	12	9
3.	July 30, 2009	12	7
4.	October 30, 2009	12	7
5.	December 18, 2009	12	9
6.	December 22, 2009	12	9
7.	January 29, 2010	12	9
8.	March 23, 2010	12	8

C. Attendance of Directors at Board Meetings and at the last Annual General Meeting:

Director	No. of Board Meetings attended	Attendance at last AGM
Mr. Shashi Ruia	5	N
*Mr. Ravi Ruia	5	N
Mr. Anshuman Ruia	5	N
Mr. R. N. Bansal	3	N
Mr. N. Srinivasan	8	N
Mr. K. V. Krishnamurthy	5	N
Mr. Dilip Thakkar	8	N
Mr. Deepak Kumar Varma	7	N
Mr. S. V. Venkatesan	7	N
Mr. Sanjay Mehta	1	N
Mr. A. R. Ramakrishnan	7	Y
Mr. V. Ashok	8	N

* ceased to be a Director on March 31, 2010.

3. Audit Committee:

The Audit Committee of the Company inter-alia performs all the functions specified under the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Composition:

The Committee comprises of four Directors of which three are Independent Directors. The Chairman of the Audit Committee is an Independent Director. All the members of the Committee are financially literate and have relevant financial management and/or audit exposure. The Managing Director, Wholetime Directors, Head - Accounts, Statutory Auditors and Internal Auditors attend the meetings. The Company Secretary is the Secretary to the Committee.

Details of Audit Committee Meetings held during the year:

Sr. No.	Date	Committee Strength	No. of Members present
1.	May 18, 2009	3	2
2.	July 30, 2009	3	2
3.	October 30, 2009	4	3
4.	January 29, 2010	4	3

Attendance at Audit Committee Meetings:

Director	No. of meetings held	No. of meetings attended
Mr. R. N. Bansal, Chairman	4	3
Mr. N. Srinivasan	4	4
* Mr. S. V. Venkatesan	4	2
Mr. Anshuman Ruia	4	1

* was member of the Committee for part of the year.

4. Remuneration to Directors:

Details of remuneration paid to the Managing Director and Wholetime Directors during the year ended March 31, 2010 is as under:

(Rs.)

Name of Director	Basic Salary	Allowances and other benefits	Perquisites	Contribution to Provident & Superannuation Fund	Total
Mr. Sanjay Mehta, Managing Director	12,00,000	50,60,868	0	1,44,000	64,04,868
Mr. A. R. Ramakrishnan, Wholetime Director	29,16,000	84,56,064	1,20,000	3,49,920	118,41,984
Mr. V. Ashok, Wholetime Director	29,15,016	67,55,271	3,37,252	7,87,056	107,94,595

No Employee Stock Option Schemes have been provided by the Company till date. Services of the aforesaid Executive Directors can be mutually terminated by giving three months notice or three months salary in lieu thereof.

Details of sitting fees paid to Non-Executive Directors for the meetings held during the year ended March 31, 2010 is as under:

Non-Executive Directors	Sitting Fees paid for Board/ Committee meetings (Rs.)
Mr. Shashi Ruia	37,500
Mr. Ravi Ruia	30,000
Mr. Anshuman Ruia	42,500
Mr. R. N. Bansal	37,500
Mr. N. Srinivasan	80,000
Mr. K. V. Krishnamurthy	37,500
Mr. Dilip J. Thakkar	60,000
Mr. Deepak Kumar Verma	52,500
Mr. S. V. Venkatesan	62,500

No shares or convertible instruments are held by any member of the Board.

5. Share Transfer & Shareholders' Grievance Committee:

Terms of reference:

To approve transfer, transmission, sub-division and issue of duplicate shares/debentures and for redressal of investor complaints on all matters.

Composition:

As on March 31, 2010 the Committee members comprised of Mr. Sanjay Mehta, Managing Director, Mr. A. R. Ramakrishnan, Wholetime Director and Mr. V. Ashok, Wholetime Director. Mr. R. N. Bansal, Mr. K. V. Krishnamurthy and Mr. Anshuman Ruia have been appointed as members of the Committee with effect from May 27, 2010. Mr. Ravi Ruia who was the Chairman of the Committee has resigned with effect from March 31, 2010.

The Executive Directors and Company Secretary are authorised to approve the Share Transfer and other related transactions on a day to day basis under the supervision of the Committee.

Details of Share Transfer and Shareholders' Grievance Committee Meetings held during the year:

Sr. No.	Date	Committee Strength	No. of Members present
1	May 15, 2009	4	3
2	July 3, 2009	4	2
3	October 9, 2009	4	2
4	January 8, 2010	4	2

Attendance at Share Transfer and Shareholders' Grievance Committee Meetings:

Director	No. of meetings held	No. of meetings attended
Mr. Ravi Ruia	4	—
Mr. Sanjay Mehta	4	1
Mr. A. R. Ramakrishnan	4	4
Mr. V. Ashok	4	4

Details of shareholders complaints received, resolved and pending share transfers:

There were no complaints pending at the beginning of the year. A total of 101 complaints were received during the year ended March 31, 2010, most of which being non-receipt of dividend/debenture warrants, non-receipt of share certificates. All the complaints were redressed under the supervision of the Committee and no complaints were outstanding as on March 31, 2010.

All the valid share transfer requests received during the year were duly attended to and processed in time. There were no valid requests pending for share transfers as on March 31, 2010.

6. General Body Meeting:

(a) Details of General Meetings held in last three years:

Financial year	Meeting	Date	Time	Location
2006-07	AGM	25-09-07	11.00 AM	Dayanandasagar Memorial Hall Chandrasagar Complex No. 264/266 T. Mariappa Road 2nd Block, Jayanagar Bangalore 560 011
	EGM	23-02-08	11.00 AM	Srinivasa Sagar Kalyana Mahal Chandrasagar Complex No.264/266 T. Mariappa Road 2nd Block, Jayanagar Bangalore 560 011
2007-08	AGM	27-09-08	3.30 PM	Administrative Building Essar Refinery Complex Okha Highway (SH-25) Jamnagar Gujarat 361 305
2008-09	AGM	31-07-09	3.30 PM	Administrative Building Essar Refinery Complex Okha Highway (SH-25) Jamnagar, Gujarat 361 305

(b) No special resolutions were passed in the previous three Annual General Meetings.

(c) Three special resolutions were passed during the financial year 2008-2009 through postal ballot for :

- i. inserting additional main objects by amending the main objects clause of the Memorandum of Association;
- ii. shifting the registered office from the State of Karnataka to the State of Gujarat; and
- iii. issuance of Corporate Guarantee.

Mr. Prem Rajani, Advocate acted as Scrutinizer for conducting the Postal Ballot.

(d) No resolutions are proposed to be passed at the ensuing Annual General Meeting which require approval of members through Postal Ballot.

7. Disclosures:

- There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their relatives, its subsidiaries, etc. that may have potential conflict with the interest of the Company at large.
- Transactions with related parties during the year are disclosed in Note No. B(11) of Schedule 13 to the accounts in the Annual Report.
- During the last three years no penalty or stricture has been imposed on the Company by Stock Exchanges/

SEBI/Statutory Authorities on matters related to Capital Markets.

8. Means of Communication:

Financial results and other information about the Company	The quarterly and annual financial results are displayed on the Company's website: www.essar.com
Publication of financial results	Published in major newspapers such as Financial Express and Jai Hind, etc.
Presentation to Institutional Investors and to the Analyst	Press releases and presentations made to Institutional Investors and Analysts are displayed on the Company's website: www.essar.com
Management Discussion & Analysis	Forms part of the Annual Report, which is mailed to the shareholders of the Company

9. General Shareholders Information:

A. Annual General Meeting details:

Date	July 24, 2010
Venue	Administrative Building Essar Refinery Complex Okha Highway (SH - 25) Taluka Khambalia, Distt. Jamnagar Gujarat 361 305
Time	3.00 p.m.
Book Closure Dates	July 19, 2010 to July 24, 2010 (both days inclusive)

B. Financial Calendar:

Financial year of Company	April 1, 2010 to March 31, 2011
First Quarter results	On or before August 14, 2010
Second Quarter results	On or before November 15, 2010
Third Quarter results	On or before January 14, 2011
Annual results for the year	On or before May 30, 2011

C. Registrar and Share Transfer Agent:

Data Software Research Company Private Limited
 "Sree Sovereign Complex", 22, 4th Cross Street
 Trustpuram, Kodambakkam, Chennai - 600 024
 Tel: (044) 2480 1664, Fax: (044) 2483 4636
 E-Mail: dsr cmd@vsnl.com

D. Share Transfer System:

To expedite the process of share transfers, transmission, etc., the Board of your Company has delegated these powers to the Executive Directors and the Company Secretary.

All valid share transfer requests received by the Company in physical form are registered within an average period of 15 days. Presently the Company dematerialises the shares after getting the

dematerialisation requests being generated by the Depository Participant.

E. Listing on Stock Exchanges:

The Company's securities are listed on the following Stock Exchange:

Bombay Stock Exchange Ltd.	National Stock Exchange of India Ltd.
Phiroze Jeejeebhoy Towers	Exchange Plaza
Dalal Street	Bandra-Kurla Complex
Fort	Bandra East
Mumbai 400 023	Mumbai 500 051
Code : 500630	Code : ESSARSHIP

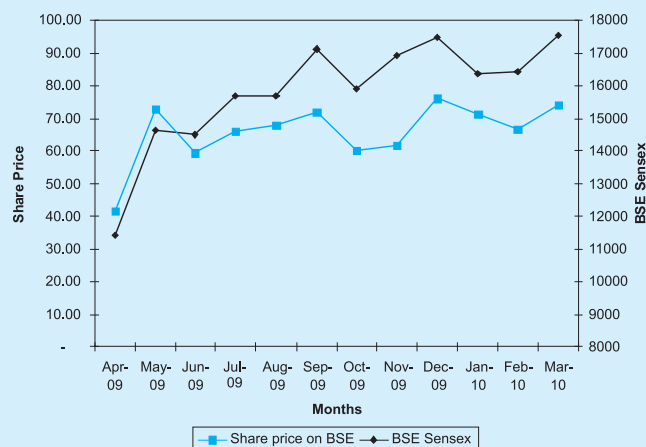
Annual Listing fee for the year 2010 - 11 has been paid to both the exchanges.

F. Market price data (High/Low) during each month in the year 2009-2010 on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited:

Bombay Stock Exchange			National Stock Exchange		
Month	Highest	Lowest	Month	Highest	Lowest
April	52.65	29.40	April	53.70	29.20
May	78.00	43.00	May	76.75	41.10
June	90.50	58.00	June	90.90	58.00
July	68.80	40.00	July	68.90	38.55
August	70.40	54.10	August	78.00	53.70
September	76.35	61.10	September	76.45	61.50
October	73.30	58.40	October	73.35	57.05
November	73.25	54.45	November	73.30	54.30
December	79.80	61.85	December	79.80	61.50
January	86.00	65.70	January	85.85	62.60
February	83.00	64.10	February	77.70	64.10
March	76.70	67.00	March	75.15	66.25
Scrip Code : 500630			Scrip Code : ESSARSHIP		

G. Share Price performance in comparison to BSE Sensex.

Share Price Movement Versus BSE Sensex



H. Shareholding Pattern as on March 31, 2010:

Shareholding by	No. of Shares	%
Promoters	51,53,80,747	83.71
Financial Institutions/Mutual Funds/Banks/Insurance Companies	13,70,096	0.22
Other Corporate Bodies	1,40,36,236	2.28
Non-Domestic Companies/Foreign Banks	22,709	0.00
Foreign Institutional Investors	5,11,50,142	8.31
Non-Resident Individuals	10,18,809	0.17
Public	3,27,04,581	5.31
Total	61,56,83,320	100.00

I. Distribution of Shareholding as on March 31, 2010:

No. of equity shares held	Number of shareholders	% of shareholders	Total number of shares	% of holding
Upto 5000	1,19,885	99.47	2,52,33,847	4.10
5001-10000	309	0.26	23,22,971	0.38
10001-20000	137	0.11	19,70,460	0.32
20001-30000	56	0.05	14,04,207	0.23
30001-40000	33	0.03	11,70,065	0.19
40001-50000	17	0.01	7,95,111	0.13
50001-100000	35	0.03	27,27,237	0.44
100001 and above	47	0.04	58,00,59,422	94.21
TOTAL	1,20,519	100.00	61,56,83,320	100.00

J. Compliance Officer : Mr. Manoj Contractor
Company Secretary

K. Registered Office : Administrative Building
Essar Refinery Complex
Okha Highway (SH - 25)
Taluka Khambalia
Distt. Jamnagar
Gujarat 361 305

L. Corporate Office : Essar House
11, Keshavrao Khadye Marg
Mahalaxmi
Mumbai 400 034
Tel : (022) 6660 1100
Fax: (022) 2354 4312
E Mail: esppl.secretarial@essar.com

M. Status of Dematerialisation of shares as on March 31, 2010:

Mode	No. of shares	No. of folios	%
Physical	97,95,481	66,235	1.59
Demat	60,58,87,839	54,284	98.41
TOTAL	61,56,83,320	1,20,519	100.00

10. Nomination Facility:

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956 are requested to submit the prescribed nomination form to the R&T Agent of the Company.

11. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

As on March 31, 2010 there are no GDRs/ADRs/Warrants or any convertible instruments, conversion of which is likely to have an impact on the equity of the Company.

12. Secretarial Audit:

A qualified practicing Company Secretary carries out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the

total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

13. Non-mandatory requirements:

1. Remuneration Committee:

The Committee comprises of three non-executive Directors with the Company Secretary as the Secretary of the Committee. The Committee is empowered to formulate and recommend to the Board from time to time, the compensation structure for Managing/ Executive/Wholetime Directors and to administer and supervise the Employee Stock Option Schemes, whenever applicable.

2. Shareholders right:

Quarterly financial results including various presentations are available on the website of the Company i.e. www.essar.com. No separate financials are sent to shareholders of the Company.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Essar Shipping Ports & Logistics Limited

We have examined the compliance of conditions of Corporate Governance by Essar Shipping Ports & Logistics Limited ("the Company"), for the year ended March, 31, 2010, as stipulated in clause 49 of the Listing Agreement entered into by the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company

has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Regn. No. 117366W)

Khurshed Pastakia
Partner
(Membership No. 31544)

Mumbai
May 27, 2010

DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT TO THE MEMBERS OF ESSAR SHIPPING PORTS & LOGISTICS LIMITED

The Company has framed a specific code of conduct for the members of the Board and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges to further strengthen corporate governance practices in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of

the said code of conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended March 31, 2010.

Mumbai
May 27, 2010

Sanjay Mehta
Managing Director

**AUDITORS' REPORT ON ABRIDGED FINANCIAL STATEMENTS
TO THE MEMBERS OF ESSAR SHIPPING PORTS & LOGISTICS LIMITED**

We have examined the abridged Balance Sheet of Essar Shipping Ports & Logistics Limited ("the Company"), as at 31st March, 2010 and also the abridged Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These abridged financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the audited financial statements of the Company for the year ended 31st March, 2010 prepared in accordance with the provisions of sub-section 3(C) of Section 211 of the Companies Act, 1956 and covered by our report of

even date to the members of the Company, which is attached hereto.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Regn. No. 117366W)

Khurshed Pastakia
Partner
(Membership No. 31544)

Mumbai
May 27, 2010

AUDITORS' REPORT TO THE MEMBERS OF ESSAR SHIPPING PORTS & LOGISTICS LIMITED

1. We have audited the attached Balance Sheet of Essar Shipping Ports & Logistics Limited ("the Company"), as at 31st March, 2010, the Statement of Profit and Loss and Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (vi) On the basis of written representations received from Directors as on 31st March, 2010 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm Regn. No. 117366W)

Khurshed Pastakia
Partner
(Membership No. 31544)

Mumbai
May 27, 2010

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

In our opinion and according to the information and explanations given to us, the nature of the Company's business/ activities during the year are such that clauses (vi), (viii), (xiii), (xiv), (xviii), and (xx) of para 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

1. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - b. The fixed assets of the Company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is largely reasonable having regard to the size of the Company and the nature of its assets. As per the information given to us by the management, no material discrepancies as compared to book records were noticed in respect of fixed assets verified during the year.
 - c. In our opinion and according to the information and explanations given to us, the Company has not made substantial disposals of fixed assets during the year and the going concern status of the Company is not affected.

2. In respect of its inventories:
 - a. As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. According to the information and explanations given to us, the Company's inventories comprise fuel oil and lube oil on board the ships. Having regard to the nature of the Company's business and scale of operations, quantities are determined by physical count and it is not considered feasible to maintain records of movements of inventories of such items by the vessel in which they are carried. As quantities are determined by physical count and records of movements are not maintained on board the ships, the question of discrepancies on physical verification thereof does not arise.
3. In our opinion and according to the information and explanations given to us, there are no companies, firms or parties required to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (a) to (g) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal controls. The nature of the Company's business does not involve sale of goods.
5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act 1956.
6. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
7. According to the information and explanations given to us in respect of statutory dues:
 - a. *Except for delays in depositing service tax in a few cases*, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection

Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues, as applicable, with the appropriate authorities during the year. As informed to us Employees State Insurance Scheme is not applicable to the Company.

There are no material undisputed amounts payable in respect of above statutory dues outstanding as at 31st March, 2010 for a period exceeding six months from the date they became payable.

- b. The details of disputed Income Tax and Sales Tax dues which have not been deposited as at March 31, 2010 on account of disputes pending, are given below:

Name of the statute	Nature of the disputed dues	Amount (Rs. in crore)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income Tax	117.97 (advance tax payment 54.48)	Assessment Year from 1988-1989 to 2001-2002	Appellate Authority – Tribunal Level
Tamil Nadu Sales Tax Act, 1959	Sales Tax and penalty thereon	52.20 (security deposit 0.50)	Assessment Year 1992-98	Madras High Court.

According to the information and explanation given to us, there were no dues pending to be deposited on account of any dispute in respect of Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess as on 31st March, 2010.

8. The Company does not have accumulated losses as at 31st March, 2010. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
9. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, financial institutions or debenture holders.
10. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for the loans taken by others from banks and financial institutions, are not, prima facie, prejudicial to the interests of the Company.
12. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were,

prima-facie, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.

13. According to the information and explanations given to us, and on an overall examination of the Balance sheet of the Company, we report that the funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.

14. According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 7,000 debentures of Rs. 10,00,000 each. The security or charge created does not fully cover the amount of debentures however with the due approval of the debenture holders, the Company is in the process of creating security or charge.

15. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Regn. No. 117366W)

Khurshed Pastakia
Partner
(Membership No. 31544)

Mumbai
May 27, 2010

ABRIDGED BALANCE SHEET AS AT 31ST MARCH, 2010

(Statement containing the salient features of Balance Sheet as per Section 219 (1) (b) (iv) of the Companies Act, 1956)

	As at 31.03.2010 (Rs. in crore)	As at 31.03.2009 (Rs. in crore)
I. SOURCES OF FUNDS		
Shareholders' funds:		
a) Capital		
Equity	615.81	615.81
b) Reserves and surplus:		
i) Capital reserves	4,253.35	4,253.35
ii) Debenture redemption reserve	25.00	-
iii) Revenue reserves	911.14	911.14
iv) Revaluation reserve	112.81	151.09
v) Tonnage tax reserve	205.50	180.50
vi) Surplus in Statement of Profit and Loss	1,109.91	1,069.91
	6,617.71	6,565.99
Loan funds:		
a) Debentures (refer note no.13)	700.00	-
b) Secured loans (refer note no.1)	530.18	1,115.65
c) Finance lease obligations (refer note no.3)	926.13	1,134.90
d) Unsecured loans	933.67	160.00
	3,089.98	2,410.55
Total	10,323.50	9,592.35
II. APPLICATION OF FUNDS		
Fixed assets:		
a) Net block (Original cost Rs.2,580.14 (previous year Rs. 2,763.98) crore less depreciation / impairment Rs.903.68 (previous year Rs. 746.84) crore) (refer note no.1)	1,676.46	2,017.14
b) Capital work in progress - including capital advances	320.56	19.68
	1,997.02	2,036.82
Investments		
a) Investments in debentures (unquoted)	315.54	-
b) Investments in subsidiary companies:		
i) Unquoted (refer note no.12)	6,867.84	6,664.56
c) Others:		
i) Quoted* (refer note no.12)	2.27	2.27
ii) Unquoted	56.05	500.22
	7,241.70	7,167.05
* Aggregate market value of quoted investments is Rs.53.10 (previous year Rs.27.85) crore		
Current assets, loans and advances:		
a) Inventories	17.63	14.84
b) Sundry debtors (refer note no.8)	140.74	193.90
c) Cash and bank balances	32.26	19.70
d) Other current assets	3.27	0.08
e) Loans and advances:		
i) To subsidiary companies	575.87	111.27
ii) To others	405.91	91.91
	1,175.68	431.70
Less: Current liabilities and provisions:		
a) Liabilities (refer note No.15)	85.85	51.13
b) Provisions	5.05	3.68
	90.90	54.81
Net current assets	1,084.78	376.89
Foreign currency monetary items translation difference account (refer note no.1)	-	11.59
Total	10,323.50	9,592.35

Refer notes to abridged financial statements.

Compiled from the audited annual accounts of the Company referred to in our report dated 27th May, 2010.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants**Khurshed Pastakia**
PartnerMumbai
May 27, 2010

For and on behalf of the Board

Sanjay Mehta
Managing Director**V. Ashok**
Wholetime DirectorMumbai
May 27, 2010**R. N. Bansal**
Director**Manoj Contractor**
Company Secretary

ABRIDGED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2010

(Statement containing the salient features of Statement of Profit & Loss as per Section 219 (1) (b) (iv) of the Companies Act, 1956)

	For the year ended 31.03.2010 (Rs. in crore)	For the year ended 31.03.2009 (Rs. in crore)
INCOME		
a) Fleet operating and chartering earnings	1,028.21	1,023.20
b) Dividend from subsidiary	0.22	0.25
c) Dividend from non trade current investments	0.53	1.08
d) Profit on sale of investments	-	58.35
e) Interest income	100.12	10.78
f) Income on long term investments	3.62	-
g) Other income:		
i) Profit on sale of fleet	-	27.66
ii) Extinguishment of liability on cancellation of finance lease	-	17.48
iii) Currency exchange gain, net (refer note no.2)	-	12.50
iv) Miscellaneous income	0.10	3.49
Total	1,132.80	1,154.79
EXPENDITURE		
a) Fleet operating expenses:		
i) Direct voyage expenses	379.15	353.73
ii) Consumption of fuel, oil and water	128.85	183.18
iii) Employees expenses (off shore staff)	54.04	53.52
iv) Dry docking expenses	12.16	22.18
v) Other fleet operating expenses	52.64	48.79
	626.84	661.40
b) Establishment and other expenses:		
i) Employee expenses (office staff)	20.24	15.70
ii) Repairs and maintenance-others	12.02	18.79
iii) Managerial remuneration	2.90	2.45
iv) Auditor's remuneration	0.63	0.38
v) Other expenses	33.70	49.43
	69.49	86.75
c) Currency exchange loss, net	9.23	-
d) Interest and finance expenses	218.69	129.22
e) Depreciation / impairment (refer note no.1)	119.51	159.45
	337.13	301.42
Total	1,043.76	1,036.82
PROFIT BEFORE TAX	89.04	117.97
Less: Provision for taxation:		
i) Current tax (including tonnage tax)	(3.55)	(14.00)
ii) Fringe benefit tax	-	(3.60)
iii) Tax adjustment for earlier years	4.51	7.29
	0.96	(10.31)
PROFIT AFTER TAX	90.00	107.66
Balance brought forward from previous year	1,069.91	801.60
Add: Balance of profit of erstwhile amalgamating companies	-	178.65
AMOUNT AVAILABLE FOR APPROPRIATION	1,159.91	1,087.91
APPROPRIATIONS		
Less: Transferred to tonnage tax reserve	(25.00)	(18.00)
Less: Transferred to debenture redemption reserve	(25.00)	-
Balance carried to balance sheet	1,109.91	1,069.91
	1,159.91	1,087.91
Basic and diluted earnings per share (Rs.) (face value of Rs. 10/- each per share) (refer note no.5)	1.46	1.75

Refer notes to abridged financial statements

Compiled from the audited annual accounts of the Company referred to in our report dated 27th May, 2010.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Khurshed Pastakia
Partner

Mumbai
May 27, 2010

For and on behalf of the Board

Sanjay Mehta
Managing Director

V. Ashok
Wholetime Director

Mumbai
May 27, 2010

R. N. Bansal
Director

Manoj Contractor
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31.03.2010 (Rs. in crore)	Year ended 31.03.2009 (Rs. in crore)
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	89.04	117.97
Adjustments for :		
Depreciation / impairment	119.51	159.44
Interest and finance expenses	218.69	129.22
Income from long term investment	(3.62)	–
Interest income	(100.11)	(10.79)
Loss /(Profit) on sale of assets	0.04	(31.11)
Extinguishment of liability on cancellation of finance lease	–	(17.48)
Provision for employee benefits - non funded	1.34	0.88
Profit on sale of investments	–	(58.35)
Dividend on investments	(0.75)	(1.32)
Foreign exchange difference loss/(gain)	9.64	(1.35)
Operating profit before working capital changes	333.78	287.11
Adjustments for:		
Trade and other receivables	15.57	32.53
Inventories	(2.79)	6.19
Trade and other payables	34.05	(0.06)
Cash generated from operations	380.61	325.77
Income taxes refund / (paid) net	10.82	(18.13)
Fringe benefit tax paid	–	(3.70)
Net cash flow from operating activities	391.43	303.94
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress / advance	(301.16)	(801.07)
Proceeds from sale of fixed assets	–	219.13
Advance given towards purchase of investments	–	(6.91)
Purchase of current investments	(93.40)	(829.16)
Proceeds from sale of current investments	537.63	343.05
Proceeds from sale of non - current investments	–	153.99
Investment in shares of subsidiaries	(131.69)	(405.64)
Fixed deposits matured for a period of more than three months, net	2.11	22.58
Loans and advances given to subsidiaries & other body corporates	(1,712.58)	(111.27)
Loans and advances repaid by subsidiaries & other body corporates	661.82	–
Dividend on investments	0.75	1.32
Income from long term investment	3.62	–
Interest received	9.62	11.77
Net cash used for investing activities	(1,023.29)	(1,402.21)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31.03.2010 (Rs. in crore)	Year ended 31.03.2009 (Rs. in crore)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest and finance expenses paid	(219.41)	(121.55)
Proceeds from debentures	700.00	–
Proceeds from term loans	157.25	563.75
Proceeds from commercial papers	160.00	290.00
Additional lease obligations	–	761.50
Proceeds from unsecured loans	956.35	–
Repayment of term loans	(682.28)	(129.10)
Repayment of finance lease obligations	(82.70)	(68.49)
Repayment of commercial papers	(160.00)	(290.00)
Repayment of unsecured loan	(182.68)	–
Payment of unclaimed debentures and interest thereon	–	(0.40)
Net cash flow from financing activities	646.53	1,005.71
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	14.67	(92.57)
Cash and cash equivalents at beginning of the year	17.20	109.76
Cash and cash equivalents at end of the year	31.87	17.20

Notes :

1. Cash and cash equivalents include :

Cash and bank balances	32.01	17.02
Unrealised foreign currency gain on cash and cash equivalents	(0.14)	0.18
Total cash and cash equivalents	31.87	17.20
Balances in fixed deposits (maturity period of more than 3 months)	0.39	2.50
CASH AND BANK BALANCES	32.26	19.70

2. Non cash transactions:

- a) During the year, Essar Steel Limited has transferred unsecured non-convertible debentures of Essar Holdings Limited to the Company in lieu of loan given to Essar Steel Limited amounting to Rs. 315.54 crore.
- b) During the year, Essar Oilfields Services Limited has issued Cumulative Preference Shares to the Company amounting to Rs. 71.65 crore against loans and advances given in previous year.
- c) During the year 2008-09, Pursuant to scheme of amalgamation of India Shipping, Mauritius (IS) and Essar Sisco Ship Management Company Limited, India (ESSMC),
 - (i) The Company has allotted 364,905,489 equity shares of Rs.10 each fully paid up, at a premium of Rs.210 per share to Essar Shipping & Logistics Limited, Cyprus (ESLL) (immediate holding company and sole shareholder of erstwhile IS) and;
 - (ii) 175,299,376 equity shares (including 376,000 GDS represented by 124,456,000 equity shares) of the Company held by IS have been cancelled.
 - (iii) The net excess value of additional shares (shares allotted to the shareholder of IS reduced by the shares already held by IS and cancelled by the Company) issued over net assets of the IS acquired by the Company amounting to Rs. 3,712.43 crore has been deducted from the securities premium account of the Company.
 - (iv) The difference of Rs. 4.33 crore, between Company's investment value in equity shares and equity share capital of ESSMC, has also been deducted from securities premium account of the Company.

3. Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 'Cash Flow Statement' as notified under the Companies (Accounting Standards) Rules, 2006.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Khurshed Pastakia
Partner

Mumbai
May 27, 2010

For and on behalf of the Board

Sanjay Mehta
Managing Director

V. Ashok
Wholetime Director

Mumbai
May 27, 2010

R. N. Bansal
Director

Manoj Contractor
Company Secretary

NOTES TO ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010

1) Fixed assets

(Note no. B (1) of schedule 13 of annual accounts)

a) Pursuant to notification issued by the Central Government under Companies (Accounting Standards) Amendment Rules, 2009 dated 31st March, 2009; the Company has chosen an option with effect from 1st April, 2007 to adjust the gains/losses arising on conversion/translation/settlement of long term foreign currency items into the corresponding costs of fixed assets to the extent it is related to acquisition of depreciable fixed assets and the balance gains / losses has been accumulated in "Foreign Currency Monetary Item Translation Difference Account" (FCMITDA).

During the year, exchange difference gain on long term foreign currency items relating to fixed assets amounting to Rs. 183.14 (previous year loss of Rs. 459.78) crore has been adjusted in costs of corresponding fixed assets and the balance exchange difference of Rs. 4.10 (previous year Rs. 11.59) crore [net of Rs. 4.10 (previous year Rs. 5.79) crore amortised in the Statement of Profit and Loss] outstanding under FCMITDA as on the balance sheet date has been charged to the Statement of Profit and Loss as the only general purpose loan on which the FCMITDA was created has been repaid during the year.

The compounding effect of this treatment has resulted into decrease in the profit for the year by an amount of Rs. 170.82 (previous year increase of Rs. 449.89) crore.

b) The Company has revalued its fleet on 1st April, 2004 and on 31st March, 2008. The valuations were done by accredited valuers on the basis of expected market value in an arm's length transactions and free of encumbrances on the valuation date. The enhancement in the value of fleet amounting to Rs.669.52 crore and Rs.491.31 (including Rs.38.63 crore exchange difference, net of depreciation relating to previous year) crore respectively were credited to the Fixed Assets revaluation reserve. Incremental depreciation and impairment mainly on account of the revaluation amounting to Rs. 38.28 (previous year Rs.144.73) crore and Rs.nil (previous year Rs. 133.97 crore), has been debited to the Statement of Profit and Loss.

c) The Company has three vessels and one aircraft on finance lease as on the Balance Sheet date.

d) Gross block of plant and machinery includes Rs. 38.84 (previous year Rs. 38.84) crore leased out; written down value as on 31st March, 2010 is Rs.nil (previous year Rs.nil).

e) The fleet along with its receivables is under charge for the secured loans.

2) Contingent liabilities:

(Note no. B (2) of schedule 13 of annual accounts)

(Rs. in crore)

Particulars		As on 31.03.2010	As on 31.03.2009
i)	Guarantees given by banks	3.36	31.46
ii)	Corporate guarantees on behalf of subsidiaries	3,996.04	295.00

Particulars		As on 31.03.2010	As on 31.03.2009
iii)	Disputed sales tax demand under appeal in the Honorable High Court of Chennai	52.20	58.10
iv)	Income tax appeals before ITAT	117.97	117.97

3) Finance leases:

(Note no. B (3) of schedule 13 of annual accounts)

The minimum lease rentals outstanding at year end are as under:

(Rs. in crore)

Particulars	As on 31.03.2010			As on 31.03.2009		
	Minimum lease payments	Interest	Present value of minimum lease payments	Minimum lease payments	Interest	Present value of minimum lease payments
Future lease rental obligation payable :						
– not later than one year	141.61	57.45	84.16	162.28	72.04	90.24
– later than one year but not later than five years	692.57	197.75	494.82	801.59	259.29	542.30
– later than five years	372.47	25.32	347.15	560.46	58.10	502.36
TOTAL	1206.65	280.52	926.13	1524.33	389.43	1134.90

4) Business segment and geographical segment:

(Note no. B (4) of schedule 13 of annual accounts)

a) Business segment

The Company has one primary business segment of fleet operations and chartering.

b) Geographical segment

The Company's fleet operations are managed on a worldwide basis from India. Fleet operating and chartering earnings based on the geographical location of customers:

(Rs. in crore)

Fleet operating and chartering earnings	Year ended	
	31.03.2010	31.03.2009
India	725.46	621.16
China	87.63	92.74
U.S.A	29.85	–
U.K.	69.57	116.57
U.A.E.	0.63	30.44
Rest of the world	115.07	162.29
TOTAL	1028.21	1023.20

The main operating assets represent floating fleet, which is not identifiable to any geographical location.

5) Earnings per share:

(Note no. B (7) of schedule 13 of annual accounts)

The calculation of the basic and diluted earnings per share is based on the following data:

Particulars	Year ended	
	31.03.2010	31.03.2009
Earnings for the purpose of basic and diluted earnings per share (net profit for the year) (Rs. in crore)	90.00	107.66
Equity shares at the beginning of the year (nos.)	615,683,320	426,077,207
Equity shares issued pursuant to merger of India Shipping (nos.)	–	364,905,489
Equity shares held by India Shipping in the Company cancelled upon merger (nos.)	–	(175,299,376)
Equity shares at the end of the year (nos.)	615,683,320	615,683,320
Weighted average equity shares for the purpose of calculating basic and diluted earnings per share (nos.)	615,683,320	426,077,207
Earnings per share-basic and diluted (face value of Rs.10/- each) (Rs.)	1.46	1.75

6) Foreign currency exposures:

(Note no. B (8) of schedule 13 of annual accounts)

- a) There were no forward / options contracts entered into by the Company during the financial year to hedge its foreign currency exposures.
- b) The outstanding foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:
 - i) Amount receivable in foreign currency on account of the following:

Particulars	Rs. in crore		Currency	In million	
	2009-10	2008-09		2009-10	2008-09
i. Export of goods and services	4.32	14.28	USD	0.97	2.83
ii. Sale of assets	–	13.64	USD	–	2.70
iii. Advance to vendors	0.03	0.75	USD	0.01	0.15
iv. Advance to holding / subsidiaries	98.27	–	USD	22.00	–
v. Bank balances and fixed deposits including interest accrued thereon	1.56	0.32	USD	0.35	0.06

- ii) Amount payable in foreign currency on account of the following:

Particulars	Rs. in crore		Currency	In million	
	2009-10	2008-09		2009-10	2008-09
i) Import of goods and services	11.45	14.05	USD	2.53	2.73
	0.09	0.07	GBP	0.01	0.01
	–	–	DKK	–	–
	0.59	0.47	EUR	0.10	0.07
	0.32	0.68	JPY	6.45	14.67
	1.04	0.75	SGD	0.32	0.22
	–	0.04	NOK	–	0.05
	–	0.02	HKD	–	0.05
	–	0.02	ZAR	–	0.03
	0.06	0.00	AED	0.05	0.00
	13.55	16.10			
ii) Secured loans payable (including interest accrued)	356.51	551.90	USD	78.22	107.27
iii) Lease loans obligation	926.12	1134.90	USD	203.19	221.70

7) Employee benefits:

(Note no. B (9) of schedule 13 of annual accounts)

The Company has adopted Accounting Standard (AS) 15 (Revised) 'Employee Benefits' as notified under the Companies (Accounting Standard) Rules, 2006, with effect from 1st April, 2007.

8) (Note no. B (10) of schedule 13 of annual accounts)

Receivable from Essar Shipping & Logistics (Panama) Inc., Company under the same management within the meaning of Section 370(1B) of the Companies Act, 1956, is Rs. nil (previous year Rs. 13.64 crore).

9) Related party transactions:

(Note no. B (11) of schedule 13 of annual accounts)

a) Holding companies :

- i) Essar Global Limited, Cayman Islands, ultimate holding company
- ii) Essar Shipping & Logistics Limited, Cyprus, immediate holding company

b) Subsidiaries:

- i) Vadinar Oil Terminal Limited, India
- ii) Essar Logistics Limited, India
- iii) Essar International Limited, Guernsey, Channel Islands

- iv) Energy Transportation International Limited, Bermuda
- v) Energy II Limited, Bermuda
- vi) Essar Ports & Terminals Limited, Mauritius
- vii) Essar Bulk Terminal Limited, India
- viii) Essar Bulk Terminal (Salaya) Limited, India
- ix) Essar Oilfields Services Limited, Mauritius
- x) Essar Oilfields Services FZE – Dubai
- xi) Essar Dredging Limited, India
- xii) Essar Oilfield Services India Limited, India (w.e.f. 4th April, 2009)
- xiii) Essar Paradip Terminals Limited, India (w.e.f. 4th November, 2009)
- xiv) Vadinar Ports & Terminals Limited, India (w.e.f. 21st April, 2009)

c) Key management personnel:

- i) Mr. Sanjay Mehta, Managing Director
- ii) Mr. A. R. Ramakrishnan, Wholetime Director
- iii) Mr. V. Ashok, Wholetime Director

d) Other related parties where there have been transactions:

Enterprises commonly controlled or influenced by

major shareholders / directors / relatives of directors of the Company:

- i) Essar Information Technology Limited
- ii) Essar Agrotech Limited
- iii) Essar House Limited
- iv) Essar Infrastructure Services Limited
- v) Essar Steel Limited
- vi) Futura Travels Limited
- vii) India Securities Limited
- viii) Essar Oil Limited
- ix) Essar Steel Hazira Limited
- x) Aegis Limited
- xi) Essar Steel Algoma Inc.
- xii) Essar Shipping & Logistics (Panama) Inc
- xiii) Essar Infrastructure Holdings Limited
- xiv) Essar Logistics Holdings Limited
- xv) Essar Holdings Limited
- xvi) Essar Investments Limited
- xvii) Essar Bulk Terminal Paradip Limited

The details of transactions with related parties								(Rupees in crore)	
Nature of transactions	Holding and subsidiary companies		Other related parties		Key management personnel		Total		
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	
INCOME									
Fleet operating Income									
Essar Steel Limited	-	-	478.37	469.76	-	-	478.37	469.76	
Essar Steel Algoma Inc.	-	-	-	30.59	-	-	-	30.59	
Essar Shipping & Logistics Limited	9.09	-	-	-	-	-	9.09	-	
Essar Steel Hazira Limited	-	-	25.40	-	-	-	25.40	-	
Essar Logistics Limited	16.15	13.57	-	-	-	-	16.15	13.57	
Vadinar Oil Terminal Limited	18.07	18.07	-	-	-	-	18.07	18.07	
Essar International Limited	3.98	4.85	-	-	-	-	3.98	4.85	
Essar Oil Limited	-	-	-	5.18	-	-	-	5.18	
Total	47.29	36.49	503.77	505.53	-	-	551.06	542.02	
Equipment lease rental income									
Essar Steel Limited	-	-	0.02	0.02	-	-	0.02	0.02	
Rental income on building									
Essar Steel Limited	-	-	0.01	0.01	-	-	0.01	0.01	
Dividend income									
Essar International Limited	0.22	0.25	-	-	-	-	0.22	0.25	

(Rupees in crore)

Nature of transactions	Holding and subsidiary companies		Other related parties		Key management personnel		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Interest income on debenture								
Essar Holdings Limited	-	-	3.62	-	-	-	3.62	-
Interest income								
Essar Steel Limited	-	-	8.01	-	-	-	8.01	-
Essar Investments Limited	-	-	8.77	-	-	-	8.77	-
Essar Ports & Terminal Limited	5.47	-	-	-	-	-	5.47	-
Vadinar Oil Terminal Limited	0.05	-	-	-	-	-	0.05	-
Essar Shipping & Logistics Limited	16.10	-	-	-	-	-	16.10	-
Essar Oilfields Services India Limited	39.05	-	-	-	-	-	39.05	-
Essar Oilfields Services Limited	13.99	-	-	-	-	-	13.99	-
Essar Bulk Terminal Paradip Limited	-	-	0.06	-	-	-	0.06	-
Essar Bulk Terminal (Salaya) Limited	1.34	0.10	-	-	-	-	1.34	0.10
Essar Bulk Terminal Limited	0.07	0.17	-	-	-	-	0.07	0.17
Total	76.07	0.27	16.84	-	-	-	92.91	0.27
Remuneration								
Sanjay Mehta	-	-	-	-	0.64	0.64	0.64	0.64
A. R. Ramkrishnan	-	-	-	-	1.18	0.89	1.18	0.89
V. Ashok	-	-	-	-	1.08	0.92	1.08	0.92
Total	-	-	-	-	2.90	2.45	2.90	2.45
Purchase of fuel oil								
Essar Oil Limited	-	-	0.01	-	-	-	0.01	-
Essar Logistics Limited	-	0.02	-	-	-	-	-	0.02
Total	-	0.02	0.01	-	-	-	0.01	0.02
Hire charges								
Essar Oil Limited	-	-	2.43	-	-	-	2.43	-
Essar International Limited	47.98	132.44	-	-	-	-	47.98	132.44
Total	47.98	132.44	2.43	-	-	-	50.41	132.44
Manning charges								
Essar Infrastructure Services Limited	-	-	0.16	-	-	-	0.16	-
Direct voyage expenses								
Essar Steel Limited	-	-	3.99	-	-	-	3.99	-
Essar Steel Hazira Limited	-	-	0.13	-	-	-	0.13	-
Essar Logistics Limited	0.80	0.86	-	-	-	-	0.80	0.86
Total	0.80	0.86	4.12	-	-	-	4.92	0.86
Business center fees								
Essar Infrastructure Services Limited	-	-	5.00	13.56	-	-	5.00	13.56
Rent chagres								
Essar House Limited	-	-	1.68	4.20	-	-	1.68	4.20
Essar Infrastructure Services Limited	-	-	-	0.24	-	-	-	0.24
Total	-	-	1.68	4.44	-	-	1.68	4.44
Repair and maintenance								
Essar Agrotech Limited	-	-	0.30	0.30	-	-	0.30	0.30
Traveling expenses								
Futura Travels Limited	-	-	1.67	3.51	-	-	1.67	3.51

Nature of transactions	Holding and subsidiary companies		Other related parties		Key management personnel		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Reimbursement of expenses								
Futura Travels Limited	-	-	16.03	21.38	-	-	16.03	21.38
Essar Infrastructure Services Limited	-	-	-	0.06	-	-	-	0.06
Essar Shipping & Logistics Limited	-	0.28	-	-	-	-	-	0.28
Essar Bulk Terminal (Salaya) Limited	-	0.11	-	-	-	-	-	0.11
Essar Logistics Limited	6.41	6.98	-	-	-	-	6.41	6.98
Essar Oil Limited	-	-	0.02	-	-	-	0.02	-
Essar Investments Limited	-	-	0.95	-	-	-	0.95	-
Total	6.41	7.37	17.00	21.44	-	-	23.41	28.81
Aircraft usage charges reimbursed								
Essar Oil Limited	-	-	9.95	-	-	-	9.95	-
Professional / Advisory fees / Agency fees								
India Securities Limited	-	-	0.20	0.22	-	-	0.20	0.22
Essar Investments Limited	-	-	10.02	-	-	-	10.02	-
Aegis Limited	-	-	0.13	0.38	-	-	0.13	0.38
Essar Information Technology Limited	-	-	0.42	0.71	-	-	0.42	0.71
Essar Logistics Limited	0.48	0.21	-	-	-	-	0.48	0.21
Total	0.48	0.21	10.77	1.31	-	-	11.25	1.52
Interest on loan (ICD)								
Essar Steel Limited	-	-	9.89	-	-	-	9.89	-
Interest on lease loan								
Essar Shipping & Logistics Limited	39.18	52.69	-	-	-	-	39.18	52.69
Fixed asset sold								
Essar Shipping & Logistics (Panama) Inc.	-	-	-	13.16	-	-	-	13.16
Cancellation of finance lease obligation								
Essar Shipping & Logistics Limited	-	548.53	-	-	-	-	-	548.53
Balance taken over pursuant to merger of India Shipping								
Essar Infrastructure Holdings Limited	-	-	-	92.57	-	-	-	92.57
Essar Logistics Holdings Limited	-	-	-	1.46	-	-	-	1.46
Investment in Essar Oilfields Services Limited	-	4,056.96	-	-	-	-	-	4,056.96
Total	-	4,056.96	-	94.03	-	-	-	4,150.99
Assignment of receivables								
Essar Global Limited	-	-	-	92.57	-	-	-	92.57
Essar Shipping & Logistics Limited	-	94.03	-	-	-	-	-	94.03
Total	-	94.03	-	92.57	-	-	-	186.60
Advance towards purchase of Shares								
Essar Oilfields Services Limited	-	100.94	-	-	-	-	-	100.94

(Rupees in crore)

Nature of transactions	Holding and subsidiary companies		Other related parties		Key management personnel		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Fixed asset under acquired finance lease								
Essar Shipping & Logistics Limited	-	632.85	-	-	-	-	-	632.85
Advance for acquisition of asset								
Essar Shipping & Logistics Limited	301.19	-	-	-	-	-	301.19	-
Investments in debentures								
Essar Holdings Limited	-	-	315.54	-	-	-	315.54	-
Investments in shares								
Essar Ports & Terminals Limited	131.60	405.64	-	-	-	-	131.60	405.64
Essar Paradip Terminals Limited	0.04	-	-	-	-	-	0.04	-
Essar Oilfield Services India Limited	0.05	-	-	-	-	-	0.05	-
Essar Oilfields Services Limited	71.65	-	-	-	-	-	71.65	-
Total	203.34	405.64	-	-	-	-	203.34	405.64
Loans and advances given								
Essar Steel Limited	-	-	314.00	-	-	-	314.00	-
Essar Investments Limited	-	-	270.00	-	-	-	270.00	-
Essar Ports & Terminal Limited	227.00	0.02	-	-	-	-	227.00	0.02
Essar Bulk Terminal Limited	-	16.95	-	-	-	-	-	16.95
Essar Bulk Terminal (Salaya) Limited	21.25	10.00	-	-	-	-	21.25	10.00
Essar Bulk Terminal Paradip Limited	-	-	5.42	-	-	-	5.42	-
Essar Oilfield Services India Limited	423.10	3.92	-	-	-	-	423.10	3.92
Essar Oilfields Services Limited	506.53	-	-	-	-	-	506.53	-
Energy II Limited	-	3.57	-	-	-	-	-	3.57
Vadinar Oil Terminal Limited	5.00	-	-	-	-	-	5.00	-
Essar Bulk Terminal Limited	28.00	-	-	-	-	-	28.00	-
Total	1,210.88	34.46	589.42	-	-	-	1,800.30	34.46
Loans and advances received								
Essar Oilfields Services Limited	0.35	-	-	-	-	-	0.35	-
Essar Bulk Terminal Limited	7.00	-	-	-	-	-	7.00	-
Essar Steel Limited	-	-	167.00	-	-	-	167.00	-
Total	7.35	-	167.00	-	-	-	174.35	-
Guarantees given by others on behalf of Company								
Essar Shipping & Logistics Limited	100.00	-	-	-	-	-	100.00	-
Guarantee on behalf of others								
Vadinar Ports & Terminals Limited	150.00	-	-	-	-	-	150.00	-
Essar Bulk Terminal (Salaya) Limited	679.60	-	-	-	-	-	679.60	-
Essar Bulk Terminal Limited	223.70	-	-	-	-	-	223.70	-
Essar Logistics Limited	17.74	45.00	-	-	-	-	17.74	45.00
Essar Oilfield Services India Limited	1,310.00	1.16	-	-	-	-	1,310.00	1.16
Essar Oilfields Services Limited	1,320.00	-	-	-	-	-	1,320.00	-
Total	3,701.04	46.16	-	-	-	-	3,701.04	46.16

Directors sitting fees: Rs. 0.04 (previous year Rs. 0.01) crore.

The details of outstanding balances as on 31.03.2010								(Rupees in crore)	
Nature of balances	Holding and subsidiary companies		Other related parties		Key management personnel		Total		
	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009	
Advance for acquisition of assets									
Essar Shipping & Logistics Limited	301.19	–	–	–	–	–	301.19	–	
Sundry Debtors									
Essar Steel Limited	–	–	89.27	135.17	–	–	89.27	135.17	
Essar Shipping & Logistics (Panama) Inc.	–	–	–	13.64	–	–	–	13.64	
Essar Logistics Limited	–	4.68	–	–	–	–	–	4.68	
Vadinar Oil Terminal Limited	–	7.70	–	–	–	–	–	7.70	
Essar Oil Limited	–	–	6.25	–	–	–	6.25	–	
Total	–	12.38	95.52	148.81	–	–	95.52	161.19	
Interest accrued on debentures									
Essar Holdings Limited	–	–	3.26	–	–	–	3.26	–	
Loans and advances (including interest accrued)									
Essar Steel Limited	–	–	5.67	–	–	–	5.67	–	
Essar Investments Limited	–	–	275.41	–	–	–	275.41	–	
Essar Oilfield Services India Limited	451.34	–	–	–	–	–	451.34	–	
Essar Oilfield Services Limited	6.13	–	–	–	–	–	6.13	–	
Essar Bulk Terminal (Salaya) Limited	22.49	10.08	–	–	–	–	22.49	10.08	
Essar Bulk Terminal Paradip Limited	–	–	5.20	–	–	–	5.20	–	
Essar Bulk Terminal Limited	28.05	–	–	–	–	–	28.05	–	
Energy II Limited	–	0.25	–	–	–	–	–	0.25	
Essar Logistics Limited	–	0.08	–	–	–	–	–	0.08	
Essar Ports & Terminals Limited	67.85	–	–	–	–	–	67.85	–	
Total	575.86	10.41	286.28	–	–	–	862.14	10.41	
Advance recoverable									
Essar Logistics Limited	0.07	–	–	–	–	–	0.07	–	
Essar International Limited	2.99	–	–	–	–	–	2.99	–	
Essar Shipping & Logistics Limited	21.30	–	–	–	–	–	21.30	–	
Total	24.36	10.49	–	–	–	–	24.36	10.49	
Deposits given									
Futura Travels Limited	–	–	6.25	6.25	–	–	6.25	6.25	
Essar House Limited	–	–	31.00	31.00	–	–	31.00	31.00	
Essar Infrastructure Services Limited	–	–	–	0.75	–	–	–	0.75	
Essar Investments Limited	–	–	0.06	–	–	–	0.06	–	
Essar Steel Limited	–	–	4.80	–	–	–	4.80	–	
Essar Information Technology Limited	–	–	0.46	0.46	–	–	0.46	0.46	
Total	–	–	42.57	38.46	–	–	42.57	38.46	
Lease Loan Obligation									
Essar Shipping & Logistics Limited	599.23	733.95	–	–	–	–	599.23	733.95	
Advance for investment in shares									
Essar Oilfields Services Limited	–	100.94	–	–	–	–	–	100.94	
Sundry creditors									
Futura Travels Limited	–	–	17.59	6.70	–	–	17.59	6.70	
Essar Steel Hazira Limited	–	–	0.79	–	–	–	0.79	–	
Essar Logistics Limited	19.00	–	–	–	–	–	19.00	–	
Vadinar Oil Terminal Limited	5.84	–	–	–	–	–	5.84	–	
Aegis Limited	–	–	–	–	–	–	–	–	
Essar Agrotech Limited	–	–	0.03	–	–	–	0.03	–	
Energy II Limited	0.19	–	–	–	–	–	0.19	–	
Essar Investments Limited	–	–	1.28	–	–	–	1.28	–	
Essar Shipping & Logistics Limited	–	4.81	–	–	–	–	–	4.81	
Total	25.03	4.81	19.69	6.70	–	–	44.72	11.51	

(Rupees in crore)

Nature of balances	Holding and subsidiary companies		Other related parties		Key management personnel		Total	
	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009
Security deposit received								
Essar Steel Limited			-	0.40	-	-	-	0.40
Interest accrued but not due on loan								
Essar Shipping & Logistics Limited	7.20	8.13	-	-	-	-	7.20	8.13
Guarantees given by others on behalf of Company								
Essar Shipping & Logistics Limited	100.00	-	-	-	-	-	100.00	-
Guarantees given on behalf of others								
Vadinar Ports & Terminals Limited	150.00	-	-	-	-	-	150.00	-
Essar Bulk Terminal (Salaya) Limited	679.60	-	-	-	-	-	679.60	-
Essar Oilfield Services India Limited	1,310.00	-	-	-	-	-	1,310.00	-
Essar Oilfields Services Limited	1,320.00	-	-	-	-	-	1,320.00	-
Essar Logistics Limited	62.74	45.00	-	-	-	-	62.74	45.00
Essar Bulk Terminal Limited	223.70	-	-	-	-	-	223.70	-
Vadinar Oil Terminal Limited	250.00	250.00	-	-	-	-	250.00	250.00
Others	-	14.90	-	-	-	-	-	14.90
Total	3,996.04	309.90	-	-	-	-	3,996.04	309.90

10) (Note no. B (12) of schedule 13 of annual accounts)

In view of exemption from Central Government obtained by the Company under section 211(4) of the Companies Act, 1956 vide order number 46/5/2010-CL-III dated 19th March, 2010, information required under sub-clauses (a), (b), (c) and (e) of paragraph 4-D of part II of schedule VI to the Companies Act, 1956, is not given.

11) (Note no. B (13) of schedule 13 of annual accounts)

The Company has entered into Memorandum of Agreement (MOA) for acquisition of two 13,000 dwt dry bulk carriers, (built in 1998 and 1999) with a German seller during May 2010. The purchase consideration is US\$11.70 million each with deliveries scheduled in July 2010. The vessels will be utilised for transportation of finished steel along the Indian coast.

12) Investments

- The Company has pledged its investments in equity shares of Essar Oil Limited amounting to Rs. 2.27 (previous year Rs. 2.27) crore in favour of lenders for loans availed by Essar Oil Limited.
- The Company's investments in shares of Essar Logistics Limited having negative lien undertaking in favour of lenders for the loan availed by Essar Steel Holdings limited.

- During the year, the Company has issued 5000 – 11.35% Secured Rated Redeemable Non-Convertible Debentures of Rs.10 lakh each aggregating Rs.500 crore on June 22, 2009 with a Put and Call Option at the end of five years from the date of allotment. The Debentures will be redeemed at the end of ten years i.e., on June 22, 2019; and 2000 – 11.35% Secured Rated Redeemable Non-Convertible Debentures of Rs.10 lakh each aggregating Rs.200 crore on March 25, 2010 with a Put and Call Option at the end of five years from the

date of allotment. The Debentures will be redeemed at the end of ten years i.e., on March 25, 2020.

These Debentures are listed on the Wholesale Debt Market Segment of the National Stock Exchange of India Limited.

14) Performance ratios:

Sr.No.	Particulars	2009-10	2008-09
1.	Total Income / Total assets	10.89	12.16
2.	Net profit before interest and tax / Capital employed	3.01	2.62
3.	Return on net worth	1.26	1.53
4.	Net profit / Total income	7.94	9.32

Notes:

- Capital employed includes shareholders funds, loan funds and is net of revaluation reserve and advance against allotment of shares.
- Total assets are net of revaluation reserve.
- Net worth includes shareholders funds and net of revaluation reserve and advance against allotment of shares.

15) (Note no. B (14) of schedule 13 of annual accounts)

The Company has not received any intimation from the suppliers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) and hence the disclosure required by the Act have not been made. The Company is making efforts to get confirmations from the suppliers as regards their status under the Act.

- Previous year's figures have been regrouped / reclassified wherever necessary.

For and on behalf of the Board

Sanjay Mehta
Managing Director
V. Ashok
Wholesale Director
Mumbai
May 27, 2010

R. N. Bansal
Director
Manoj Contractor
Company Secretary

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Particulars	Essar Logistics Limited Mumbai	Essar International Limited Guernsey	Energy Transportation International Limited Bermuda	Energy II Limited Bermuda	Essar Ports & Terminals Limited Mauritius	Vadinar Oil Terminal Limited Vadinar	Essar Bulk Terminal Limited Hazira	Essar Bulk Terminal (Salaya) Limited Mumbai	Essar Dredging Limited Mumbai	Essar Paradip Terminals Limited Mumbai	Vadinar Ports & Terminals Limited Vadinar	Essar Oilfields Services Limited Mauritius	Essar Oilfields Services India Limited Mumbai	Essar Oilfields Services FZE Limited Dubai
1. The relevant financial year of the subsidiary ended on	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10
2. No. of shares in the subsidiary company held by Essar Shipping Ports & Logistics Ltd. as on 31 st March, 2010	73,000,000	125,840,000	1,952,000	12,000	504,566,401	1,046,142,000	65,339,003	3,004,875	50,000	37,500	246,134,457	100,000,001	657,986,865	1
3. Extent of holding by Essar Shipping Ports & Logistics Ltd. as at the end of the financial period	100%	100%	100%	100%	100%	100%	65.06%	100%	100%	75%	100%	100%	100%	100%
4. The net aggregate amount of the Subsidiary Companies Profit / (Loss) so far as it concerns the members of the Holding Company														
a) Not dealt with in the Holding Company's Accounts :														
i) For the financial year ended 31 st March, 2010	Rs.238,139,135	\$4,980,727	(\$22,302)	(\$13,773)	(\$131,663)	Rs.664,462,136	Rs. 37,849,920	(Rs)100,000	(Rs)138,205	(Rs) 40,00,000	(Rs) 172,909	Rs.567,096,115	Rs.127,218,535	(Rs)464,886
ii) Financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	Rs.433,321,004	\$20,986,094	\$101,191	(\$5,305)	(\$4,996,762)	(Rs)789,552,150	(Rs)213,360	(Rs)110,300	NIL	NA	NA	Rs.344,453,032	NA	(Rs)269,823
b) Dealt with in Holding Company's accounts:														
i) For the financial year ended 31 st March, 2010	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) For the previous Financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
5. Change of interest of Essar Shipping Ports & Logistics Ltd. in the subsidiary between the end of the financial year of subsidiary and that of Essar shipping Ports & Logistics Ltd.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
6. Material changes between the end of the financial year of the subsidiary and the end of the financial year to Essar Shipping Ports & Logistics Ltd. in respect of subsidiary's fixed assets, investments, monies lent and borrowed	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) Fixed Assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Money lent by the subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Money borrowed by the subsidiary company other than for meeting current Liabilities (Net)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board

Sanjay Mehta
Managing Director

R. N. Bansal
Director

V. Ashok
Wholetime Director

Manoj Contractor
Company Secretary

36 DETAILS OF SUBSIDIARY COMPANIES PURSUANT TO APPROVAL OBTAINED U/S.212 (8)

Sr. No.	Particulars	Rs. in crore												
		Essar Logistics Limited Mumbai	Essar International Limited Guernsey	Energy Transportation International Limited Bermuda	Energy II Limited Bermuda	Essar Ports & Terminals Limited Mauritius	Vadinar Oil Terminal Limited Vadinar	Essar Bulk Terminal Limited Hazira	Essar Bulk Terminal (Salaya) Limited Mumbai	Essar Dredging Limited Mumbai	Essar Paradip Terminals Limited Mumbai	Vadinar Ports & Terminals Limited Vadinar	Essar Oilfields Services Limited Mauritius	Essar Oilfields Services India Limited Mumbai
	Year ending	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10	31.03.10
1	Capital	73.00	568.04	8.81	0.05	2,277.61	1,046.14	251.79	3.00	0.05	246.13	1,695.72	657.99	1.23
2	Reserves	108.43	514.20	0.33	(0.04)	(24.53)	(291.86)	3.76	(0.05)	(0.02)	(0.04)	80.75	(12.72)	(0.07)
3	Total Assets	412.76	1,082.24	9.14	0.01	3,142.77	2,988.24	771.83	24.20	0.03	496.39	2,690.47	1,437.64	1.16
4	Total Liabilities	412.76	1,082.24	9.14	0.01	3,142.77	2,988.24	771.83	24.20	0.03	496.39	2,690.47	1,437.64	1.16
5	Details of investments (including investments in subsidiaries)	0.01	10.01	-	-	1,288.96	221.48	-	-	-	7.00	634.64	-	-
6	Turnover	1,080.17	84.40	-	0.79	8.36	427.41	8.29	-	-	510.04	33.20	-	-
7	Profit before taxation	37.03	23.62	(0.11)	(0.07)	(0.62)	(66.85)	0.71	(0.01)	(0.01)	(0.04)	74.96	(12.72)	(0.05)
8	Provision for taxation	13.22	-	-	-	-	(0.40)	(3.07)	-	-	-	18.25	-	-
9	Profit after taxation	23.81	23.62	(0.11)	(0.07)	(0.62)	(66.45)	3.78	(0.01)	(0.01)	(0.04)	56.71	(12.72)	(0.05)
10	Dividend paid	-	0.24	-	-	-	-	-	-	-	-	-	-	-

For and on behalf of the Board

Sanjay Mehta
Managing Director

V. Ashok
Wholetime Director

R. N. Bansal
Director

Manoj Contractor
Company Secretary

Mumbai
May 27, 2010

AUDITORS' REPORT ON ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTOR OF ESSAR SHIPPING PORTS & LOGISTICS LIMITED

We have examined the abridged Consolidated Balance Sheet of Essar Shipping Ports & Logistics Limited ("the Company"), and its subsidiaries (together the Group) as at 31st March, 2010 and also the abridged Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These abridged financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the audited consolidated financial statements of the Group for the year ended 31st March, 2010 prepared in accordance with the requirement of Accounting Standard (AS) 21, Consolidated Financial Statements, as notified under the Companies (Accounting Standards) Rules,

2006 and covered by our report of even date to the members of the Company, which is attached hereto.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Regn. No. 117366W)

Khurshed Pastakia
Partner
(Membership No. 31544)

Mumbai
May 27, 2010

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF ESSAR SHIPPING PORTS & LOGISTICS LIMITED

1. We have audited the attached Consolidated Balance Sheet of ESSAR SHIPPING PORTS & LOGISTICS LIMITED ("the Company") and its subsidiaries (together "the Group") as at 31st March, 2010, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These Consolidated financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), as notified under the Companies (Accounting Standards) Rules, 2006.
4. Attention is invited to note B (3) of schedule 14 to the financial statements detailing the state of the Master Restructuring Agreement and the reasons for following principles laid down in other internationally recognized financial reporting frameworks as well as Accounting

Standard (AS 30), Financial Instrument – Recognition & Measurement, issued by the Institute of Chartered Accountants of India, in the absence of guidance available under the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiaries and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements, read together with notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India and in respect of the matter described in paragraph 4 above where accounting principles generally accepted in India do not provide specific guidance, in conformity with the principles laid down in related internationally recognised financial reporting frameworks:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;
 - (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Regn. No. 117366W)

Khurshed Pastakia
Partner
(Membership No. 31544)

Mumbai
May 27, 2010

ABRIDGED CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

(Statement containing the salient features of Consolidated Balance Sheet as per Section 219 (1) (b) (iv) of the Companies Act, 1956)

	As at 31.03.2010 (Rs. in crore)	As at 31.03.2009 (Rs. in crore)
I. SOURCES OF FUNDS		
Shareholders' funds:		
a) Capital		
i) Equity	615.81	615.81
ii) Advance against allotment of shares	17.92	0.50
b) Reserves and surplus:		
i) Capital reserves	4,253.36	4,253.36
ii) Debenture redemption reserve	25.00	-
iii) Revenue reserves	870.72	964.69
iv) Revaluation reserve	112.81	151.09
v) Tonnage tax reserve	205.50	180.50
vi) Surplus in Statement of Profit and Loss	1,363.26	1,328.14
	6,830.65	6,877.78
Preference share capital (refer note no.14)	1,164.61	433.08
Minority interest	68.88	32.91
Loan funds:		
a) Debentures (refer note no.3(e))	700.00	-
b) Secured loans (refer note no.3)	4,942.92	4,927.46
c) Finance lease obligations (refer note no.5)	930.51	1,136.66
d) Unsecured loans	934.08	676.77
	7,507.51	6,738.89
Deferred tax liability (net)	22.20	32.52
Total	16,227.58	14,731.49
II. APPLICATION OF FUNDS		
Fixed assets:		
a) Net block (original cost Rs.8,208.79 (previous year Rs.8,544.74) crore less depreciation/impairment Rs.1576.76 (previous year Rs.1,121.98) crore (refer note no.2)	6,632.03	7,422.76
b) Capital work in progress (including capital advances)	2,879.99	979.20
	9,512.02	8,401.96
c) Expenditure during construction	230.34	72.01
d) Goodwill on consolidation	5,037.11	5,037.11
Investments		
a) Quoted* (refer note no.15)	2.27	2.27
b) Unquoted	410.81	517.96
	413.08	520.23
* Aggregate market value of quoted investments is Rs.53.10 (previous year Rs.27.85) crore.		
Current assets, loans and advances:		
a) Inventories	146.03	150.20
b) Sundry debtors (refer note no.13)	519.16	504.92
c) Cash and bank balances	280.50	117.30
d) Other current assets	6.31	2.41
e) Loans and advances	1,180.70	649.32
	2,132.70	1,424.15
Less: Current liabilities and provisions:		
a) Liabilities (refer note no. 2 and 16)	1,072.81	720.96
b) Provisions	27.52	14.60
	1,100.33	735.56
Net current assets	1,032.37	688.59
Foreign currency monetary items translation difference account (refer note no.2)	-	11.59
Miscellaneous expenditure (to the extent not written off or adjusted)	2.66	-
Total	16,227.58	14,731.49

Refer notes to abridged consolidated financial statements

Compiled from the audited annual accounts of the Company referred to in our report dated 27th May, 2010.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Khurshed Pastakia
Partner

Mumbai
May 27, 2010

For and on behalf of the Board

Sanjay Mehta
Managing Director

V. Ashok
Wholetime Director

Mumbai
May 27, 2010

R. N. Bansal
Director

Manoj Contractor
Company Secretary

ABRIDGED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2010

(Statement containing the salient features of Consolidated Statement of Profit and Loss as per Section 219 (1) (b) (iv) of the Companies Act, 1956)

	For the year ended 31.03.2010 (Rs. in crore)	For the year ended 31.03.2009 (Rs. in crore)
INCOME		
a) Operating and chartering earnings	1,335.69	1,492.59
b) Surface transport services income	736.15	501.04
c) Port and terminal service income	412.55	386.73
d) Oilfields services income	515.05	193.83
e) Income from long term investments	3.62	-
f) Dividend from non trade current investments	0.53	1.08
g) Interest income	79.15	31.87
h) Other income:		
i) Profit on sale of fleet	1.01	28.67
ii) Profit on sale of investments	0.06	1.09
iii) Extinguishment of liability on cancellation of finance lease	-	17.48
iv) Currency exchange gain, net (refer note no.2)	-	13.30
v) Miscellaneous income	8.33	8.89
Total	3,092.14	2,676.57
EXPENDITURE		
a) Operating expenses:		
i) Direct voyage expenses	1,262.19	1,073.41
ii) Consumption of fuel, oil and water	164.54	230.62
iii) Port and terminal service expenses	56.56	65.48
iv) Salaries, wages and other employees benefits - floating staff	137.44	91.75
v) Other operating expenses	163.86	116.37
	1,784.59	1,577.63
b) Establishment and other expenses:		
i) Salaries, wages and other employees benefits - office staff	43.86	50.73
ii) Managerial remuneration	5.52	5.52
iii) Auditor's remuneration	1.50	0.86
iv) Currency exchange loss, net	34.90	-
v) Other expenses	115.27	104.96
	201.05	162.07
c) Interest expenses (refer note no.3)	537.35	434.80
d) Depreciation / impairment	446.94	377.82
Total	2,969.93	2,552.32
PROFIT BEFORE TAX	122.21	124.25
Less: Provision for taxation:		
i) Current tax (including tonnage tax)	(39.06)	(35.20)
ii) Adjustment for MAT credit entitlement	(3.22)	(0.53)
iii) Fringe benefit tax	-	(4.31)
iv) Deferred tax credit / (liability)	10.32	(14.30)
v) Tax adjustments for earlier years	4.95	7.29
	(27.01)	(47.05)
PROFIT BEFORE SHARE OF MINORITY INTEREST	95.20	77.20
Add: Share of minority's interest	(1.43)	-
PROFIT FOR THE YEAR	93.77	77.20
Balance brought forward from previous year	1,328.14	1,258.24
Add: Balance of profit of erstwhile amalgamating companies	-	10.72
AMOUNT AVAILABLE FOR APPROPRIATION	1,421.91	1,346.16
APPROPRIATIONS		
Less: Transferred to tonnage tax reserve	(25.00)	(18.00)
Less: Transferred to debenture redemption reserve	(25.00)	-
Less: Dividend on preference shares	(8.65)	(0.02)
Balance carried forward to balance sheet	1,363.26	1,328.14
Basic and diluted earnings per share (Rs.) (face value of Rs. 10/- per share) (refer note no.7)	1.38	1.25

Refer notes to abridged consolidated financial statements

Compiled from the audited annual accounts of the Company referred to in our report dated 27th May, 2010

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Khurshed Pastakia
Partner

Mumbai
May 27, 2010

For and on behalf of the Board

Sanjay Mehta
Managing Director

V. Ashok
Wholetime Director

Mumbai
May 27, 2010

R. N. Bansal
Director

Manoj Contractor
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31.03.2010 (Rs. in crore)	Year ended 31.03.2009 (Rs. in crore)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	122.21	124.25
Adjustments for :		
Depreciation / amortisation / impairment	446.94	377.82
Interest and finance expenses	537.35	434.80
Interest income	(79.15)	(31.87)
Income from long term investment	(3.62)	-
Profit on sale of assets (net)	0.18	(32.12)
Extinguishment of liability on cancellation of finance lease	-	(17.48)
Provision for employee benefits (non-funded)	6.11	2.01
Profit on sale of investments (net)	(0.06)	(1.09)
Dividend on current investments	(0.53)	(1.08)
Bad debt written off	18.49	-
Foreign exchange gain	9.91	(1.08)
Currency alignment on conversion of non-integral foreign subsidiaries and translation adjustment (net)	(45.52)	162.14
Operating profit before working capital changes	1,012.31	1,016.30
Adjustments for:		
Trade and other receivables	(138.27)	(360.09)
Inventories	4.17	(114.59)
Trade payables	(48.13)	2.70
Cash generated from operations	830.08	544.32
Income taxes paid (net of refund)	(14.99)	(46.03)
Fringe benefit tax paid	(0.02)	(4.59)
Net cash from operating activities	815.07	493.70
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress / advances	(1,893.22)	(1,866.21)
Sale of fixed assets	167.63	220.12
Advance given towards purchase of investments	-	(0.42)
Purchase of non current investments	(1.12)	(836.02)
Purchase of current investments	(296.46)	343.14
Proceeds from sale of current investments	719.78	153.00
Proceeds from sale of non - current investments	0.08	-
Investment in shares of subsidiaries	-	(17.45)
Loans and advances given to body corporates	(908.71)	1.08
Loans and advances repaid to body corporates	117.54	31.23
Fixed deposits placed for a period of more than three months	(120.01)	-
Dividend on current investment	0.53	-
Income from long term investment	3.62	-
Interest received	75.25	-
Net cash flow from investing activities	(2,135.09)	(1,971.53)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest and finance expenses paid	(630.18)	(357.63)
Proceeds from term loans	3,620.98	912.19
Proceeds from commercial paper	160.00	290.00
Proceeds from debenture	700.00	-
Additional lease obligations	-	761.50
Proceeds from unsecured loans	1,180.61	801.74
Repayment of term loans	(3,192.40)	(296.17)
Repayment of commercial paper	(160.00)	(290.00)
Repayment of finance lease obligation	(80.06)	(68.49)
Repayment of unsecured loans	(918.68)	(437.33)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31.03.2010 (Rs. in crore)	Year ended 31.03.2009 (Rs. in crore)
Payment of unclaimed debentures and interest thereon	-	(0.40)
Advance towards allotment of shares	17.42	0.50
Preference share capital received	731.53	-
Repayment of share application money received	-	(47.14)
Net cash flow from financing activities	1,429.22	1,268.77
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	109.20	(209.06)
Cash and cash equivalents at beginning of the year	51.29	260.35
Cash and cash equivalents at end of year	160.49	51.29

Notes:

1. Cash and cash equivalents include:

Cash and bank balances	92.99	50.24
Balances in fixed deposits (maturity period of less than 3 months)	67.64	0.87
Unrealised gain on foreign currency on cash and cash equivalents	(0.14)	0.18
Total cash and cash equivalents	160.49	51.29
Balances in fixed deposits (maturity period of more than 3 months)	120.01	66.01
CASH AND BANK BALANCES	280.50	117.30

2. Non cash transactions:

- a) During the year, Essar Steel Limited has transferred Unsecured Non convertible Debentures of Essar Holdings Limited to Essar Shipping Ports & Logistics Limited in lieu of loan given to Essar Steel Limited amounting to Rs. 315.54 crore.
- b) During the year, the Essar Oilfields Services Limited has made provision amounting to Rs. 67.28 crore which has been capitalised as plant and equipment during the year.
- c) During the year 2008-09, Essar Oilfields Services Limited has issued preference shares amounting to Rs. 383.69 crore to Essar Shipping & Logistics Limited, Cyprus against the share application money received in advance in previous year.
- d) During the year 2008-09, Arya Infrastructure Holdings Limited has assigned it's receivable from Essar Oilfields Services Limited to Essar Global Limited, amounting to Rs. 14.73 crore.
- e) During the year 2008-09, Pursuant to scheme of amalgamation of India Shipping, Mauritius (IS) and Essar Sisco Ship Management Company Limited, India (ESSMC),
 - (i) The Company has allotted 364,905,489 equity shares of Rs.10 each fully paid up, at a premium of Rs.210 per share to Essar Shipping & Logistics Limited, Cyprus (ESLL) (immediate holding company and sole shareholder of erstwhile IS) and;
 - (ii) 175,299,376 equity shares (including 376,000 GDS represented by 124,456,000 equity shares) of the Company held by IS have been cancelled.
 - (iii) The net excess value of additional shares (shares allotted to the shareholder of IS reduced by the shares already held by IS and cancelled by the Company) issued over net assets of the IS acquired by the Company amounting to Rs. 3,712.43 crore has been deducted from the securities premium account of the Company.
 - (iv) The difference of Rs. 4.33 crore, between Company's investment value in equity shares and equity share capital of ESSMC, has also been deducted from securities premium account of the Company.

3. Cash flow statement has been prepared under the indirect method as set out in Accounting standard -3 'Cash Flow statement' as notified under the companies (Accounting Standards) Rules, 2006.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Khurshed Pastakia
Partner

Mumbai
May 27, 2010

For and on behalf of the board

Sanjay Mehta
Managing Director

V. Ashok
Wholetime Director

Mumbai
May 27, 2010

R. N. Bansal
Director

Manoj Contractor
Company Secretary

NOTES TO ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010

(Compiled from audited annual accounts of the Company)

1) Subsidiaries

The reporting date of all the subsidiaries is 31st March 2010. The list of the subsidiaries of the Company which are included in the consolidation and the Group's holding therein are as under:

Name of companies	Country of incorporation	Immediate holding		Relationship	Immediate holding %	
		2010	2009		2010	2009
Essar Logistics Limited ("ELL")	India	ESPLL	ESPLL	Subsidiary	100%	100%
Essar Ports & Terminals Limited ("EPTL")	Mauritius	ESPLL	ESPLL	Subsidiary	100%	100%
Essar Paradip Terminals Limited ("EPaTL") ¹	India	ESPLL	NA	Subsidiary	75%	NA
Essar Oilfields Services Limited ("EOSL")	Mauritius	ESPLL	ESPLL	Subsidiary	100%	100%
Essar Oilfield Services India Limited ("EOSIL") ²	India	EOSL	NA	Subsidiary	100%	NA
Essar Oilfields Services FZE ("EOSL FZE")	Dubai	EOSL	EOSL	Subsidiary	100%	NA
Essar International Limited ("EIL")	Guernsey	ESPLL	ESPLL	Subsidiary	100%	100%
Energy Transportation International Limited ("ETIL")	Bermuda	EIL	EIL	Subsidiary	100%	100%
Energy II Limited ("EII")	Bermuda	EIL	EIL	Subsidiary	100%	100%
Essar Bulk Terminal Limited ("EBTL")	India	EPTL	EPTL	Subsidiary	65.06%	99.98%
Vadinar Oil Terminal Limited ("VOTL")	India	EPTL	EPTL	Subsidiary	100%	100%
Essar Bulk Terminal (Salaya) Limited ("EBTSL")	India	EPTL	EPTL	Subsidiary	100%	100%
Essar Dredging Limited ("EDL")	India	EBTL	EBTL	Subsidiary	100%	100%
Vadinar Ports & Terminals Limited ("VPTL") ³	Mauritius	VOTL	NA	Subsidiary	97%	NA

1. Incorporated on 4th November, 2009

2. Subsidiary w.e.f. 4th April, 2009

3. Incorporated on 21st April, 2009

2) Fixed assets

(Note B (2) of schedule 14 of annual accounts)

- a) Pursuant to notification issued by the Central Government under Companies (Accounting Standard) Amendment Rules, 2009 dated 31st March 2009; the Company has chosen an option with effect from 1st April 2007 to adjust the gains/losses arising on conversion/translation/settlement of long term foreign currency items into the corresponding costs of fixed assets to the extent it is related to acquisition of depreciable fixed assets and the balance gains/losses has been accumulated in "Foreign Currency Monetary Item Translation Difference Account" (FCMITDA).

During the year, exchange difference on long term foreign currency items relating to fixed assets amounting to Rs. 204.66 (previous year loss - Rs. 501.48) crore has been adjusted in costs of corresponding fixed assets and the balance exchange difference of Rs. 4.10 (previous year Rs. 5.79) crore [net of Rs. 4.10 (previous years Rs. 5.79) crore amortised in the Statement of Profit and Loss] outstanding under FCMITDA as on the balance sheet date has been charged to the Statement of Profit and Loss as the only general purpose loan on which the FCMITDA was created has been repaid during the year.

The compounding effect of this treatment has resulted into a decrease in the profit for the year by an amount of Rs. 190.96 crore (Previous year increase - Rs. 489.32 crore)

- b) The Company has revalued its fleet on 1st April, 2004 and on 31st March, 2008. The valuations were done by accredited valuers on the basis of expected market value in an arm's length transactions and free of encumbrances on the valuation date. The enhancement in the value of fleet amounting to Rs.669.52 crore and Rs.491.31 (including Rs.38.62 crore exchange difference, net of depreciation relating to previous year) crore respectively were credited to the Fixed assets revaluation reserve. Incremental depreciation and impairment mainly on account of the revaluation amounting to Rs. 38.28 (previous year Rs.144.73) crore and Rs.nil (previous year Rs.133.97) crore have been recouped from fixed assets revaluation reserve and the balance of Rs.119.51 (previous year Rs.159.45) crore has been debited to the Statement of Profit and Loss.
- c) The Company has three vessels and an aircraft on finance lease as on the Balance Sheet date.
- d) Gross block of plant and machinery includes Rs. 38.84 (previous year 38.84) crore leased out; Written down value as on 31st March 2010 is Rs. nil (previous year Rs. nil).
- e) The fleet and dredgers along with its receivables, barge unloader and rigs are under charge for the secured loans.
- f) The Group is disputing a claim of Rs. 67.28 crore towards supply of equipments and other support services during the trial run period of rig. However pending settlement, during the year, the Group has made provision for the entire claim towards cost of rig. The Group is expecting the settlement in near future.

3) (Note no. B (3) of schedule 14 of the annual accounts)

- a) The Master Restructuring Agreement ("MRA") dated 17th December, 2004 entered pursuant to Corporate Debt Restructuring Scheme, subject to concurrence of lenders, gives an option to VOTL to prepay certain funded interest loans of Rs.869.08 (previous year Rs.869.08) crore arising from funding of interest for the period 1st October 1998 to 29th December 2003 at any point in time during their term at a reduced amount computed in accordance with mechanism provided in the MRA or in full by one bullet payment in March, 2026. During the year VOTL has agreed to pay a claim of Rs.12.07 crore of a lender by bullet payment in 2031 with an option to prepay this amount as per agreed terms at a reduced rate at any point of time during its term.

In order to give accounting effect to reflect the substance of the transaction and considering the intention of the management to prepay funded interest loans under the option aforementioned, in the absence of guidance available under the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, the principles laid down in International Financial Reporting Standard (IFRS) 39 (Revised) - Financial Instruments - Recognition and Measurement, Statement of Financial Accounting Standard

(SFAS) 15 – Accounting by Debtors and Creditors for Troubled Debt Restructuring under United States Generally Accepted Accounting Principles (US-GAAP), and Accounting Standard (AS 30) Financial Instruments – Recognition and Measurement issued by the Institute of Chartered Accountants of India, have been followed.

In view of the above, an amount of Rs.700.69 (previous year Rs.706.96) crore shown under secured loans being the amount not payable as at balance sheet date, has been shown as deduction from the funded interest facilities of the financial institutions and banks to reflect in substance the present obligation under the mechanism as on the balance sheet date with consequential deduction from “Expenditure during construction” till date of capitalisation of terminal project. The changes in the present obligation of the said loans subsequent to capitalisation of terminal project is treated as finance cost in the Statement of Profit and Loss.

The Company has plans of prepaying the loans (including funded interest loans) in accordance with the option to prepayment available under MRA.

- b) Term loans and funded interest facilities from banks and financial institutions (other than (c) below) are secured / to be secured by first ranking security interests on all movable and immovable assets, present and future, pledge of shares of VOTL held by the promoters and persons associated with the promoters/VOTL, security interest on rights, titles and interests under each of the project documents, trust and retention accounts/sub-accounts, insurance policies related to the terminal project, immovable properties of Essar Oil Ltd (EOL) pertaining to terminal project, guarantee by the promoters and guarantee of the Company for Rs. 250 (previous year Rs.250) crore and pledge of shares of VOTL held by the Company.
- c) The facilities provided by a financial institution upto Rs. 200 (previous year Rs.200) crore and interest and other charges thereon are secured by a Guarantee of EOL for Rs. 200 crore. To secure obligation of EOL pursuant to the said guarantee, security is created by first mortgage and charge on immovable and movable properties pertaining to the EOL refinery project, pledge over shares of EOL and an assignment of the project contracts relating to EOL refinery project, the trust and retention accounts pertaining thereto.
- d) The term loan of Rs. 477.47 (previous year Rs. 91.16) crore is secured by first pari passu charge on all the present and future movable / immovable assets / properties, insurance contracts, accounts receivables and all other assets of EBTL including but not limited to goodwill, trademarks and patents and is guaranteed by a corporate guarantee of Rs.512 crore by Essar Shipping & Logistics Limited.
- e) During the year, the Company has issued 5000 – 11.35% Secured Rated Redeemable Non-Convertible Debentures of Rs.10 lakh each aggregating Rs.500 crore on June 22, 2009 with a Put and Call Option at the end of five years from the date of allotment. The Debentures will be redeemed at the end of ten years i.e., on June 22, 2019; and 2000 – 11.35% Secured Rated Redeemable Non-Convertible Debentures of Rs.10 lakh each aggregating Rs.200 crore on March 25, 2010 with a Put and Call Option at the end of five years from the date of allotment. The Debentures will be redeemed at the end of ten years i.e., on March 25, 2020.
- These Debentures are listed on the Wholesale Debt Market Segment of the National Stock Exchange of India Limited.
- f) EOSL investment in EOSIL has been pledged in favour of the lender for term loan availed.

4) (Note no. B (4) of schedule 14 of the annual accounts)

a. Contingent liabilities:

(Rs. in crore)

Particulars	As on 31.03.2010	As on 31.03.2009
Claims against the Group not acknowledged as debt	5.13	132.41
Guarantees given by banks	77.16	84.98
Performance guarantees given under contracts	62.74	111.39
Dividend on optionally convertible cumulative redeemable preference shares	0.02	0.02
Guarantee on behalf of others	104.00	104.00
Disputed sales tax demand under appeal with the honourable high court of Madras	52.20	58.10
Income tax appeals before ITAT	117.97	117.97
Bills discounted with banks	94.56	86.79
Interest on facility E on principal amount of facility stoppage as per MRA	136.57	87.82

- b) Guarantee given by others on behalf of VOTL in respect of loan liability already existing in the books of account Rs. 204.44 (previous year Rs. 200) crore.
- c) Estimated amount of contract remaining to the executed on capital account not provided for is Rs. 2,470.98 (previous year Rs. 5,132.38) crore.

5) Finance lease obligations:

(Note no. B (5) of schedule 14 of the annual accounts)

(a) Finance leases:

The minimum lease rentals outstanding at the year-end are as under:

(Rs. in crore)

Particulars	As on 31.03.2010			As on 31.03.2009		
	Minimum lease payments	Interest	Present value of minimum lease payments	Minimum lease payments	Interest	Present value of minimum lease payments
Future lease rental obligation payable :						
– Not later than one year	143.95	57.90	86.05	163.33	72.23	91.10
– Later than one year but not later than five years	695.42	198.10	497.32	802.56	259.36	543.20
– Later than five years	372.47	25.33	347.14	560.46	58.10	502.36
Total	1,211.84	281.33	930.51	1,526.35	389.69	1,136.66

(b) Operating leases:

VOTL has a committed liability of Rs. 152.31 (previous year Rs. 75.41) crore for future lease rental charges in respect of land taken on lease which is owned by Essar Oil Limited.

6) Business segment and geographical segment:

(Note no. B (6) of schedule 14 of the annual accounts)

a) Business segment

(Rs. in crore)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Segment revenue		
Operating income		
Fleet operating and chartering	1,434.27	1,716.58
Surface transport services	737.38	500.89
Port and terminal services	420.74	386.73
Oilfields services	515.05	193.83
Unallocated	177.96	73.71
Total	3,285.40	2,871.74
Less: Inter segment revenue	(193.26)	(195.17)
Net income from operation	3,092.14	2,676.57
Segment results		
Fleet operating and chartering	222.75	221.18
Surface transport services	15.47	17.30
Port and terminal services	185.51	160.93
Oilfields services	179.05	85.93
Unallocated	56.78	73.71
Profit from operation before interest and finance charges	659.56	559.05
Less: Unallocable Interest and finance expense	(537.35)	(434.80)
Profit before tax	122.21	124.25
Less: Income tax	(27.01)	(47.05)
Profit before minority's interest	95.20	77.20
Share of minority's interest	(1.43)	-
Profit for the year	93.77	77.20
Segment assets		
Fleet operating and chartering	2,789.62	2,775.05
Surface transport services	258.06	112.76
Port and terminal services	4,410.41	3,724.41
Oilfields services	3,651.97	3,059.09
Unallocated	1,180.69	747.06
Total assets	12,290.75	10,418.37
Segment liabilities		
Fleet operating and chartering	(143.01)	(2,680.54)
Surface transport services	(115.43)	(49.15)
Port and terminal services	(576.59)	(2,767.02)
Oilfields services	(249.31)	(1,969.24)
Unallocated	(16.30)	(8.55)
Total liabilities	(1,100.64)	(7,474.49)
Fixed assets acquired during the year		
Fleet operating and chartering	0.44	1,126.55
Surface transport services	33.54	0.13
Port and terminal services	6.02	21.29
Oilfields services	311.05	2,256.84
Total	351.05	3,404.81
Depreciation *		
Fleet operating and chartering	187.88	186.76
Surface transport services	3.36	2.15
Port and terminal services	145.11	136.97
Oilfields services	156.47	51.93
Total	492.82	377.82

* Excludes depreciation of Rs. 7.60 (previous year Rs. 7.54) crore transferred to expenditure during construction and Rs. 38.28 (previous year Rs. 278.71) crore recouped from fixed assets revaluation reserve.

b) Geographical segment

The Group's fleet operations are managed on a worldwide basis from India. Fleet operating and chartering earnings are based on the geographical location of customers.

(Rs. in crore)

Segment revenue	Year ended 31.03.2010	Year ended 31.03.2009
India	2,778.04	2,127.42
China	87.63	92.74
U.S.A	29.85	116.57
U.K.	65.59	30.40
U.A.E	0.63	46.45
Brazil	-	262.99
Rest of the world	130.40	262.99
Total	3,092.14	2,676.57

The main operating assets represent floating fleet, which is not identifiable to any geographical location.

7) Earnings per share:

(Note no. B (7) of schedule 14 of the annual accounts)

The calculation of basic and diluted earnings per share is based on the following data:

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Earnings for the purpose of basic and diluted earnings per share (net profit for the year) (Rs. in crore)	93.77	77.20
Less: Preference dividend to minority shares held in EOSL (Rs. in crore)	8.65	0.02
Adjusted net earnings for the purpose of basic and diluted earnings per share (Rs. in crore)	85.12	77.18
Equity shares at the beginning of the year (nos.)	615,683,320	426,077,207
Equity shares issued pursuant to merger of India Shipping (nos.) – refer note no. B(12) on schedule 14	-	364,905,489
Equity shares held by India Shipping in the Company cancelled upon merger (nos.)	-	(175,299,376)
Equity shares at the end of the year (nos.)	615,683,320	615,683,320
Weighted average equity shares for the purpose of calculating basic and diluted earnings per share (nos.)	615,683,320	615,683,320
Earnings per share- basic and diluted (face value of Rs.10/- each) (Rs.)	1.38	1.25

8) Foreign Currency exposure

(Note no. B (8) of schedule 14 of the annual accounts)

i) There were no forward/options contracts entered into by the Group during the financial year to hedge its foreign currency exposures.

- ii) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below.

(A) Amount receivable in foreign currency on account of the following:

Particulars	Rs. in crore		Currency	In millions	
	2009-10	2008-09		2009-10	2008-09
i. Export of goods and services	23.12	14.79	USD	5.14	2.84
ii. Sale of assets	–	13.64	USD	–	2.70
iii. Sale of current investments	–	9.72	AED	–	1.91
iv. Advance to vendors	5.66	7.20	USD	1.22	1.40
	0.02	0.02	AED	0.00	0.00
	0.02	–	GBP	0.00	–
	0.51	11.30	EUR	0.10	1.71
	6.21	18.52			
iv. Dues from holding company	21.30	–	USD	4.77	–
v. Bank balances and fixed deposits including interest accrued thereon	1.82	0.32	USD	0.41	0.06

(A) Amount payable in foreign currency on account of the following:

Particulars	Rs. in crore		Currency	In million	
	2009-10	2008-09		2009-10	2008-09
i) Import of goods and services	12.93	16.11	USD	2.86	3.00
	49.93	38.85	INR	11.06	7.63
	7.14	3.42	GBP	1.05	0.66
	0.91	7.61	EUR	0.15	1.19
	0.56	0.78	JPY	11.28	16.51
	7.78	10.75	OMR	0.67	2.11
	6.87	18.35	SGD	2.13	3.67
	0.26	1.28	NOK	0.35	0.29
	–	0.02	HKD	–	0.05
	–	0.01	AUD	–	–
	0.00	0.17	ZAR	0.00	0.06
30.69	14.44	AED	19.26	2.83	
	117.08	117.79			
ii) Secured loans payable (including interest accrued)	522.21	744.12	USD	114.37	111.01
iii) Advance from customers	0.83	1.00	USD	0.18	0.02
iv) Lease loans obligation	926.12	1,134.90	USD	203.19	221.70

9) Taxation

(Note no. B (9) of schedule 14 of the annual report)

Income tax on income from qualifying fleet is provided on the basis of Tonnage Tax scheme. Income tax on other income is provided as per other provisions of Income Tax Act, 1961. Taxes on income earned by foreign subsidiaries are provided based on tax laws of its domicile country.

10) Deferred tax liability

(Note no. B (10) of schedule 14 of the annual report)

The components of net deferred tax liability are as follows:

(Rs. in crore)

Details	As at 31st March 2010	As at 31st March 2009
Deferred tax liability		
Depreciation on fixed assets	120.54	34.46
(A)	120.54	34.46
Deferred tax assets		
Disallowance u/s 40(a)	3.40	1.18
Unabsorbed Depreciation	94.29	–
Employee benefits liability	0.66	0.76
(B)	98.35	1.94
Net deferred tax liability (A-B)	22.19	32.52

11) Employee benefits:

(Note no. B (11) of schedule 14 of the annual report)

The Group has adopted Accounting Standard (AS) 15 (Revised) 'Employee benefits' as notified under the Companies (Accounting Standard) Rules, 2006, with effect from 1st April, 2007.

12) Related party transactions:

(Note no. B (12) of schedule 14 of the annual report)

(a) Holding companies:

- Essar Global Limited, Cayman Islands (ultimate holding company)
- Essar Shipping & Logistics Limited, Cyprus (immediate holding company)

(b) Key management personnel:

- Mr. Sanjay Mehta, Managing Director (Essar Shipping Ports & Logistics Limited)
- Mr. A. R. Ramakrishnan, Wholetime Director (Essar Shipping Ports & Logistics Limited)
- Mr. V. Ashok, Wholetime Director (Essar Shipping Ports & Logistics Limited)
- Mr. K. K. Sinha, Wholetime Director (Vadinar Oil Terminal Limited)
- Mr. A. K. Musaddy, Wholetime Director (Essar Logistics Limited)
- Mr. Subhas Das, Wholetime Director (Essar Bulk Terminal Limited - w.e.f 15.05.2009)
- Mr. Shishir Agrawal, Wholetime Director (Essar Oilfields Services Limited - upto 24.07.2009)

(c) Other related parties where there have been transactions:

Enterprises commonly controlled or influenced by major shareholders / directors / relatives of directors of the Group:

1. Aegis Limited
2. Bhandar Power Limited
3. Essar Agrotech Limited
4. Essar Bulk Terminal Paradip Limited
5. Essar Energy Services Limited
6. Essar Engineering Services Limited
7. Essar Exploration & Production India Limited
8. Essar Exploration & Production South East Asia Limited
9. Essar Gulf FZE
10. Essar Heavy Engineering Services Limited
11. Essar Holdings Limited
12. Essar House Limited
13. Essar Information Technology Limited
14. Essar Infrastructure Holdings Limited
15. Essar Infrastructure Services Limited
16. Essar Investments Limited
17. Essar Logistics Holdings Limited

18. Essar Oil Limited
19. Essar Power Gujarat Limited
20. Essar Power Limited
21. Essar Power M.P. Limited
22. Essar Project Management Consultants Limited
23. Essar Projects (India) Limited
24. Essar Properties Limited
25. Essar Shipping & Logistics (Panama) Inc.
26. Essar Steel Hazira Limited
27. Essar Steel Algoma Inc.
28. Essar Steel Holdings Limited
29. Essar Steel Limited
30. Essar Steel Orissa Limited
31. Essar Steel Sharjah FZE
32. Essar Telecom Retail Limited
33. Futura Travels Limited
34. Global Supplies FZE
35. Hazira Pipe Mills Limited
36. Hazira Plate Limited
37. India Securities Limited
38. Paprika Properties Dubai Limited
39. Vadinar Power Company Limited

The details of transactions with related parties

(Rupees in crore)

Nature of transactions	Holding companies		Other related parties		Key management personnel		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
INCOME								
Fleet operating income								
Essar Steel Limited	-	-	1,168.91	1,195.21	-	-	1,168.91	1,195.21
Essar Steel (Hazira) Limited	-	-	76.01	73.82	-	-	76.01	73.82
Essar Steel Algoma Inc.	-	-	-	30.59	-	-	-	30.59
Essar Projects (India) Limited	-	-	30.56	16.88	-	-	30.56	16.88
Essar Oil Limited	-	-	517.54	469.60	-	-	517.54	469.60
Essar Exploration South East Asia Limited	-	-	0.06	-	-	-	0.06	-
Hazira Plate Limited	-	-	4.07	4.86	-	-	4.07	4.86
Essar Steel Orissa Limited	-	-	6.35	0.56	-	-	6.35	0.56
Hazira Pipe Mills Limited	-	-	13.31	4.26	-	-	13.31	4.26
Essar Heavy Engineering Services Limited	-	-	-	0.11	-	-	-	0.11
Essar Power Gujarat Limited	-	-	41.91	3.69	-	-	41.91	3.69
Essar Power M.P. Limited	-	-	40.41	4.44	-	-	40.41	4.44
Essar Shipping & Logistics Limited	9.09	-	-	-	-	-	9.09	-
Essar Power Limited	-	-	0.04	0.04	-	-	0.04	0.04
Vadinar Power Company Limited	-	-	0.07	-	-	-	0.07	-

(Rupees in crore)

Nature of transactions	Holding companies		Other related parties		Key management personnel		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Essar Shipping & Logistics (Panama) Inc.	-	-	0.16	0.47	-	-	0.16	-
Others	-	-	0.86	-	-	-	0.86	-
Total	9.09	-	1,900.26	1,804.53	-	-	1,909.35	1,804.53
Equipment lease rental income								
Essar Steel Limited	-	-	0.02	0.02	-	-	0.02	0.02
Rental income on building								
Essar Steel Limited	-	-	0.01	0.01	-	-	0.01	0.01
Interest income								
Essar Shipping & Logistics Limited	24.71	5.16	-	-	-	-	24.71	5.16
Essar Oil Limited	-	-	11.03	11.38	-	-	11.03	11.38
Essar Steel Limited	-	-	8.01	-	-	-	8.01	-
Essar Investments Limited	-	-	11.24	-	-	-	11.24	-
Essar Bulk Terminal Paradip Limited	-	-	0.06	-	-	-	0.06	-
Total	24.71	5.16	30.34	11.38	-	-	55.05	16.54
Interest income on debenture								
Essar Holdings Limited	-	-	3.62	-	-	-	3.62	-
Expenditure during construction								
Essar Projects (India) Limited	-	-	-	7.14	-	-	-	7.14
Essar Steel Hazira Limited	-	-	-	1.20	-	-	-	1.20
Total	-	-	-	8.34	-	-	-	8.34
Agency and management fees								
Essar Investments Limited	-	-	13.33	11.54	-	-	13.33	11.54
Hire / Demurrage charges								
Essar Shipping & Logistics (Panama) Inc.	-	-	5.71	-	-	-	5.71	-
Essar Projects (India) Limited	-	-	3.44	-	-	-	3.44	-
Essar Infrastructure Services Limited	-	-	1.04	-	-	-	1.04	-
Total	-	-	10.19	-	-	-	10.19	-
Freight / lease hire charges								
Essar Shipping & Logistics (Panama) Inc.	-	-	4.98	8.20	-	-	4.98	8.20
Essar Oil Limited	-	-	2.68	0.25	-	-	2.68	0.25
Essar House Limited	-	-	0.76	-	-	-	0.76	-
Essar Infrastructure Services Limited	-	-	2.50	-	-	-	2.50	-
Essar Projects (India) Limited	-	-	2.39	20.11	-	-	2.39	20.11
Total	-	-	13.31	28.56	-	-	13.31	28.56

Nature of transactions	Holding companies		Other related parties		Key management personnel		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Fuel oil purchase								
Essar Oil Limited	-	-	26.90	9.32	-	-	26.90	9.32
Purchase of power								
Bhander Power Limited	-	-	0.92	-	-	-	0.92	-
Dredging expense								
Essar Projects (India) Limited	-	-	-	0.11	-	-	-	0.11
Stores and spares								
Essar Projects (India) Limited	-	-	0.37	-	-	-	0.37	-
Essar Steel Limited	-	-	0.99	-	-	-	0.99	-
Total	-	-	1.36	-	-	-	1.36	-
Manning charges								
Essar Information Technology Limited	-	-	0.23	-	-	-	0.23	-
Direct voyage expenses								
Essar Steel Limited	-	-	3.99	-	-	-	3.99	-
Essar Steel Hazira Limited	-	-	0.13	-	-	-	0.13	-
Total	-	-	4.12	-	-	-	4.12	-
Remuneration								
Sanjay Mehta	-	-	-	-	0.64	0.64	0.64	0.64
A.R.Ramkrishnan	-	-	-	-	1.18	0.89	1.18	0.89
V. Ashok	-	-	-	-	1.08	0.92	1.08	0.92
K. K. Sinha	-	-	-	-	1.05	0.84	1.05	0.84
Rajen Sachar	-	-	-	-	-	0.48	-	0.48
A. K Musaddy	-	-	-	-	0.89	0.77	0.89	0.77
Sampath Gopal	-	-	-	-	-	0.26	-	0.26
Subhas Das	-	-	-	-	0.68	-	0.68	-
Narasimhan Ramesh	-	-	-	-	-	0.72	-	0.72
Total	-	-	-	-	5.52	5.52	5.52	5.52
Business center fees								
Essar Infrastructure Services Limited	-	-	7.76	13.56	-	-	7.76	13.56
Rent charges								
Essar Steel Limited	-	-	0.16	0.27	-	-	0.16	0.27
Essar Global Limited	-	0.80	-	-	-	-	-	0.80
Essar House Limited	-	-	2.94	4.20	-	-	2.94	4.20
Paprika Properties Dubai Limited	-	-	2.91	-	-	-	2.91	-
Essar Infrastructure Services Limited	-	-	-	0.24	-	-	-	0.24
Total	-	0.80	6.01	4.71	-	-	6.01	5.51
Repair and maintenance								
Essar Steel Limited	-	-	0.12	0.05	-	-	0.12	0.05
Essar Projects (India) Limited	-	-	3.75	5.75	-	-	3.75	5.75
Essar Agrotech Limited	-	-	0.30	0.30	-	-	0.30	0.30
Essar Information Technology Limited	-	-	0.47	-	-	-	0.47	-
Essar Engineering Services Limited	-	-	0.07	-	-	-	0.07	-
Total	-	-	4.71	6.10	-	-	4.71	6.10

(Rupees in crore)

Nature of transactions	Holding companies		Other related parties		Key management personnel		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Cargo handling expenses								
Essar Projects (India) Limited	-	-	4.64	-	-	-	4.64	
Travelling /lodging expenses								
Futura Travels Limited	-	-	6.18	13.19	-	-	6.18	13.19
Essar Properties Limited	-	-	-	0.08	-	-	-	0.08
Essar Oil Limited	-	-	0.10	-	-	-	0.10	
Essar Infrastructure Services Limited	-	-	0.02	-	-	-	0.02	
Essar Steel Limited	-	-	0.13	0.06	-	-	0.13	0.06
Total		-	6.43	13.33	-	-	6.43	13.33
Professional /advisory fees / agency fees								
India Securities Limited	-	-	0.20	0.22	-	-	0.20	0.22
Essar Investment Limited	-	-	12.79	-	-	-	12.79	-
Aegis Limited	-	-	0.22	-	-	-	0.22	-
Essar Energy Services Limited	-	-	2.69	-	-	-	2.69	-
Essar Infrastructure Services Limited	-	-	0.34	-	-	-	0.34	-
Essar Oil Limited	-	-	6.22	6.25	-	-	6.22	6.25
Essar Information Technology Limited	-	-	0.80	0.75	-	-	0.80	0.75
Total	-	-	23.26	7.22	-	-	23.26	7.22
Construction of building								
Essar Projects (India) Limited	-	-	-	0.23	-	-	-	0.23
Air craft usage charges reimbursed								
Essar Oil Limited	-	-	9.95	-	-	-	9.95	-
Reimbursement of expenses								
Aegis Limited	-	-	0.06	-	-	-	0.06	-
Futura Travels Limited	-	-	16.03	21.38	-	-	16.03	21.38
Essar Investment Limited	-	-	0.95	0.91	-	-	0.95	0.91
Essar Oil Limited	-	-	6.19	37.21	-	-	6.19	37.21
Essar Global Limited	0.03	-	-	-	-	-	0.03	-
Essar Power Gujarat Limited	-	-	1.48	0.05	-	-	1.48	0.05
Essar Steel Limited	-	-	34.83	0.02	-	-	34.83	0.02
Essar Shipping & Logistics Limited	-	0.28	-	-	-	-	-	0.28
Essar Infrastructure Services Limited	-	-	-	0.06	-	-	-	0.06
Essar Shipping & Logistics (Panama) Inc.	-	-	6.49	0.32	-	-	6.49	0.32
Other	-	-	1.74	-	-	-	1.74	-
Total	0.03	0.28	67.77	59.95	-	-	67.80	60.23
Jetty constructions and project management expenses								
Essar Projects (India) Limited	-	-	63.15	53.93	-	-	63.15	53.93
Essar Engineering Services Limited	-	-	0.20	0.45	-	-	0.20	0.45
Essar Project Management Consultants Limited	-	-	1.12	2.55	-	-	1.12	2.55
Total	-	-	64.47	56.93	-	-	64.47	56.93

Nature of transactions	Holding companies		Other related parties		Key management personnel		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Jetty construction expenses – procurement								
Essar Steel Limited	–	–	40.00	0.47	–	–	40.00	0.47
Essar Heavy Engineering Services Limited	–	–	0.05	0.30	–	–	0.05	0.30
Total	–	–	40.05	0.77	–	–	40.05	0.77
Purchase of materials								
Essar Projects (India) Limited	–	–	0.01	0.05	–	–	0.01	0.05
Hazira Pipe Mills Limited	–	–	0.05	1.28	–	–	0.05	1.28
Essar Steel Limited	–	–	–	1.35	–	–	–	1.35
Total	–	–	0.06	2.68	–	–	0.06	2.68
Interest on loan / deposit								
Essar Steel Limited	–	–	9.89	–	–	–	9.89	–
Essar Shipping & Logistics Limited	–	54.11	–	–	–	–	–	54.11
Essar Global Limited	0.21	36.17	–	–	–	–	0.21	36.17
India Securities Limited	–	–	0.62	0.30	–	–	0.62	0.30
Essar Investment Limited	–	–	0.80	–	–	–	0.80	–
Essar Projects (India) Limited	–	–	0.30	0.46	–	–	0.30	0.46
Total	0.21	90.28	11.61	0.76	–	–	11.82	91.04
Interest on lease loan								
Essar Shipping & Logistics limited	39.18	–	–	–	–	–	39.18	–
Fixed assets sold								
Essar Shipping & Logistics (Panama) Inc.	–	–	–	13.16	–	–	–	13.16
Extinguishment of liability on cancellation of finance lease								
Essar Shipping & Logistics Limited	–	548.53	–	–	–	–	–	548.53
Balance taken over pursuant to merger of India Shipping with ESPLL								
Essar Infrastructure Holdings Limited	–	–	–	92.57	–	–	–	92.57
Essar Logistics Holdings Limited	–	–	–	1.46	–	–	–	1.46
Total	–	–	–	94.03	–	–	–	94.03
Assignment of receivables								
Essar Global Limited	–	92.57	–	–	–	–	–	92.57
Essar Shipping & Logistics Limited	–	94.03	–	–	–	–	–	94.03
Total	–	186.60	–	–	–	–	–	186.60
Assignment of payables								
Essar Global Limited	0.15	–	–	–	–	–	0.15	–
Essar Shipping & Logistics Limited	131.43	–	–	–	–	–	131.43	–
Total	131.58	–	–	–	–	–	131.58	–

(Rupees in crore)

Nature of transactions	Holding companies		Other related parties		Key management personnel		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Settlement of payables through assignment								
Essar Global Limited	95.53	–	–	–	–	–	95.53	–
Essar Gulf FZE	–	–	0.15	–	–	–	0.15	–
Essar Infrastructure Holdings Limited	–	–	–	15.88	–	–	–	15.88
Total	95.53	–	0.15	15.88	–	–	95.68	15.88
Purchase of shares								
Essar Bulk Terminal Paradip Limited	–	–	0.01	–	–	–	0.01	–
Essar Steel Limited	–	–	1.04	–	–	–	1.04	–
Essar Investments Limited	–	–	0.05	–	–	–	0.05	–
Total	–	–	1.10	–	–	–	1.10	–
Share subscription								
Essar Bulk Terminal Paradip Limited	–	–	0.05	–	–	–	0.05	–
Sale of shares								
Essar Steel Orissa Limited	–	–	0.03	–	–	–	0.03	–
Sale of stores and spares								
Essar Shipping & Logistics (Panama) Inc.	–	–	0.27	–	–	–	0.27	–
Advance towards purchase of shares								
Essar Steel Limited	–	–	–	0.42	–	–	–	0.42
Purchase of fixed assets								
Essar Projects (India) Limited	–	–	29.25	1.58	–	–	29.25	1.58
Essar Information Technology Limited	–	–	–	0.17	–	–	–	0.17
Essar Telecom Retail Limited	–	–	–	0.01	–	–	0.00	0.01
Total	–	–	29.25	1.76	–	–	29.25	1.76
Share application money received								
Essar Steel Limited	–	–	52.50	0.50	–	–	52.50	0.50
Fixed assets acquired under finance lease								
Essar Shipping & Logistics Limited	–	632.85	–	–	–	–	–	632.85
Allotment of equity shares								
Essar Steel Limited	–	–	35.08	–	–	–	35.08	–
Allotment of preference shares								
Essar Shipping & Logistics Limited	–	433.07	–	–	–	–	–	433.07
Investments in debentures								
Essar Holdings Limited	–	–	315.54	–	–	–	315.54	–

(Rupees in crore)

Nature of transactions	Holding companies		Other related parties		Key management personnel		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
CWIP – expansion expenses								
Essar Engineering Services Limited	–	–	7.19	20.30	–	–	7.19	20.30
Essar Projects (India) Limited	–	–	237.78	4.02	–	–	237.78	4.02
Essar Project Management Consultants Limited	–	–	1.05	1.17	–	–	1.05	1.17
Global Supplies FZE	–	–	0.67	6.67	–	–	0.67	6.67
Total	–	–	246.69	32.16	–	–	246.69	32.16
Capital advances given								
Essar Shipping & Logistics Limited	301.19	–	–	–	–	–	301.19	–
Essar Project Management Consultants Limited	–	–	–	0.50	–	–	–	0.50
Essar Projects (India) Limited	–	–	–	283.41	–	–	–	283.41
Essar Telecom Retail Limited	–	–	–	0.00	–	–	–	–
Global Supplies FZE	–	–	–	5.19	–	–	–	5.19
Total	301.19	–	–	289.10	–	–	301.19	289.10
Loans and advances including deposits given								
Essar Shipping & Logistics Limited	180.32	263.04	–	–	–	–	180.32	263.04
Essar Bulk Terminal Paradip Limited	–	–	5.42	–	–	–	5.42	–
Essar Projects (India) Limited	–	–	–	0.19	–	–	–	0.19
Essar Steel Limited	–	–	314.00	21.09	–	–	314.00	21.09
Essar Investments Limited	–	–	358.97	–	–	–	358.97	–
Essar Power Gujarat Limited	–	–	–	0.18	–	–	–	0.18
Essar Shipping & Logistics (Panama) Inc.	–	–	–	0.09	–	–	–	0.09
Hazira Plate Limited	–	–	–	0.01	–	–	–	0.01
Hazira Pipe Mills Limited	–	–	–	0.01	–	–	–	0.01
Essar Heavy Engineering Services Limited	–	–	–	0.01	–	–	–	0.01
Essar Oil Limited	–	–	50.00	–	–	–	50.00	–
Total	180.32	263.04	728.39	21.58	–	–	908.71	284.62
Loans and advances received								
Essar Shipping & Logistics Limited	717.57	–	–	–	–	–	717.57	–
Essar Steel Limited	–	–	167.37	4.67	–	–	167.37	4.67
Essar Steel (Hazira) Limited	–	–	–	0.22	–	–	–	0.22

(Rupees in crore)

Nature of transactions	Holding companies		Other related parties		Key management personnel		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Essar Global Limited	256.07	365.58	-	-	-	-	256.07	365.58
Essar Projects (India) Limited	-	-	-	10.00	-	-	-	10.00
Essar Gulf FZE	-	-	-	0.46	-	-	-	0.46
Essar Oil Limited	-	-	28.00	4.20	-	-	28.00	4.20
Essar Power M.P. Limited	-	-	-	5.93	-	-	-	5.93
India Securities Limited	-	-	4.23	-	-	-	4.23	-
Essar Investments Limited	-	-	15.00	-	-	-	15.00	-
Total	973.64	365.58	214.60	25.48	-	-	1,188.24	391.06
Guarantees given by others on behalf of Company								
Essar Shipping & Logistics Limited	100.00	-	-	-	-	-	100.00	-

The details of outstanding balances as on 31.03.2010

(Rupees in crore)

Nature of balances	Holding companies		Other related parties		Key management personnel		Total	
	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009
Sundry debtors								
Essar Steel Limited	-	-	89.27	190.44	-	-	89.27	190.44
Essar Steel Hazira Limited	-	-	13.87	8.13	-	-	13.87	8.13
Essar Shipping & Logistics (Panama) Inc.	-	-	-	13.64	-	-	-	13.64
Essar Oil Limited	-	-	95.73	41.84	-	-	95.73	41.84
Essar Shipping & Logistics Limited	-	64.52	-	-	-	-	-	64.52
Essar Steel Sharjah FZE	-	-	-	0.15	-	-	-	0.15
Essar Steel Orissa Limited	-	-	1.50	0.40	-	-	1.50	0.40
Essar Projects (India) Limited	-	-	10.46	2.46	-	-	10.46	2.46
Hazira Plate Limited	-	-	1.10	2.42	-	-	1.10	2.42
Hazira Pipe Mills Limited	-	-	4.02	1.00	-	-	4.02	1.00
Essar Power Gujarat Limited	-	-	8.33	3.48	-	-	8.33	3.48
Essar Power M.P. Limited	-	-	9.47	-	-	-	9.47	-
Essar Oil Exploration South East Asia Limited	-	-	0.05	-	-	-	0.05	-
Vadinar Power Company Limited	-	-	-	0.48	-	-	-	0.48
Others	-	-	0.17	-	-	-	0.17	-
Total	-	64.52	233.97	264.44	-	-	233.97	328.96

(Rupees in crore)

Nature of balances	Holding companies		Other related parties		Key management personnel		Total	
	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009
Interest receivable on loan								
Essar Shipping & Logistics Limited	-	5.02	-	-	-	-	-	5.02
Interest accrued on debentures								
Essar Holdings Limited	-	-	3.26	-	-	-	3.26	-
Lease loan obligation								
Essar Shipping & Logistics Limited	599.23	733.95	-	-	-	-	599.23	733.95
Unsecured loans								
Essar Projects (India) Limited	-	-	-	10.00	-	-	-	10.00
Capital advances								
Essar Shipping & Logistics Limited	301.19	-	-	-	-	-	301.19	-
Essar Project Management Consultants Limited	-	-	0.72	-	-	-	0.72	-
Essar Engineering Services Limited	-	-	2.37	-	-	-	2.37	-
Essar Projects (India) Limited	-	-	5.43	-	-	-	5.43	-
Global Supplies FZE	-	-	4.67	-	-	-	4.67	-
Essar Steel Limited	-	-	10.00	-	-	-	10.00	-
Total	301.19	-	23.19	-	-	-	324.38	-
Loans and advances including deposits given								
Essar House Limited	-	-	31.00	31.00	-	-	31.00	31.00
Futura Travels Limited	-	-	6.25	6.25	-	-	6.25	6.25
Essar Oil Limited	-	-	106.80	122.85	-	-	106.80	122.85
Essar Engineering Services Limited	-	-	0.87	-	-	-	0.87	-
Essar Information Technology Limited	-	-	0.46	0.46	-	-	0.46	0.46
Essar Infrastructure Services Limited	-	-	-	0.75	-	-	-	0.75
Essar Steel Holdings Limited	-	-	0.14	-	-	-	0.14	-
Essar Steel Limited	-	-	10.47	-	-	-	10.47	-
Essar Investments Limited	-	-	363.09	-	-	-	363.09	-
Essar Bulk Terminal Paradip Limited	-	-	5.20	-	-	-	5.20	-
Essar Shipping & Logistics Limited	407.57	263.05	-	-	-	-	407.57	263.05
Total	407.57	263.05	524.28	161.31	-	-	931.85	424.36

(Rupees in crore)

Nature of balances	Holding companies		Other related parties		Key management personnel		Total	
	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009
Loans and advances received								
Essar Steel Limited	-	-	7.54	-	-	-	7.54	-
Essar Power M.P. Limited	-	-	-	1.49	-	-	-	1.49
India Securities Limited	-	-	4.41	1.76	-	-	4.41	1.76
Essar Engineering Services Limited	-	-	-	1.33	-	-	-	1.33
Essar Project Management Consultants Limited	-	-	-	1.07	-	-	-	1.07
Essar Projects (India) Limited	-	-	-	3.80	-	-	-	3.80
Essar Exploration & Production India Limited	-	-	-	6.69	-	-	-	6.69
Global Supplies FZE	-	-	-	5.05	-	-	-	5.05
Essar Global Limited	-	499.84	-	-	-	-	-	499.84
Total	-	499.84	11.95	21.19	-	-	11.95	521.03
Share application money received								
Essar Steel Limited	-	-	17.42	-	-	-	17.42	-
Security deposit received								
Essar Steel Limited	-	-	-	0.04	-	-	-	0.04
Interest accrued but not due on loan								
Essar Shipping & Logistics Limited	19.82	8.13	-	-	-	-	19.82	8.13
Sundry creditors								
Aegis Limited	-	-	0.03	-	-	-	0.03	-
Bhander Power Limited	-	-	0.48	-	-	-	0.48	-
Futura Travels Limited	-	-	20.48	13.20	-	-	20.48	13.20
Essar Telecom Retail Limited	-	-	-	0.01	-	-	-	0.01
Essar Information Technology Limited	-	-	0.20	0.17	-	-	0.20	0.17
Essar Properties Limited	-	-	-	0.03	-	-	-	0.03
Essar Oil Limited	-	-	11.30	4.66	-	-	11.30	4.66
Essar Exploration & Production Limited	-	-	5.93	-	-	-	5.93	-
Essar Exploration & Production India Limited	-	-	0.08	0.08	-	-	0.08	0.08
Essar Projects (India) Limited	-	-	56.33	218.53	-	-	56.33	218.53
Hazira Pipe Mills Limited	-	-	-	1.28	-	-	-	1.28
Essar Engineering Services Limited	-	-	1.42	21.08	-	-	1.42	21.08

(Rupees in crore)

Nature of balances	Holding companies		Other related parties		Key management personnel		Total	
	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010	As at 31.3.2009
Essar Heavy Engineering Services Limited	–	–	0.02	0.20	–	–	0.02	0.20
Essar Project Management Consultants Limited	–	–	1.07	0.37	–	–	1.07	0.37
Essar House Limited	–	–	0.26	–	–	–	0.26	–
Essar Energy Services Limited	–	–	2.03	2.35	–	–	2.03	2.35
Essar Gulf FZE	–	–	–	0.17	–	–	–	0.17
Essar Global Limited	0.15	18.47	–	–	–	–	0.15	18.47
Global Supplies FZE	–	–	1.09	6.90	–	–	1.09	6.90
Essar Investments Limited	–	–	8.15	14.93	–	–	8.15	14.93
Essar Infrastructure Services Limited	–	–	0.94	–	–	–	0.94	–
Essar Steel Limited	–	–	2.08	0.42	–	–	2.08	0.42
Essar Steel Hazira Limited	–	–	0.79	–	–	–	0.79	–
Essar Shipping & Logistics Limited	4.58	4.81	–	–	–	–	4.58	4.81
Essar Agrotech Limited	–	–	0.03	–	–	–	0.03	–
Essar Shipping & Logistics (Panama) Inc.	–	–	0.81	0.52	–	–	0.81	0.52
Total	4.73	23.28	113.52	284.90	–	–	118.25	308.18
Guarantee given by others on behalf of the Company								
Guarantee given on behalf of others								
Essar Oil Limited	–	–	104.00	104.00	–	–	104.00	104.00
Essar Shipping & Logistics Limited	612.00	983.89	–	–	–	–	612.00	983.89
Essar Global Limited	–	318.44	–	–	–	–	–	318.44
Essar Oil Limited	–	–	200.00	200.00	–	–	200.00	200.00
Total	612.00	1,302.33	200.00	200.00	–	–	812.00	1,502.33

Note: The Company has paid sitting fees to group of individuals having significant influence: Rs. 0.04 (previous year Rs. 0.01) crore.

13) (Note no. B (13) of schedule 14 of the annual accounts)

Receivable from Essar Shipping & Logistics (Panama) Inc., Company under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956, is Rs. nil (previous year Rs. 13.64 crore).

14) (Note No. B (16) of schedule 14 of the annual accounts)

Preference share capital represents 258,000,000 preference

shares of US\$ 1/- each held by Essar Shipping & Logistics Limited, Cyprus, the immediate holding company.

15) The Company has pledged its investments in equity shares of Essar Oil Limited amounting to Rs. 2.27 (previous year Rs. 2.27) crore in favour of lenders for loans availed by Essar Oil Limited.

16) (Note No. B (17) of schedule 14 of the annual accounts)

The Group has received intimations from certain suppliers

regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). Amount due to such suppliers at the end of the accounting year is Rs. 0.14 (Previous year Rs. 0.03) crore. There were no: a) interest paid during the year; b) interest payable at the end of the accounting year; and c) interest accrued and unpaid at the end of the accounting year, in respect of such suppliers.

17) (Note No. B (18) of schedule 14 of the annual accounts)

(i) The Company has entered into Memorandum of agreement (MOA) for acquisition of two 13,000 dwt dry

bulk carriers, (built in 1998 and 1999) with a German seller during May, 2010. The purchase consideration is US\$11.70 million each with deliveries scheduled in July 2010. The vessels will be utilized for transportation of finished steel along the Indian coast.

(ii) Essar Oilfields Services FZE, 100% subsidiary of the Group has been liquidated w.e.f. 14th April, 2010.

18) Previous year's figures have been regrouped/reclassified wherever necessary.

For and on behalf of the Board

Sanjay Mehta
Managing Director

V. Ashok
Wholetime Director

Mumbai
May 27, 2010

R. N. Bansal
Director

Manoj Contractor
Company Secretary

Book Post

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