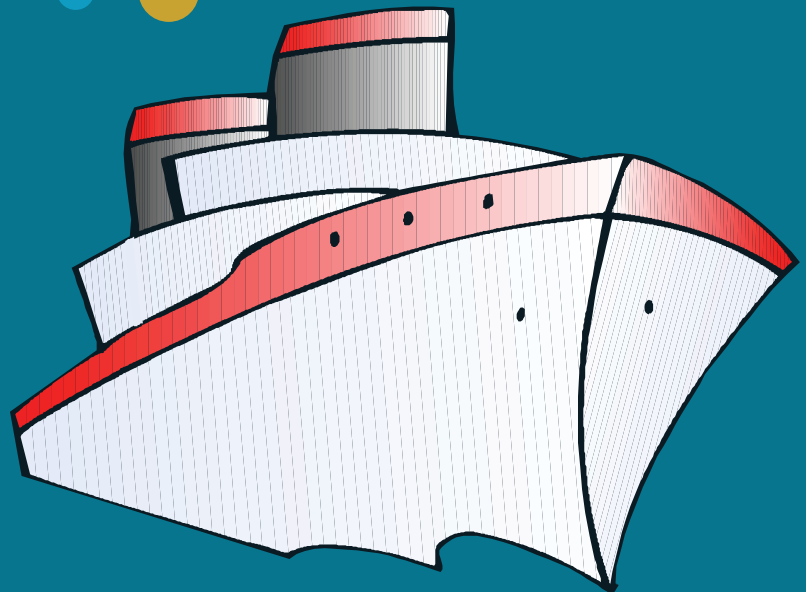


Sustainability Report

April 2013 - March 2014

Essar Shipping Limited



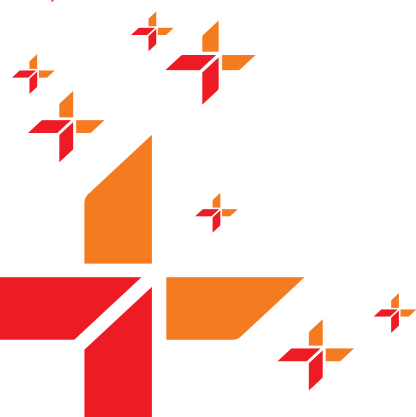
Strengthening and Creating a Sustainable Maritime Industry

GRI Application Levels

Report Application Level		C	C+	B	B+	A	A+ [✓]
Standard Disclosures	<div>Profile Disclosures</div> <div>OUTPUT</div>	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	<div>Disclosures on Management Approach</div> <div>OUTPUT</div>	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	<div>Performance Indicators & Sector Supplement Performance Indicators</div> <div>OUTPUT</div>	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.**		Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.***		Respond on each core and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	
		<div>* Sector supplement in final version</div> <div>** Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines</div> <div>*** Performance Indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines</div>					

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MESSAGE FROM THE MANAGING DIRECTOR

This is our fourth Sustainability report on the progress and performance of Essar Shipping Limited during the past year 2013-14. Projected here are our efforts to consolidate sustainability initiatives and communicate our social and environmental performance in addition to our economic performance. We remain committed to creating opportunities for our employees to learn and give back to the community.

Since the launch of our first sustainability report for the FY 2010-11, we have demonstrated progress based on a systematic approach of integrating sustainability into our business. Over the years, our focus on energy efficiency has helped reduce the costs and environmental footprint related to our shipping business.

The Corporate Social Responsibility Activities are carried on by the Company under the supervision of, the Corporate Social Responsibility Committee of the Board of Directors of the Company (the CSR Committee).

Sustainability is adopted as a Board Room Agenda. Whilst the Board provides direction and guidance, the ownership for the Sustainability Initiative and execution lies with the Managing Director and the Chief Executive Officers.

Climate change is a challenge we share with the global society. We will continue our work to

reduce impact on the environment by adapting and implementing industry best practices.

The depressed global economic scenario has also affected the shipping industry. Given the global economic scenario, the shipping industry continues to brace through a tough business climate. Our efforts to boost slow steaming and on time arrival of our ships have resulted in cost saving and reduced environmental pollution with low carbon footprint. Apart from reducing the waste generated on the ships, we have also been able to reduce the consumption of ozone depleting substances to minimize environmental pollution.

The financial year 2013-14 has been a very challenging year for the shipping industry worldwide with freight rates being at historical lows for a substantial period of time. Tonnage demand in the last year remained weaker than initially expected and, on the supply side fleet continued to outweigh demand across all segments. This has added further downward pressure on freight rates which has led to losses in the Company.

The shipping industry is likely poised to gradually emerge from its longest downturn in three decades, buoyed by an end to years of overcapacity that have depressed freight rates since the end of a shipping boom in 2008. With

the improvement in freight rates the margins are expected to improve. Further, the Company is currently re-financing its high cost rupee debt with Foreign Currency loans which will help to reduce interest cost and increase profitability.

With increased cargoes being projected to be handled by the Company, operating and interest cost reduction measures being undertaken, expectation of improved freight rate with increase in global and domestic trade, we expect increased productivity and profits going forward.

Oilfield Services continued to perform well through its long term drilling contract with

Conoco Phillips. The oilfield service business has encountered modest fluctuations during the financial year 2013-14. After the robust pace of offshore activities over the past four years, the clouds of slowdown have started looming over the midwater floater market from the second quarter of 2013-14.

I sincerely wish this report to serve as an effective channel of communication with our stakeholders on matters related to our Sustainability mission and our commitment to CSR activities.

Mumbai, 12th March 2015

A.R. Ramakrishnan



ABOUT THE REPORT

This is our fourth sustainability report adhering to the following frameworks:

1. GRI G3.1 Guidelines
2. AccountAbility as per AA1000APS – 2008. These principles are Inclusivity, Materiality and Responsiveness
3. GRI Logistics and Transportation Sector Supplement Pilot Version 1.0 May 2006 (Including indicators LT1-5, 11, 13, 16)

There is no significant change in the organization strategy and management approach with respect to sustainability management and reporting process.

This report for the year 2013-14 is an update on the third report and includes data highlighting our performance in the reporting period i.e. April 1, 2013 to March 31, 2014.

Hence, qualitative information excludes policy statements and briefings about the internal processes in place. These were part of our first report which may be accessed at www.essar.com. Qualitative information in this report will include case studies and new initiatives taken during the reporting period. Wherever applicable, quantitative data is included to substantiate the information. Standard data measurement techniques are used for data collection, collation and analysis. References to standard protocols are included in the relevant sections. Appropriate mention has been made where the data has been estimated.

This report includes information on our two principle businesses namely Sea Transportation and Oilfield Services. The assets owned by the company and that are directly under its operational and management control are included in the report boundary. We have discontinued reporting information on our other principle business, namely Logistics due to scaled - down operations.

The compiled data includes information from 15 vessels that are part of Sea Transportation business, and semi-submersible rig Wildcat and the land rigs which became operational during the reporting period and are part of Oilfield services business which include LR3, LR4, MR1, MR2, MR9 & MR10.

The report excludes information on:

- Land rigs that are not in operation during the period 2013-14.
- One of our owned ships as it is outsourced for technical management.
- Joint ventures, subsidiaries, leased facilities, out sourced operations and other entities as these do not significantly affect comparability from period to period and/or between organizations.

Awards and milestones:

Mar 2014	Bulk Operator Award 2014 – Gateway Awards
Dec 2013	MV Ram Prasad scrapped.
Dec 2013	Essar Wildcat achieves another LTI free year.

There have been no significant changes from previous reporting periods in the scope, boundary or measurements applied in this report.

Data Measurement techniques and basis of calculations:

IMO guidelines issued from time to time, SOLAS, MARPOL, GHG Protocol, SEEMP and ISPS, I - GAAP, NVG-SEE and other relevant industry standards. The management system standards used are ISO 9001, ISO 14001, OHSAS 18001, ISM code and ISO 14064. There has been no substantial divergence from application.

Table of standard disclosure (GRI content index) is included in this report.

HOW WE APPROACHED THE REPORTING PRINCIPLES

Materiality and Sustainability context

Whilst there has not been much change in the material issues this year, however, we reviewed our material aspects to reconfirm they are still significant material aspect and decided to report on the same aspect/issues which continued to be of high material importance to the sector, the company and its key stakeholders. These aspects have been reported in the respective sections of the report. The review of material was done with the senior leadership during the reporting year.

The material issues by business were identified and reported in our first sustainability report (http://www.essar.com/article.aspx?cont_id=wNUacfA4pVI=). Since there has been no significant change in the business, therefore, this report addresses the progress made against each material issue identified and the way forward. For the progress made against each identified issue, please refer to the respective sections in this report.

Stakeholder Inclusiveness

The stakeholder identification and engagement is an ongoing process and during the reporting year, there were no significant changes in the stakeholder groups with whom we interacted to identify the stakeholder concerns. The

stakeholder details are detailed in our first sustainability report (refer influence dependency matrix mentioned in pages 14 and 15 of the first sustainability report.)

In this report we have highlighted the specific engagement initiatives taken during the reporting period for key stakeholder groups.

As the Stakeholder concerns may undergo changes, based on the strategies and actions initiated by the organization, it is worthwhile to capture this information to evaluate the effectiveness of organization present strategies and management approach and if required initiate changes to remain SUSTAINABLE in the short, medium and long term. We shall continue to report key stakeholder concerns based on the annual review in each of our sustainability reports.

Completeness

The information in this report covers significant economic, environment and social impact of our business. We have considered, reporting significant sustainability impacts of our business in areas of operational control and influence. The report addresses 53 Core Indicators of which 42 have been fully reported and 11 partially reported. The report also addresses additional indicators that are material. A reasonable explanation has been provided in line with the GRI guidelines, against all those indicators that are not reported or partially reported.

APPLICATION OF THE REPORTING PRINCIPLES FOR DEFINING QUALITY

The following gives an explanation about application of the GRI reporting principles for defining quality

Balance

The report includes both favorable and unfavorable results in economic, social and environmental aspects.

Comparability

Wherever possible, three year data has been included for the purpose of comparability to enable our stakeholders to analyze performance over time.

Accuracy

To continually improve the accuracy of reported data and information, Essar Shipping has strategically implemented a software based data capturing and analyzing system known as EIS (Enterprise Information System). EIS system monitors environment, health and safety data information.

Timeliness

Essar Shipping discloses its sustainability performance on an annual basis i.e., within 10 months of close of the accounting year. Our last report (3rd) was released in Sept, 2014. We were unable to publish the fourth report within 10 months of completion of the fiscal year due to delay in data collection from various entities, subsequent verification and logistic issues.

Clarity

We have taken an effort to present the information in a way that is understandable and usable by our stakeholders. Graphs and charts have been used as appropriate. Cross references to the Annual Report and links to our website have been provided to assist the stakeholders to obtain further detailed information, if desired.

Reliability

As an organization we are convinced that our system are robust to capture sustainability performance. However, we believe assurance brings credibility to the report and helps in enhancing the quality and reliability of information provided therein, also gives us feedback from a different perspective that is vital in our quest for improvement. As per our policy, we engaged an independent third party, DNV GL Business Assurance India Pvt. Ltd to provide assurance on our fourth report as per the requirements of VeriSustain (DNVGL's sustainability assurance standard).

Though we have tried to include information that our stakeholders would like to see or know in this report, we are open to any comments to improve our subsequent reports.

Your input is invaluable as we aim to improve and grow our business the right way – sustainably. We look forward to hearing from you. You may send your feedback or suggestions to:

Mr. Ranjit Singh

Email : Ranjit.Singh@essar.com or eslqns@essar.com



SUSTAINABILITY DISCLOSURE

During the FY 2013- 14 several key nodal agencies for the shipping sector have been urging the shipping community to undertake Sustainability Reporting as crucial to a sustainable future. ESL commenced this journey in FY 2010 -11. The shipping sector has been facing severe challenges.

Description of key impact risks and opportunities:

In continuation with identified key risks and opportunities (Sustainability Report 2011), we have further reviewed and following additional key impact risks have been identified as below:

1. Fuel efficiency of aging ships and rising cost of fuel.
2. Attrition of qualified personnel.
3. Regulatory compliance and climate change.
4. Excessive tonnage availability in market and Economic slowdown resulting in reduced freight rates.
5. Political unrest and Piracy threats
6. Increased operating cost, High lubricating oil costs and
7. Availability of low sulphur fuels.

Impact of key risks on sustainability:

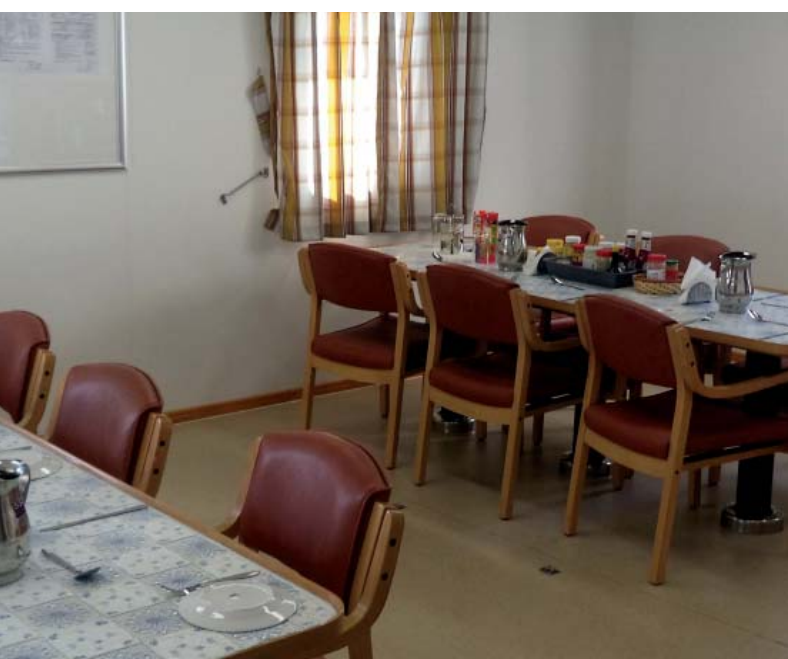
Rising cost, deteriorating quality and restricted availability of future compliant fuels of low sulphur is one of major risk which may affect our profitability and tradability to large extent if necessary steps towards improving energy efficiency and compliance are not taken in near future. As fuel constitutes major portion of expenses, its impacts on our profitability and tradability are being assessed and easy to implement measures such as slow steaming etc. are being put in place.

Regulations towards environmental emission (CO₂, NO_x, SO_x, PM) and ballast water treatment are under discussion at IMO forums. Special emission areas have been declared. The investments towards compliance to future requirements are being looked into for future reporting.

Excessive supply of tonnage in market due to low cost of tonnage is leading to lesser demand in market as cargo movement has not grown in proportion to tonnage. Overcapacity is seemingly to worsen next year, amid a lack lustre world trade, a hefty order book piled high with contracts from 2013 and ship owners that take little account of market equilibrium.

Piracy threats is another high risk to our economic and social sustainability as we take additional safety and security measures together with adoption of longer and safer routes to prevent Piracy attacks.

Induction and Retention of quality personnel both on board ships and in office is a major challenge. It directly impacts on quality of our operation and profitability.





ABOUT THE COMPANY

Essar Shipping Limited is an integrated logistics solution provider with investments in logistics services, sea transportation together with oilfield drilling services covering offshore industry.

Our logistics business provides end-to-end logistics services – from ships to ports, lighterage services to plants, intra-plant logistics and dispatching finished products to the final customer. We own transshipment assets to provide lighterage support services, and onshore and offshore logistics services. We also manage a fleet of trucks for the inland transportation of steel and petroleum products.

The sea transportation business has a diversified fleet of 15 vessels including VLCCs, bulk carriers (Cape-size, Mini cape size and Supramax) and tugs to provide shipment of bulk, liquid and finished goods cargo transportation services. We have more than 233 ship years, serving leading Indian and global oil majors and commodity traders and a combined tonnage of over 1.8 million. We currently have an order book of 4 new building supramax vessels.

Essar Shipping also provides contract drilling and related services to oil and gas companies worldwide, operating both offshore and onshore in diverse countries. We own a fleet of 15 rigs, which includes one semisubmersible rig (owned by Essar Oilfields Services Ltd EOSL) and 14 onshore rigs (owned by Essar oilfields India Ltd EOSIL).

Our integrated business model provides opportunities to cater to the complete supply chain management services to clients in oil and gas, steel, and power generation

industries, and focuses on the intrinsic and captive demand for transportation services, logistics and cargo handling infrastructure. With interests in crude and dry bulk carriers, port-to-plant logistics and oilfield services, the company continues to provide end-to-end logistics solutions to its customers in a very cost-effective manner.

Our contracted revenue is based on long-term contracts with domestic and international clients, catered by a diversified mix of assets. The company follows the conservative policy of entering into long-term contracts with reputed global oil and industrial majors, thereby ensuring assured cash flows and long-term profitability, as well as hedging against spot market volatility. Most of our vessels have committed cargo contracts.

For more information about the company please visit www.essar.com

External charters or principles:

The company subscribes to external bodies/organizations such as INSA (Indian National Ship-owners Association), IADC (International Association of Drilling Contractors), CII (Confederation of Indian Industry), NSC (National Safety Council), IMO International Maritime Organisation), ILO (International Labour Organisation), OCIMF (Oil Companies International Maritime Forum), to name a few. These bodies provide latest industry information which contribute to Economic, Environmental and Social developments.



Clock wise : A. R. Ramakrishnan,
MD, ESL, Capt. Anoop Sharma,
CEO Sea Transportation,
Ankur Gupta, CEO,
Oilfield Services, Rahul
Himatsingka, CEO,
Logistics Services



PROGRESS MADE

Aspect	Our approach	What we will do	Status as on March 31, 2012	Status as on March 31, 2013	Status as on March 31, 2014
		Short-term (1-2 years)			
Cost of operation	Continuously monitor our costs and seek opportunities to reduce the same without compromising safety or quality.	Aim to reduce cost by 3% after allowing for inflation	Total Operating Cost per day of vessels during FY 2012 vs FY 2011 has shown a minor increase of 3% mainly due to inflation in prices of Lubes, spares, materials etc. However, if we consider a standard inflation of 8%; then we can see that the Total Operating Cost per day of vessels during FY 2012 has decreased by 5%.	Reduced by 8%	Reduced by 9%
Freight rates	Ensure that undue risks in the market are avoided by fixing most vessels on long term charters to secure revenue streams whilst some vessels on spot to take advantage of market opportunities. Rig to be fixed with reputed operator.	Ensure steady revenue through judicious mix of long term and spot fixtures 60:40	On track. Present mix about 60:40	On track. Present mix about 60:40	On track. Present mix about 50:50
Asset value	Ensure that proper maintenance and repairs keep asset value high	Strengthen preventive maintenance through Planned Maintenance Systems	On track. PMS checked on monthly basis	On track. PMS checked on monthly basis	On track. Same is made available online for continuous tracking.
Seafarer Taxation policies	To retain the best talent in the industry whilst keeping the costs low. Seafarers on foreign flag ships have NRI status with tax benefits	Continue lobbying for sector friendly policies	Talks in progress through INSA	Talks in progress through INSA	Talks in progress through INSA.
Fleet Expansion	Expand the fleet to meet the tonnage requirements of our group companies and third party contracts	Take delivery of 6 mini-capes, 4 Supramax and 2 jack-up rigs. Acquire other tonnage should business opportunities arise	4 mini-capes joined the fleet. 2 mini-capes to join by Oct12. Indian built ships delivery delayed to the following year	2 mini-capes joined the fleet. Take delivery of 2 mini-capes in FY2014	Took delivery of all mini capes. Currently have an order book of 4 new building Supramax vessels.
Availability & Cost of Finance	Firm contracts to be used to secure finance.	Continue to maintain 70:30 Debt: Equity ratio.	On track	On track	On track

Aspect	Our approach	What we will do	Status as on March 31, 2012	Status as on March 31, 2013	Status as on March 31, 2014
		Short-term (1-2 years)			
Modal shift	Move greater volumes of cargo by sea that were handled by trucks on the road	Increase modal shift by 5%	Increase in modal shift by 4.47%	Reduced by 10% due to increase in rail freights which diverted rail cargo to trucks.	On track
CO ₂ emissions	Reduce our carbon footprint by deploying carbon emission reduction measures.	Monitor emissions and introduce initiatives such as such as voyage management, weather routing, trim, speed reduction for STB, enhancing vehicle maintenance for logistics, EOSL – renewal of motors to energy efficient type	SEEMP implemented. Fuel reduction measures identified and implemented. Motors on wildcat renewed	SEEMP implemented and monitored	SEEMP implemented and ships are certified with International Energy Efficiency certificate.
Ballast water management	Comply with existing Ballast water requirements		All vessels compliant	All vessels compliant	All vessels compliant
Fuel Sulfur content	Comply with existing Sulfur requirements around the globe	Efficient monitoring of purchase of fuel to comply with lower limits	All vessels compliant. Low sulfur fuel being purchased with an average sulphur content of 2.7%	All vessels compliant. Low sulfur fuel being purchased with an average sulphur content of 2.7%	All vessels compliant. Low Sulphur fuel being purchased with an average sulphur content of 2.8%.
Age of Ships / Rigs / Trucks	Invest in younger ships, rigs and trucks which will be more efficient and environmentally friendly	Take delivery of all assets ordered. Phase out of older assets	Average age of shipping fleet reduced to 11 yrs. Scrapping of 2 older vessels. Average age of tipper/trailer under 3 years	Average age of shipping fleet reduced to 10.6 yrs. Scrapped 2 older vessels.	Average age of shipping fleet reduced to 10.3 yrs. Scrapped 1 older vessel.
Regulation	Prepare for emerging regulations and comply with current regulations in all areas of operations.	Implement emerging regulations ahead of time, as far as possible.	On track. Ship Energy Efficiency Management Plan	Complied with. All vessels issued with International Energy Efficiency Certificate	On track.
Spills and Detentions	Strive to achieve zero spills and nil detentions.	Continue further training and management.	2 detentions. Zero spills.	One detention. Zero spills.	Three detentions. Zero spills.
Certification to ISO 14001:2008	Follow a proactive approach to adopt new mandatory and voluntary requirements	Maintain certification of STB and ELL - Hazira. Revise Rig Operating Management System to include the requirements of ISO 14001:2008	Fleet training officer trains floating staff regularly. Masters also advised to impart training. Work in progress to include the requirements of ISO 14001:2008 in the rig operating management system.	Fleet training officer trains floating staff regularly. Masters also advised to impart training. The requirements of ISO 14001:2008 included in the rig operating management system.	On board training by Fleet training officer. Training program on board monitored from ashore.

Aspect	Our approach	What we will do	Status as on March 31, 2012	Status as on March 31, 2013	Status as on March 31, 2014
		Short-term (1-2 years)			
Material consumption	Optimise consumption of materials for minimum environmental impact, reduced emissions and waste generation.	Monitor consumption of materials including those that not part of data collection system in the reporting period.	Being monitored.	Being monitored.	Closely monitored.
Waste management	Reduce waste generation	Implementation of data capturing, analysis and reduction	Data captured and analyzed.	Data captured and analyzed.	Data captured and analyzed. New reporting form being designed to capture and monitor waste generation and disposal.
Employee engagement	Create a highly engaged workforce that is committed to organization's journey of value creation	Achieve 70% score	Employee engagement survey by third-party planned in February, 2013	Pending.	Pending. As a group policy, same is postponed to FY 2015-16.
Employee training	Invest in the future development of the employees whilst equipping them with the skills required in their present roles.	3.5 days of training per employee	2.64 days of training per employee achieved.	Completed	3.1 days of training per office employee achieved.
Reward and recognition	Create a performance driven culture and reward sustained performance of the employees.	Re-launch the recognition scheme – ESL Star in conjunction with the new performance management system e-Compass. Introduce innovative schemes to increase employee motivation.	Pending	To be Implemented by April 2014	E compass implemented.
Cost of manpower	Optimization of manpower relative to asset size through process automation and newer technologies.	Reduce the cost by 5% accounting for inflation	Substantial savings through local hiring	On Track	On track. All appointments are done through Local hire
Contractor training	Given the nature of the business, competent and well-trained workforce will ensure safe & efficient operation.	2 training days per contractor	Hired dedicated trainer and adequate training conducted for floating and fixed term contract employees. Training details in the Health & Safety section	On Track	On Track
	Ensure that contractors deployed are suitably trained.	Provide additional infrastructure and resources for contractor training at logistics locations			

Aspect	Our approach	What we will do	Status as on March 31, 2012	Status as on March 31, 2013	Status as on March 31, 2014
		Short-term (1-2 years)			
Manpower availability and competence	Recruit, train and retain a pool of competent manpower	Strengthen the recruitment process. Increase competence through identified training programs and retain the talent pool through engagement programs	Increased Engagement level to arrest attrition. Also developed a mechanism to check competency GAP through e-compass Performance Appraisal system	On Track. E-compass appraisal being carried out bi-annually	On Track. E compass used for monitoring manpower availability and competence level.
Attrition	Prevent attrition through various strategies in order to retain our talent pipeline and enable succession planning.	Maintain the rate of attrition below the industry average.	Overall employee turnover reduced by 21% (from 10.55 to 9.26%)	On Track	Increased to 14.13%. this include retirements, dismissal, voluntry retirements, regrettable is 5.5% Non Regrettable is 8.63%
Rest hours	Monitoring of rest hours through proper planning and co-ordination to avoid any violation against the norms	Strengthen attendance monitoring at logistics locations.	Implemented swipe system at all locations in ELL. Rest hours record maintained and violations addressed	On Track	On Track
Compensation	Fitment of right compensation in comparison with the industry, region and minimum wages criteria	Keep abreast of market trends in compensation to ensure our employees are adequately compensated	Participated in Mafoi Salary . We have been placed an average pay master as per industry.	On Track	On Track
Welfare	To maintain a healthy work environment with engagement activity through employee connect initiatives	Have frequent employee connect programs so that employee satisfaction is maintained at a high level	Celebrations, offsite get together and knowledge sharing frequency increased.		On Track.
Amenities	Provide amenities for the workforce at our sites that make the atmosphere conducive to a healthy work environment	Ensure that all locations have suitable facilities	Work in progress	Regular checks on water/air quality and sanitation facilities carried out	Regular checks on water/air quality and sanitation facilities carried out
Overtime	Strive towards optimum utilization of available human resources.	Introduce tracking mechanism to restrict and reduce overtime.	Tracking mechanism introduced. Rules followed as per the statute	On Track	On Track

Aspect	Our approach	What we will do	Status as on March 31, 2012	Status as on March 31, 2013	Status as on March 31, 2014
		Short-term (1-2 years)			
Grievance Redressal	In order to have better engagement at all level , grievance redressal plays crucial role towards engagement	Reduction in 5% of the number of complaints received and redressed in the same category.	Employees encouraged to report all grievances to respective HR. Sites (ELL and vessels) have access to Hotline numbers	Grievance redressal mechanism in place	Grievance redressal mechanism in place. No complaint received. Committee formed to address sexual harassment complaint against women. Shareholder's/ Investor's grievances are handled by grievance and shareholder's transfer committee.

Health and Safety

Piracy	Ensure safety of ships and crews from the menace of piracy	Training to crews on piracy. Install citadels and procure proven anti-piracy equipment	Citadels installed. Armed guards placed on board where required	No action	Armed guards placed on board where required
Employee training	Improve safety culture through training	Increase training sessions by 50%. All new employees to undergo induction in HSE. All newly promoted staff to undergo HSE training as identified for their new role	Safety Seminar, Safety magazines and fleet training officer deployed to enhance safety awareness both at sea and ashore	Safety Seminar, Safety magazines and fleet training officer deployed to enhance safety awareness both at sea and ashore	Fleet training officer deployed to enhance safety awareness both at sea and ashore. Knowledge sharing sessions and popcorn time arranged for office employees.
Safety performance	Reduction in LTIFR by 10% over previous years target	A further reduction of 10% each year	10% achieved	78% reduction over last year's performance.	Total of two LTIs reported as against one in 2012-13
Certification to OHSAS 18001:2007	Companies to incorporate OHSAS 18001:2007 in their Management systems and attain certification	Continual improvement. EOSL to review EROMS and incorporate OHSAS elements in the Safety Management System	Work in progress. To be completed by Sep 2013.	OHSAS elements in the Safety Management System incorporated	On Track
Health Monitoring	Periodic health monitoring and workplace health and wellness programs to achieve our goal of a healthy workplace.	Continue health checkup and monitoring of industrial hygiene aspects.	Mandatory health checkups for all employees. Awareness programmes conducted for floating personnel and contract workmen.	Mandatory health checkups for all employees. Awareness programmes conducted for floating personnel	Mandatory health checkups for all employees. Awareness programs conducted for floating personnel

Aspect	Our approach	What we will do	Status as on March 31, 2012	Status as on March 31, 2013	Status as on March 31, 2014
		Short-term (1-2 years)			
Product Responsibility					
Procurement cost of goods & services	To procure goods and services and the most competitive price without compromise on safety and quality	Upgrade IT based systems to create database for vendor selection and rejection	Incorporated	IT based systems for vendor selection and rejection	Planned maintenance and purchase management system of all the vessels are now being integrated with SAP in order to have uniform platform.
Quality of services received	To ensure that all services are as per specifications	Capture quality of services remarks against vendors in the database	Feedback received and quality assured prior payment	Feedback received and quality assured prior payment	Feedback received and quality assured.
Voyage management	Reduce fuel consumption and emissions through voyage management	Use other means such as Just in time arrival and slow steaming where applicable to reduce fuel and emissions	Incorporated via SEEMP	Incorporated via SEEMP and being monitored	Incorporated and monitored. Weather routing is also followed where possible.
Vessel Performance	Avoid performance claims from charterers	Develop IT systems to accurately analyze performance against contracted targets	IT systems in place	IT systems in place	IT systems in place
Route planning	To use optimal routes to save fuel and time		SPOS in use for route planning	SPOS in use for route planning	SPOS is in use for route planning
Backhaul cargo	Actively pursue backhaul cargo to increase carbon efficiency	Actively pursue backhaul cargo to increase carbon efficiency	Active chartering in place to source backhaul cargo	Active chartering in place to source backhaul cargo	Active chartering in place to source backhaul cargo
Safe handling and on-time delivery	To ensure that cargo claims are minimized		In place	In place	In place and monitored from office.
Customer feedback	Encourage customer feedback as a tool to improve the quality of service	Develop IT system to track feedback and implementation	Feedback forms in place. IT system yet to be developed	IT system not yet developed. Expected to be complete by April 2014.	IT system being developed.

Community Engagement

Education	Identify and support educational programs to benefit stakeholders in and around our work locations	Organize health awareness campaigns at site. Initiate mentoring program for adolescents in partnership with an NGO.	Health camps conducted at Hazira and doctor on site available for HIV awareness and testing.	Awareness lecture carried out during safety seminar and included in MLC 2006 requirements	Awareness lecture carried out during various CSR activities
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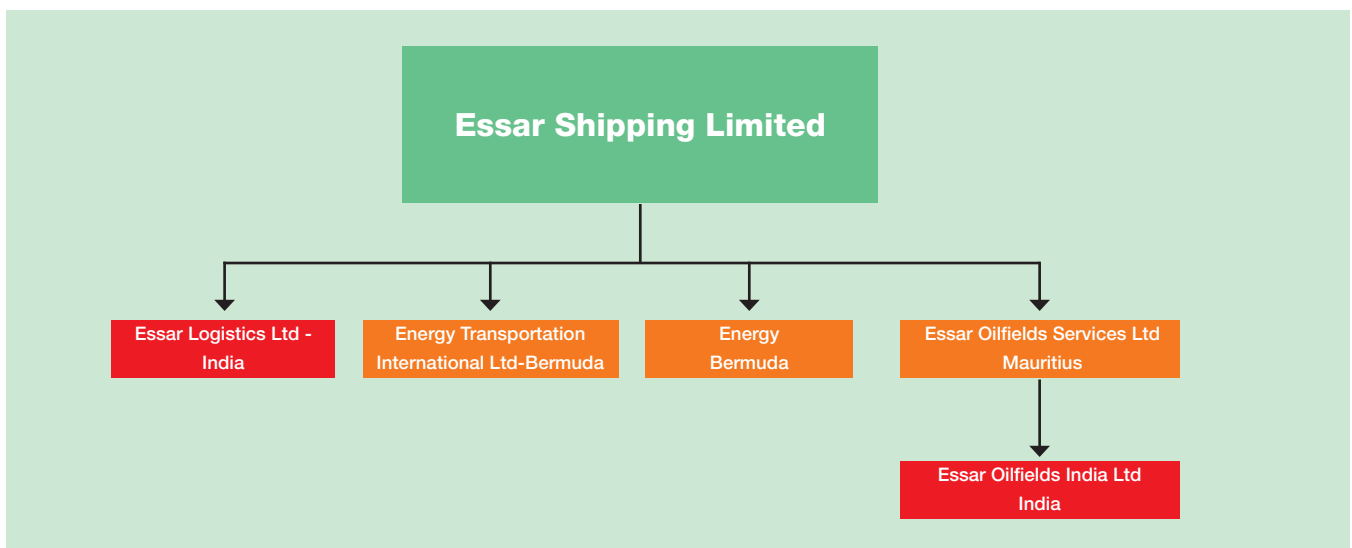
Aspect	Our approach	What we will do	Status as on March 31, 2012	Status as on March 31, 2013	Status as on March 31, 2014
		Short-term (1-2 years)			
Environment	Minimize the environmental impact	Continue to support International Coastal Clean Up. Organize environmental awareness campaigns for maximum employee participation	Supported International Coastal cleanup.	Supported International Coastal cleanup.	Supported international Coastal cleanup. Celebrating World Environment Day by engaging in Green activity through 'Tree Plantation Drive', planted 1000 saplings in Kamshet, Lonavala on July 6, 2013
Coastal Community	Identify and support worthy causes that benefit the marine and coastal communities	Continue to support worthy causes. Increase employee participation through awareness.	Coast guard and fishing community supported via recognition awards	Coast guard and fishing community supported via recognition awards	Coast guard and fishing community supported via recognition awards.



CORPORATE GOVERNANCE

Essar shipping Limited is listed at Bombay stock exchange (BSE) and National stock Exchange (NSE) of India and is committed to maintain highest standard of corporate governance as required under listing agreement with stock exchange.

Sustainability has been adopted as an agenda by the Board of Essar Shipping Limited. Whilst the Board will provide the oversight and guidance on sustainability issues, the ownership of sustainability performance lies with the respective business CEOs who are also part of the Board. The structure of the Company as at March 31, 2014 is as below.



1. The governance structure and composition

The Governance and Compliance is a Board room Agenda since inception. The Board's philosophy on corporate governance stresses the importance of transparency, accountability, Compliance and Risk management, community development and protection of interest of stakeholders.

The Board has optimum combination of Independent and Executive Directors. The composition of the Board as of date is given below. The Company has designated Chairman of the Board. Each Director declares his interest in accordance with the provisions of the Companies Act to ensure conflicts of interest are avoided at all times.

7 out of 8 Directors are above the age of 50 and 1 Director is in the age group of 30 to 50. There are no women Directors on the Board.

Mr. N Srinivasan	Non-executive Independent Director
Mr. Michale Pinto	Non-executive Independent Director
Mr. N. C. Singhal	Non-executive Independent Director
Capt. B S Kumar	Non-executive Independent Director
Mr. P K Srivastava	Non- executive Director and Chairman
Mr. A R Ramakrishnan	Managing Director
Capt Anoop Kumar Sharma	Whole Time Director & CEO
Mr Ankur Gupta	Non-executive Directors

There have been no significant changes from previous reporting periods regarding size, structure or ownership.

Statistics of the Composition of the Board:

- 50% of Board members are Independent as defined under Listing agreement
- 75% of Board members are Non-executive Members.

The Board has constituted following committees to ensure Governance, Risk and Compliance management at the various functions of the Company.

- Audit Committee
- Compensation Committee
- Corporate Social Responsibility Committee
- Investors Grievance Committee

Audit Committee

The Audit Committee was re-constituted on August 7, 2013 on account of the resignation of Mr. R. N. Bansal and Mr. Deepak Kumar Varma as an Independent Director. The Reconstituted Audit Committee as on March 31, 2014, comprised of viz., Mr. Michael P. Pinto (Chairman), Mr. N. Srinivasan, and Captain Bhupinder Singh Kumar.

The Audit Committee of the Company is mandated to perform the functions specified under the Companies Act, 1956 / Companies Act, 2013 and Clause 49 of the Listing Agreement and has the Powers and Terms of Reference in compliance with the requirements provided therein.

The Managing Director, Wholetime Director, Chief Financial Officer, Head - Accounts, Statutory Auditors and Internal Auditors attend the Meetings. The Company Secretary acts as the Secretary to the Committee.

The Audit Committee is mandated to perform the functions specified under Companies Act and listing Agreement. The Audit Committee periodically interacts with Auditors to review internal control system, scope of audit including observations of the auditors and review the quarterly, half-yearly and annual financial statements before submission to the Board. The Committee has authority and powers to investigate into any matters as referred to it by the Board and any other matters as may be required to review under provisions of the Companies Act, 2013 and relevant provisions under listing agreement and for this purpose, has full access to the information contained in the records of the company. The recommendation of the Audit committee on any matter relating to the financial management including audit report is binding on the Board. If the Board does not accept the recommendation of the Audit Committee, it shall record the reasons therefor and communicate such reasons to the shareholders.

The Chairman of the Audit Committee attended the 3rd Annual General Meeting of the Company held on September 26, 2014 at registered office at Jamnagar in compliance with the provisions of the Companies Act and listing agreement.

2. The role of the highest governance body in setting the organisation's purpose, values and strategy.

The Board regularly evaluates Board structure and ensures compliance of Corporate Governance guidelines as stipulated by Securities & Exchange Board of India (SEBI) through the Clause 49 of the Listing agreement entered with BSE Limited and the National Stock Exchange of India Limited. All the members are selected on the basis of skills, experience, expertise, foresight, managerial qualities and time availability. Board of Directors of the Company ensures that there should be regular interaction with Management and the awareness of Governance, Risk and Compliance. Apart from quarterly Board meetings, review meetings were held in between quarterly statutory meetings to review operations of the Company and to have close interaction with Management.

Shareholders can provide recommendations to the Board during the Annual General Meeting or can write to the Company. For details on the role and charter of all the committees of the Board, please refer to the Annual Report FY2014 page 20-25.

3. The competencies and performance evaluation of the highest governance body

There is no formal policy on performance evaluation of the Board of Directors of the Company. Refer Annual Report 2014. The company would be developing processes for evaluating performance of highest governing body with respect to economic, environmental and social performance in near future. It will be reported accordingly in future.

4. The role of the highest governance body in risk management

The Company has a Risk Management Policy that outlines the framework and procedures to assess and mitigate the impact of risk, and to update the Board and the senior management on a periodical basis on the risk assessed, actions taken for mitigation and efficacy of mitigation measures. With efficient Risk Management Framework, our Company has been able to manage;

- a) Economic Risk by entering into long term contracts with reputed global players in each of its divisions thereby ensuring long term profitability of the Company and assured cash flows;
- b) Interest Rate Risk by undertaking suitable hedging strategies to overcome any adverse interest rate risk. It has formulated internal target rates at which any open interest rate risk can be hedged;
- c) Control over the operational matrix of various vessels to reduce cost and reduce downtime of vessels;
- d) Control over various OPEX cost of the organisation.

The Company has well-established framework of internal controls in operations, including suitable monitoring procedures. In addition to the external audit, the financial and operating controls of the Company at various locations are reviewed by Internal Auditors, who report their observations to the Audit Committee of the Board.

5. The role of the highest governance body in sustainability reporting

Sustainability is adopted as a Board Room Agenda. Whilst the Board provides Direction and Guidance, the Ownership for the Sustainability Initiative and Execution lies with the Managing Director and the Chief Executive Officers. Sustainability Performance is evaluated on a quarterly basis by the Board.

6. The role of the highest governance body in evaluating economic, environmental, and social performance.

The Board has constituted Corporate Social Responsibility committee who monitors periodically the activities undertaken by the Company towards, CSR and sustainability Reporting.

7. Remuneration and incentives

No remuneration or incentives are paid to the Independent Directors of the Company other than sitting fees for attending meeting of the Company.

The remuneration and incentives paid to the executive Directors of the Company for the year ended March 31, 2014 are Rs. 4 crores. Apart from the remuneration, Executive Directors are entitled for Stock Options as per "Essar Shipping Employees Stock Option Scheme-2011".

ECONOMIC PERFORMANCE

The financial and economic performance of the company are published and made available to stake holders regularly on quarterly as well as annual basis. The same information is disseminated to the stock exchanges where the shares of the company are listed i.e. NSE and BSE.

Overall, our economic performance during this reporting period as compared to the past year has been negatively impacted due to adverse market conditions. Our Total Income for the period was Rs.1858.54 Crore as against Rs.3209.19 Crore in the past year and the reduction in income is mainly on account of reduction in logistics services business with a view to augment the operating margins. Operating margins improved to 33.8% in the reporting period as against 26.2% in the past year.

Below given information is also available in Annual report FY 2013-14 which accessible on the website www.essar.com/investors/shipping.

Particulars	2011-12 (MINR)	2012-13 (MINR)	2013-14 (MINR)	Remarks
Revenues				
Net sales (Gross sales less returns, discounts)	28015.8	32091.9	18585.4	As per Annual Report FY 2014
Income from investments including cash received as interest, dividends, royalties and direct income generated from assets	482.7	888.9	1480.5	As per Annual Report FY 2014
Income from sale of assets (tangible & intangible assets)	46.6	00.0	0.00	As per Annual Report FY 2014
Total direct economic value generated	28545.1	32980.1	20065.9	
Operating costs	19121.2	22102.0	13283.3	Annexure 1
Employee wages & benefits - Offshore	1472.5	1801.1	1835	As per Annual Report FY 2014
Employee wages & benefits - Onshore	426.4	427.1	374.2	As per Annual Report FY 2014
Payment to Govt. (by country) (India)	233	440.3	448.9	Annexure 2
Payment to providers of capital (Interest)	3294.3	3657.2	3993.7	As per Annual Report FY 2014
Community Investments	1.315	1.530	1.126	
Economic value retained	3997.7	4551.0	129.7	

*ESL gets duty exemption under SFIS scheme. ESL gets credit for the exports done from India. Credit is utilized against the import duty.

Annexure 1

Operating Cost	MINR		
Particulars	2011-12	2012-13	2013-14
Cost of Sales	20072.5	19152.9	10041.4
Admin & selling	961.49	697.60	1031.6
Foreign Exchange Gain	-15.2	-21.8	0
Less: Employees wages & benefits shown separately	1898.9	2228.2	2209.2
Less: Community Investments shown separately	1.315	1.530	1.126
Operating Cost	19121.2	22102.0	13283.3

Annexure 2

Payment to Government	MINR		
Particulars	2011-12	2012-13	2013-14
ESL	16.5	32.0	89.2
Logistics	-2.1	76.10	11.1
Oilfield Ser vices	168.22	332.21	348.6
Ta x Adjustment for Previous Years	50.4	-	-
TOTAL	233.02	440.3	448.9

Total Assets and Market capitalization	INR in Crore (cr)		
	2011-12	2012-13	2013-14
TOTAL ASSETS	Total Non-current Assets: 10,009.09 cr. Fixed Assets Net Block: 4,434.17 cr. Capital work in progress: 593.53 cr. Goodwill : 3,658.41 cr. Current Assets: 2009.75 cr.	Total Non-current assets: 11384.71 cr. Fixed Assets Net Block: 4403.55 cr. Capital work in progress: 1736.28 cr. Goodwill: 4976.28 cr. Current Assets: 2039.38 cr.	Total Non-current assets: 10316.88 cr. Fixed Assets Net Block: 4318.73 cr. Capital work in progress: 227.68 cr. Goodwill: 5498.19 cr. Current Assets: 3726.25 cr.
Market Capitalisation (for listed companies)	Company was listed on 15/10/2012. Market Cap on BSE at close of day was Rs. 556.17 Crore (closing price : 27.10 per share on 31 st March 2012)	Market Cap on BSE at close of day was Rs. 355.05 Crore (closing price : 17.30 per share on 31 st March 2013)	Market Cap on BSE at close of day was Rs. 314.05 Crore (closing price : 15.30 per share on 31 st March 2014)

Market Capitalisation on BSE at close of day for the year 2012-13 is corrected in this report to 355.05 from earlier wrongly printed 335.05.

- Changes in the share capital structure and other capital formation, maintenance and alteration operations
 - No additional shares of Essar Shipping Limited have been issued during the year.

2. List of entities included in the consolidated financial statement

- List of subsidiaries are:-
 - Essar Logistics Limited, India
 - Essar Oilfields Services Limited, Mauritius
 - Essar Oilfield Services India Limited, India
 - Energy Transportation International Limited, Bermuda
 - Energy II Limited, Bermuda
- List of entities not included in the consolidated financial statement
- None. All the subsidiaries have been consolidated. Disclosure on Management approach

Disclosure on Management approach

Economic performance

Essar Shipping Ltd achieved total revenue of 20065.9 MINR in FY 13-14 as compare to 32980 MINR of 2012-13.

More information is available on pages 13, 30-33, 62-65 of annual report 2013-14 which is accessible on the website www.essar.com/investors/shipping.

Market Served:

Our vessels carry cargo to and from India, Australia, China, Brazil, West Africa and countries in the Arabian Gulf.

The types of cargoes handled in the year have been Bentonite, Coal, Finished Steel, Iron Ore, Lime Stone in General Cargo and Bulk carriers, whereas crude oil in tankers. There has been no significant change in percentage of market served as reported in page 49-51 of sustainability report FY 11-12.

Essar Wild Cat of Oil field services continued to work for Conoco Phillips, Indonesia.

Indirect Economic Impacts

The direct economic impact created by the organization can be immediately assessed through financial statements and fund flows. However, the economic footprint of the organization expands significantly when accounting for the indirect economic impact of its activities.

Thus, in addition to the direct economic impact, the organization generates a significant indirect economic impact through its business activities which percolate beyond the immediate stakeholders such as the employees, clients and management and into the economy.

Our organization holds annual safety seminars, regular training and certification programs for its permanent as well as fixed term contract employees. Additionally, our floating staff requires mandatory certifications to be sail worthy. The organization sponsors these certifications as and when required which have validity even after the employee may have left the organization.

We also work closely with various governmental agencies and associations at the federal and state level on various issues. The information and technical knowhow that the company shares with these agencies and associations allows them to formulate policies and guidelines that are helpful for various stakeholders dependent on the coastal economy.

LABOUR AND HUMAN RIGHTS

Essar as an organization respects the human rights of its employees and we comply with the labor laws that are in force for the regions we operate in. The recent application of MLC (Maritime Labour Convention) has been implemented on our vessels ahead of time and all of our ships are MLC compliant. Non-discrimination, prohibition of child labor, prevention of forced and compulsory labor, indigenous rights, living and working conditions, training, compensation and prevention of sexual harassment at the work place are addressed in the convention and enforced on board. Additionally, an internal complaints committee has been set up at the Corporate to address the requirements of Sexual Harassment Act which was passed by the Upper House of the Indian Parliament in February, 2013.

There has been no incident of discrimination reported in the company and hence no actions required to be taken.

No Human right grievances received.

The governing law adequately addresses the human rights requirements for operations and suppliers identified as exposed to human rights violation. However, we are revising our internal audit system to include human rights indicators. All critical vendors including manning agencies are vetted by company Quality, Health and Safety Management System to ensure compliance with requirements. Manning Agencies are going to be vetted for MLC compliance where human right screening is covered. We are in process of collecting data for suppliers and contractors who have undergone human right screening.

All senior and top management are of local origin and no expatriates are engaged. There is no discrimination in remuneration on gender basis and equal opportunities are provided to all.

Essar Shipping does not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination, or retirement based on race, national or social origin, caste, birth, religion, gender, or any other condition that could give rise to discrimination. No discrimination case was reported.

Essar Shipping does not engage in or support the use of child labour, forced and compulsory labour. No such case was reported.

The company does not engage in or support any activity or contractor where right to exercise freedom of association and collective bargaining may be at significant risk or violated. No such case was reported.

All security personnel (100%) hired directly by the company are trained in different aspects of human rights.

ITF (International Transport Workers Federation) inspections, Port state control inspections and our own internal audits routinely monitor the working conditions on board and ensure that the work place conforms to internationally accepted standards.

All crew are trained on their rights under the MLC and are aware if any violations or shortfalls exist so that corrective action can be taken immediately.

All employees are appraised for performance and the performance linked bonus is based both on the performance of the company as well as the individual in the given financial year. The training needs of the employees are periodically identified and our extensive online training programs (Success Factors) are available for continuous upgrading of competency skills as well as other soft skills as required.

The benefits provided to full-time employees are as per statute and include provident fund, pension scheme and superannuation and gratuity benefits. A family health insurance policy is also provided to employees. A part of these benefits may be extended to temporary or part time employees basis recommendations from line managers.

Key Initiatives on Rewards & Recognition

Due to economic scenario in shipping, the short term incentive plan discontinued.

Employee Stock Option Scheme has also been introduced for the Senior Management with an aim to create a stronger link between executive performance and reward and increasing the shareholder value by enabling participants to have greater involvement with, and share in, the future growth and profitability of the Company. These initiative are in force and successful.

Company has in place skill soft portal which is 24x7 system and is on-line. It has host of behavioural, functional and skill management certified programmes which support employees' continued employability and assist them in managing career.

Employee CONNECT – Harmony

We connect with our employees to foster objective, participative, nurturing, and winning and a rewarding work culture and avoid anti-competitive behavior. We have taken the following Employee CONNECT initiatives to bring out the best in our employees.

- Health and Wellness
- Employee Assistance Programme
- Events and celebrations
- Essar Cares

Health Awareness:

Company organizes in-house seminars where health experts make employees aware of good health, wellness and prevention of serious diseases. HR department regularly flashes clippings and bulletins to make employees aware of good health & implications of serious diseases. All employees are subjected to annual medical check-ups along with their spouses where medical experts give their opinions and report. All floating staff takes mandatory medical check-up and fitness test.

Gymnasium is provided for work-out.

Return to work after parental leave (Maternity Leave) is 12 weeks. There was one case of employee going on for parental leave in financial year 2014. This information is available under HR policies of company posted on website. We plan to introduce parental leave and condolence leave in 2015 and reduce working days per week from 6 to 5.

Minimum Notice Period : Minimum notice period is either as per management of change procedure which is part of the company management system or as specified in the bargaining agreement applicable to floating staff.

Management is seriously considering to reduce the notice period from 3 months to one month in 2015.

Corruption:

The company has an anti-corruption policy and seeks full integrity of employees. This policy is available under HR policy and posted on site. Employees are briefed during induction for anti-corruption and be a whistle blower. All the employees (100%) are trained and aware of anti-corruption policies and procedures. HR department and departmental heads regularly brief employees. This is also implemented on board. Close interaction between employees at all levels, personnel on board ships and suppliers help in implementing anti-corruption policy and establishing integrity. Despite having numerous interactions with various suppliers, ship- staff and employees, no case of corruption came to light.

Employee's benefit plan :

OFFSHORE STAFF	In Cr FY 13-14	In Cr FY 12-13	In Cr FY 11-12
Salaries, wages and bonus	166.82	163.42	127.77
Contribution to staff provident and	1.38	2.46	1.73
Staff welfare	15.30	14.23	10.77
OFFICE STAFF			
Salaries, wages and bonus	31.40	35.33	42.64
Contribution to staff provident and other funds (refer note 32)	2.00	2.65	2.67
Staff welfare	3.54	4.26	4.24
Employee stock option scheme (refer note 4 and 34)	0.48	0.47	0.07
Total	220.92	222.82	189.89



Please find Essar Shipping's performance against the targets set in FY 2011 and progress reported in FY 14 in the following pages:

Aspect	Our approach	Target we set in FY 11	What we will do		
			Short-term (1-2 years)	Performance in FY 14	Target FY 15
LABOR PRACTICES, DECENT WORK and HUMAN RIGHTS					
Employee engagement	Create a highly engaged workforce that is committed to organization's journey of value creation	Essar partnered with Aon Hewitt in an initiative to gauge employee feedback in Nov,2010 - Jan, 2011. The study was designed to capture employee opinions and reactions from a sample set of population; hence it was named a Dipstick Study.	Achieve 70% score	No survey undertaken.	Plan to conduct in March 2016 along with the group.
Employee training	Invest in the future development of the employees whilst equipping them with the skills required in their present roles.	Maximum utilization of Learning Management System(LMS) and its offerings. Ensured employees' participation in training programs prescribed in their Individual Learning Plans. Achieved 2 days of training per employee.	3.5 days of training per employee	Achieved training man- days.	
Reward and recognition	Create a performance driven culture and reward sustained performance of the employees.	Short Term Incentive Plan for the middle management and Employee Stock Options Scheme for the senior management introduced. Spot recognition schemes initiated.	Re-launch the recognition scheme – ESL Star in conjunction with the new performance management system E-Compass. Introduce innovative schemes to increase employee motivation.	Formulated Policies. E compass for shore staff, implementation completed.	
Cost of manpower	Optimization of manpower relative to asset size through process automation and newer technologies.	Local hiring on semi -submersible rig.	Reduce the cost by 5% accounting for inflation	Local Hiring done and substantial cost saved on salary.	
Contractor training	Given the nature of the business, competent and well-trained workforce will ensure safe & efficient operation. Ensure that contractors deployed are suitably trained.	Periodic training and communication. Hired a training officer for ship's crew. 3726 contractors trained	2 training days per contractor Provide additional infrastructure and resources for contractor training at logistics locations	Hired dedicated trainer and adequate training conducted for floating and fixed term contract employees.	

Please find Essar Shipping's performance against the targets set in FY 2011 and progress reported in FY 12 in the following pages:

Aspect	Our approach	What we did in FY 11	What we will do		
			Short-term (1-2 years)	Performance in FY 14	Target FY 15
LABOR PRACTICES, DECENT WORK and HUMAN RIGHTS					
Manpower availability and competence	Recruit, train and retain a pool of competent manpower	Increased training by introducing mandatory training. Facilitated external training programs. Inducted a dedicated training officer for ships	Strengthen the recruitment process. Increase competence through identified training programs and retain the talent pool through engagement programs	Increased Engagement level to arrest attrition. Also have developed a mechanism to check competency GAP through e-compass Performance Appraisal system this year .	To drive effective and robust talent review program in order to retain and develop Key Critical Positions
Attrition	Prevent attrition through various strategies in order to retain our talent pipeline and enable succession planning. Restrict below 10%	Initiated Stay Interview, Job rotation and Job enrichment programs.	Maintain the rate of attrition below the industry average.	Overall employee turnover increased to 14.13%. This include retirement, dismissal, voluntary retirements.	To restrict below 10%
Rest hours	Monitoring of rest hours through proper planning and co-ordination to avoid any violation against the norms	Regular monitoring of shift duties. Tracking of attendance and working hours system punch card .	Strengthen attendance monitoring at logistics locations.	Implemented swipe system at all locations. Onboard log maintained and monitored.	To maintain and implement as per the industry norms.
Compensation	Fitment of right compensation in comparison with the industry, region and minimum wages criteria	Compensation benchmarking survey conducted for key positions.	Keep abreast of market trends in compensation to ensure our employees are adequately compensated	Not participated in Survey.	A/s per group policy, to participate in salary survey in 2016.

Aspect	Our approach	What we did in FY 11	What we will do		
			Short-term (1-2 years)	Performance in FY 14	Target FY 15
Welfare	To maintain a healthy work environment with engagement activity through employee connect initiatives	EAP program – Counseling; Canteen / Rest room / Transport facility	Have frequent employee connect programs so that employee satisfaction is maintained at a high level	New online portal created to connect all employees ashore.	To redesign inhouse portal 'my essar' for better employee connectivity.
Amenities	Provide amenities for the workforce at our sites that make the atmosphere conducive to a healthy work environment	Extensive amenities such as cafeterias, rest rooms, wash rooms etc. upgraded at truck parking area and marshalling yard	Ensure that all locations have suitable facilities	Provided	To maintain the same standard.
Overtime	Strive towards optimum utilization of available human resources.	Dedicated resource allocation to handle contract management + C2 Software to track the OT hrs	Introduce tracking mechanism to restrict and reduce overtime.	As per the statute	To maintain same as FY14
Grievance Redressal	In order to have better engagement at all level , grievance redressal plays crucial role towards engagement	Complaint tracking system	Reduction in 5%	No complaint	To maintain same as FY14
Talent Review	Competency Card Framework: To Maintain Individual competency Cards for each Position defining the competencies and proficiency level required for each role. Career Ladder: To define the growth and Movement of the incumbents with required Training.	Completed the exercise for all the employees in ESL Completed the exercise for all the employees in ESL	Further Fine tune it and upload the same in E-compass Portal, to ease the Next move (Internal hiring process) Further Fine tune it and upload the same in E-compass Portal, to ease the Next move (Internal hiring process) Reinforces the link between behavior and performance which can help to build a performance culture	Done	To design the Reward and Recognition Process and implement in 2016.

HEALTH & SAFETY

Health and Safety has been at the very top of the list of priorities at Essar and our proactive approach has borne results in improved Health and Safety performance over the years. We have developed in-house software to capture, analyze and promulgate safety reports, near miss incidents and learning points which has resulted in a marked increase in reports of even minor nature. We were the first Shipping company in India to achieve ISO 9001:2008, 14001:2004 and OHSAS 18001:2007 certification and the measures taken in compliance to these standards has improved the Health and Safety standards on board.

All critical and hazardous operations are carried out onboard using risk assessment techniques and effective control measures are put in place. Safe working practices, Tool box talk, Permit to work, MSDS data sheets, Shipper's declaration, IMSBC code and all other relevant industry guidelines are used to assess impacts of products and services.

No case of non-compliance concerning health and regulations has been reported.

Piracy on board ships has become a major threat to vessels trading in the Arabian sea and our vessels are fully geared to

meet the threat taking into account the Best management practices currently in force, which include barbed wire fencing, Citadels, use of convoys and Armed guards during each transit through a High risk area.

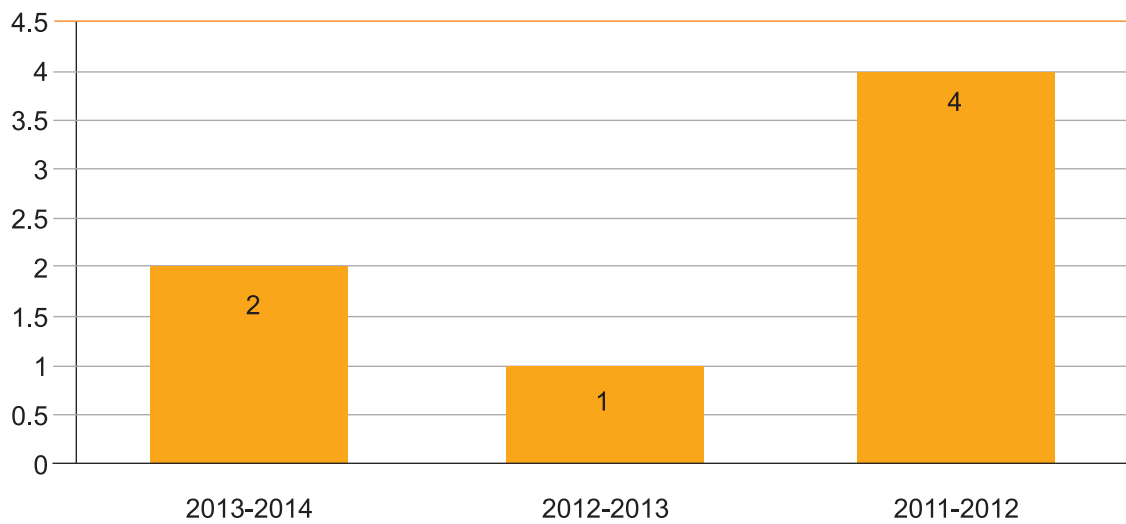
The Oil rig Wildcat have had an LTI free year and the Safety initiatives taken have been appreciated by the chartering company Conoco Phillips.

Total workforce representation on the safety committees on board the ships is 100%. Safety committee meetings for Oilfield services held periodically as per safety management programs. Apart from monthly safety committee meetings on board the ships and regular drills between office and ships/rigs, Annual safety seminars with floating staff and senior management of company are held where experts from industries in field of safety, quality and environment do knowledge sharing. Health experts are also invited to improve awareness on healthy living. On board training and discussions are also held when office superintendents visit vessels.

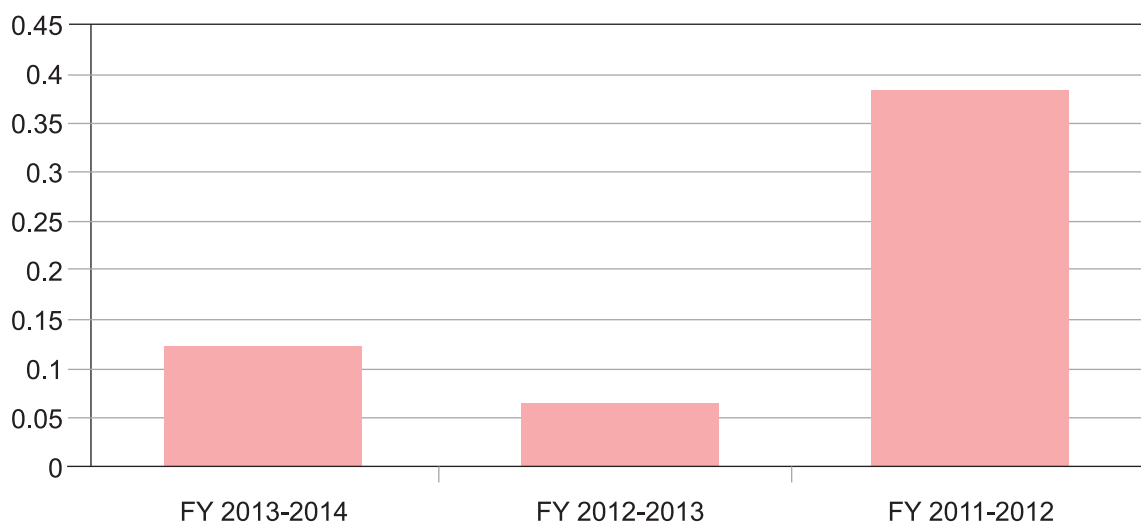
Details on requirements and explanation of Health and Safety topics are covered under Merchant Shipping Act and MLC-2006.



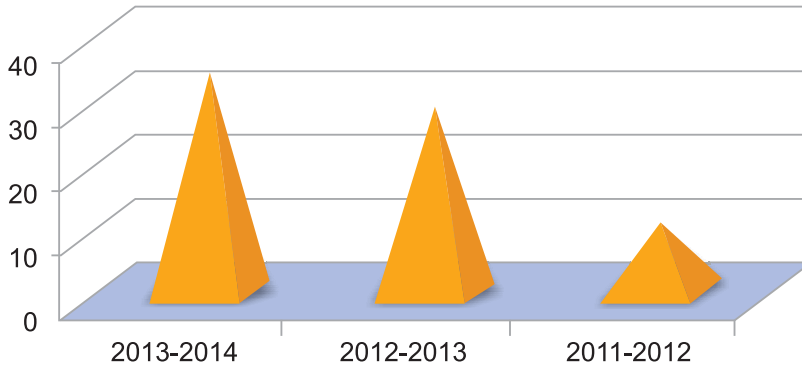
Lost Time Incident - LTI - (Sea Transportation)



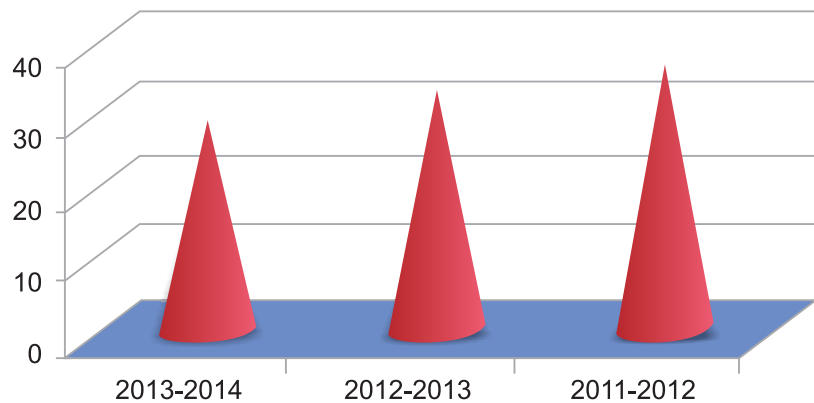
LTI/200000 hrs worked (Sea Transportation)



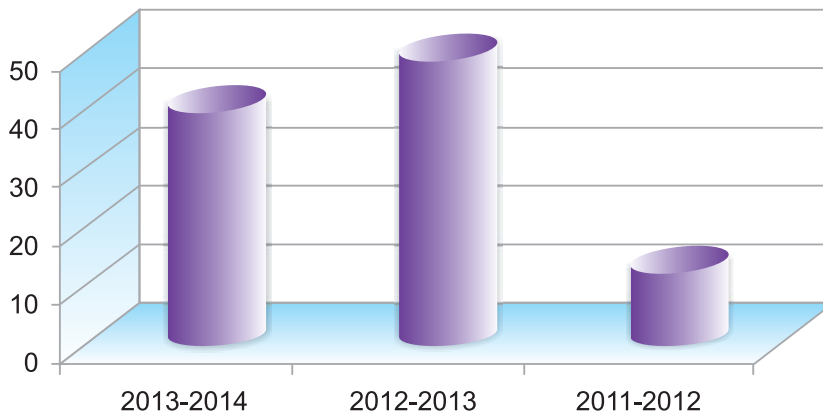
First Aid Cases - FAC (Sea Transportation)



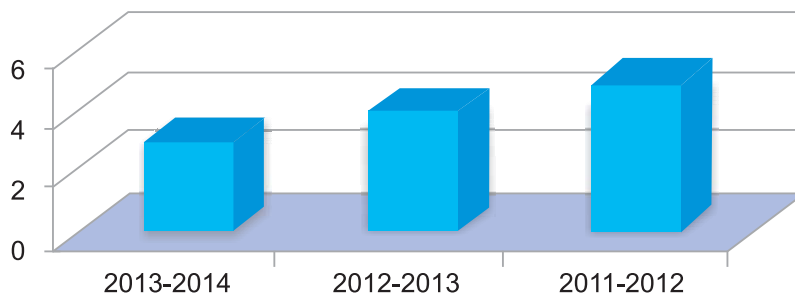
Property Damage Incident - PDI (Sea Transportation)



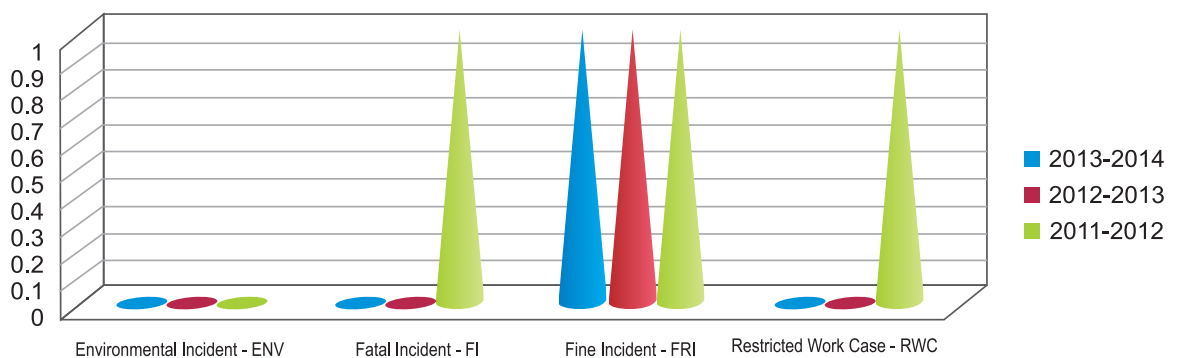
High Potential Incident - HPI (Sea Transportation)



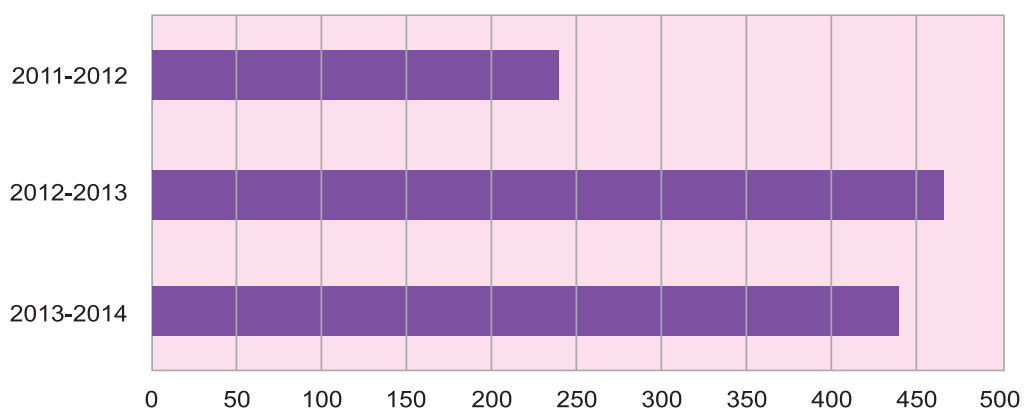
Medical Treatment Case - MTC Sea Transportation



Incidents ENV/FI/FRI/RWC- (Sea Transportation)

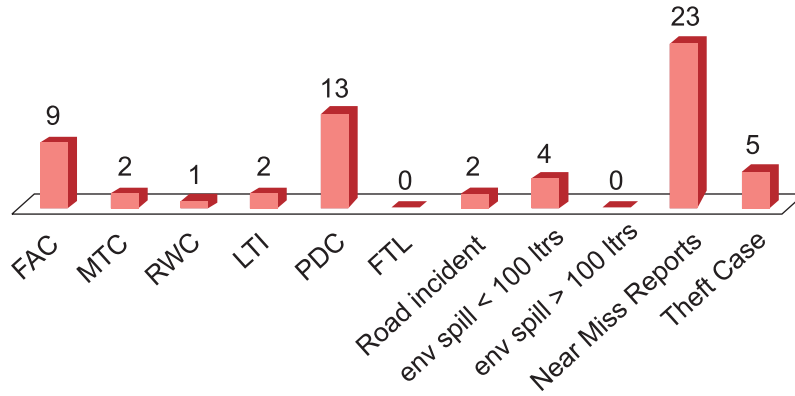


Near Miss Incidents - NMI (Sea Transportation)

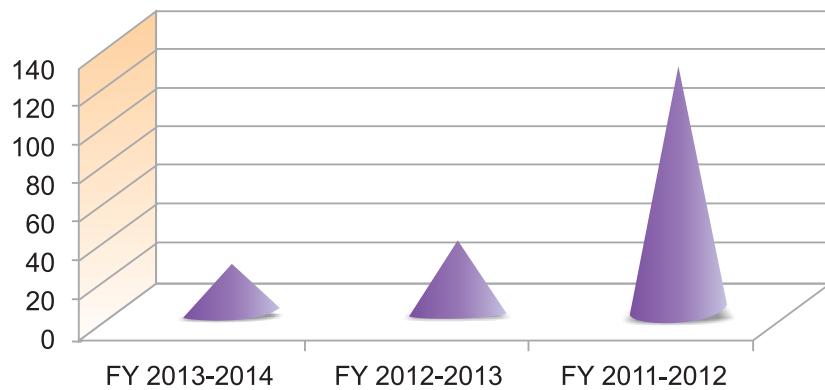


	2013-2014	2012-2013	2011-2012
Near Miss Incident - NMI	439	465	240

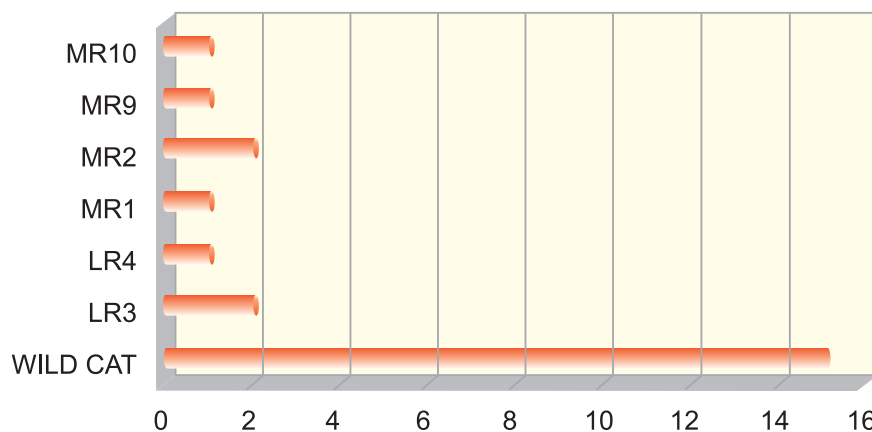
Incidents Types - 2013 - 14 (EOSL/EOSIL)



Nearmiss Incl. Hipo Incidents - (EOSL/EOSIL)



Nearmiss Breakup (EOSL/EOSIL)



ENVIRONMENT

The Shipping sector has seen a marked increase in the focus on environmental issues namely emissions from ships and waste management. As an organization the company has monitored its environmental performance for several years and our focus on emission reduction has seen positive results. We have implemented SEEMP (ships energy efficiency management plan) on all our vessels well ahead of time and our fleet renewal plan has resulted in a marked improvement in the efficiency of transportation between our primary destinations, East coast India to Hazira.

Fuel and Lubricants are the most material items due to the nature of our business. All efforts to improve efficiencies in these identified material items are in place.

As an organization we are conscious of the fact that industry can play a great role in reducing the overall environmental impact of its activities. We are committed to continual environmental improvement and during the last year we have taken several initiatives at both corporate and business level to demonstrate our commitment to being an environmentally conscious organization.

The environmental performance of all businesses is discussed monthly at the HSE Executive Committee. Besides our legal and operational compliance, we are monitoring our carbon emissions as per IMO GHG Guidelines. We have also explored opportunities to improve energy efficiency onboard our ships.

We continued our focus on raising awareness about environmental issues through online and class room training. Going forward, the following will continue as our priorities in the FY13-14.

- Ensure compliance to legal and other requirements
- Minimize pollution and continually improve performance to reduce our environmental foot print
- Optimise resource consumption by planning and carrying out operations using proven resource conservation methods
- Identification of opportunities such as clean technologies, energy efficiency, water efficiency etc. with an approach that enables long term sustainability
- Increasing awareness of global as well as business specific environmental issues

Disclosure on Management Approach

• Materials

Due to the nature of our business (transportation and drilling), we consider fuel and lubricants as materials necessary to deliver our services. Water is not considered material as most of it is generated on board the vessels or on the rig thereby minimising the fresh water withdrawn. Packaging is also not material to our business as we transport goods packaged by the manufacturer.

Materials mainly transported are finished goods and bulk cargoes (dry and liquid) onboard ships including fuel oil and lubricants for internal use. All these materials are carried following guidelines issued under MSDS (Material Safety Data Sheets) and following loading/stability guidelines together with best industry practices and safety management guidelines.

• Energy

Bunker fuel and lubricating fuel are the main source of energy onboard and their quality and consumptions are being monitored very closely in order to have competitive advantage in market together with compliance with regulations. All necessary precautions and procedures are being followed as per industry guidelines to prevent any pollution and environmental damage as per MARPOL.

Ship Energy Efficiency Management Plan (SEEMP): In line with current guidelines that have been established by IMO, each of our vessels has a vessel specific Energy Efficiency Management Plan. This plan covers fuel consumption for propulsion, electricity generation and consumption and cargo operations. We are capturing and monitoring the data on a monthly basis so as to take appropriate corrective measures on a timely basis. Onboard performance monitoring systems will give a holistic approach to ship operations with the aim of reducing fuel consumption and emissions while achieving optimum vessel performance (Ref IMO- MEPC.1/683). We have already completed energy efficiency evaluation on our ships and effectively implemented the fuel efficiency measures. These include trim optimisation, speed reduction and weather

routing. These fuel efficiency measures will not only reduce our energy consumption but also benefit our customers through lower fuel cost, where applicable. On the basis of this initiative, all ships are now certified with International Energy Efficiency (IEE) Certificate.

- **Water**

Sea Transportation and Oilfield services mostly use water that is generated on board. The water is withdrawn from deep oceans and is used for operational and other purposes. This sea water is also used for generating fresh water onboard. No water sources were significantly affected due to withdrawal during the reporting period.

- **Ballast water**

Ballast water is essential for ships stability and when picked up in one location and discharged in another without controls, the transported marine organisms can threaten the eco balance and lead to the spread of unwanted species. Our vessels have ballast water management plans and logs to record the ballast operations and should there be a risk of transporting marine organisms, the vessels perform mid-ocean ballast water exchange. The IMO is in the process of passing regulations to strengthen the measures required to be taken by vessels to mitigate the risk and we will comply with these measures as and when they come into force.

- **Biodiversity**

The sea transportation and oil field services mainly operate at sea and hence have no impact on biodiversity. There has been no incident of any spill during the year.

Since there is no discharge of untreated and polluting water, our organization does not significantly affect Biodiversity value of water bodies and related habitats.

- **Emissions, Effluents and Waste**

Emissions from ships and rigs are mainly SO_x, NO_x, PM are regulated and controlled and records maintained as per MARPOL requirements. SEEMP is in place to minimize emissions.

Effluents: Main effluents are bilge and sewage water. Bilge water onboard the ships are discharged through bilge water separators after bringing down the oil content below permissible values as per MARPOL. Dirty bilge water is retained onboard in tanks and discharged ashore.

Sewage/ Sewage water is treated onboard in a treatment plant prior discharge as required by MARPOL.

Waste management is carried out onboard as per garbage management plan. Incinerator to burn waste and sludge generated are provided onboard as required by MAPOL. Records are maintained onboard. No hazardous waste is transported, imported, exported by our company.

- **Product and services:**

All the cargoes carried onboard ships are transported safely in an environmentally friendly manner as per IMSBC code (International Maritime Solid Bulk Code).

- **Compliance:**

All local and international regulations are being followed to prevent any damage to environment and natural re-sources. There have been no significant fines of monetary value. The total number of non-monetary sanctions for non-compliance with environmental laws and regulations have been insignificant.

- **Transport:**

Transportation of goods is carried out in accordance with Local, National and International requirements.

- **Overall:**

The management approach is to comply with all mandatory National and International rules and regulations and applicable industry standards, guidelines or codes to ensure minimum impact on environment and natural resources and also take adequate precautions and measures to prevent any damage. Company also analyses environmental impact of its operations in order to minimize impact on climate change. Company complies with ISO 14001: 2004 standards of EMS. Go green has been the motto for the year.

Climate Change

Various deliberations by IPCC and IMO have yet to deliver concrete guidelines on benchmarks and measures for the shipping sector but these will be implemented in the near future. As a company we realize that Climate change will affect trade patterns, and therein the shipping sector and therefore it is prudent to have a structured approach to carbon management and to manage the impact of climate change regulations on our organizations growth and profitability.

In this regard we have implemented GHG reduction measures on all our ships which capture and analyze performance for each and every voyage. Technology solutions when proven and available will be incorporated to make our assets as eco-friendly as possible. Shipboard energy efficiency management plan (SEEMP) has been put in use on board all vessels.

Our strategy to reduce GHG emissions was identified during the last year. Modal shift offered an excellent opportunity to make large reductions. Ships emit about 8-10 times less carbon per tonne-mile than trucks and given the large volumes of cargo to be moved around the country*, a conscious decision has been taken to move increasing volumes by sea where possible. Dedicated vessels have been deployed for carrying finished goods from the Hazira plant to ports around the country where cargo was delivered to serve the inland destinations by minimizing road transportation.

Despite having achieved a modal shift from road to sea in last year, we are still continuing with this shift thereby having a significant downward impact on our GHG emissions. This initiative also reduced the pressure on the country's infrastructure.

Going forward we intend to increase modal shift year on year from trucks to sea and rail further contributing to GHG reductions.

IMO has been in the process of formulating various Climate Change initiatives for the Maritime Sector and it has been our focus to incorporate all the emerging regulations in our approach. However as a group we have concentrated our focus on the following

- GHG emissions in alignment with the industry
- Education of the employees on the impact of Climate change and the benefits of reduction in GHG emissions
- Benchmarking our emissions with the presently available

targets keeping our unique operational requirements in mind.

- Using automation to track and monitor emissions

Last year GHG emissions were calculated using IMO GHG study. However, this year IPCC guidelines for National Greenhouse inventories were used to compute our GHG Emissions as well as EMEP/EEA inventory Guidebook 2009, updated 2011 for other emissions in order to map our GHG emissions for the business as a whole. Tier 1 method was adopted. Our GHG assessment are also based on the requirements of ISO 14064, in addition to IMO requirements.

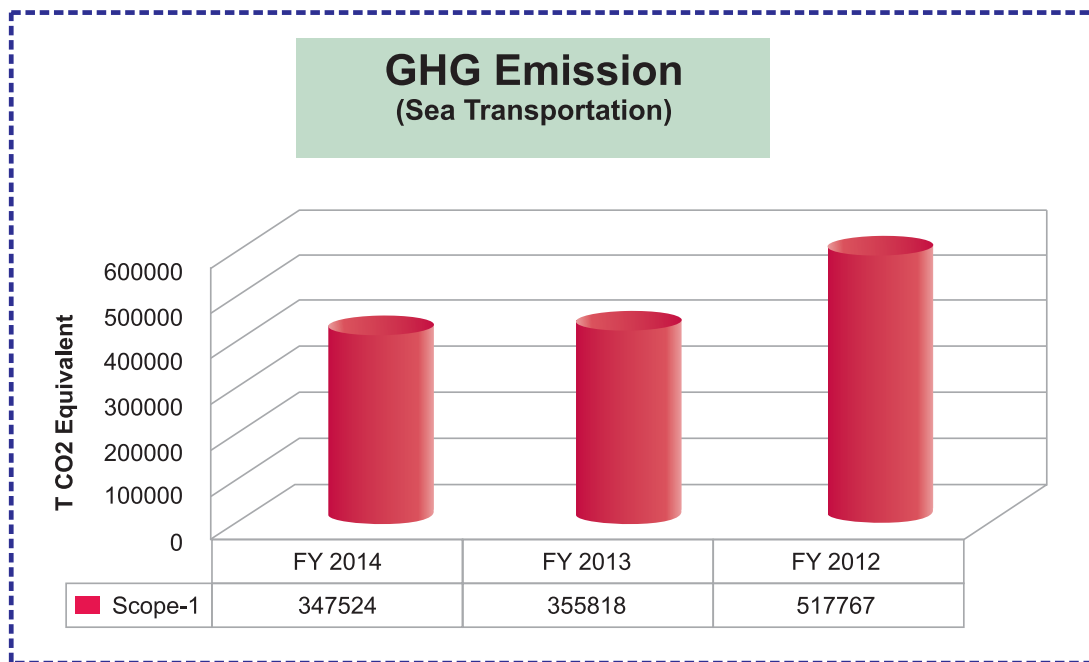
*Reference IMO GHG study 2009

Impact of climate change on financial health and other activities of organization:

Our company is committed to reduce GHG emission and other pollutant emissions to save our climate as desired by global bodies such as UNFCCC and IMO together with national environmental agencies. Global climate change has severe impact on our business.

Reduction of fuel consumption in order to reduce emissions gives our company an edge over others in reducing operating cost and thereby increasing our profits. This is in addition to advantages which company receives in term of reduced port fees, acceptance to operate worldwide without any restriction due to statutory emission compliance and hence increasing its commercial horizon. In case of non-compliance which may lead to climate change, our business will be heavily impacted due restriction in calling ports and thereby movement of cargo and finally our revenues.

Regular monitoring of energy consumption, weather, voyage planning and up-gradation of our fleet for being more energy efficient are major steps being taken towards reducing emissions in compliance with SEEMP on board and in turn ensuring minimal impact on climate and hence on our business.



Scope 1

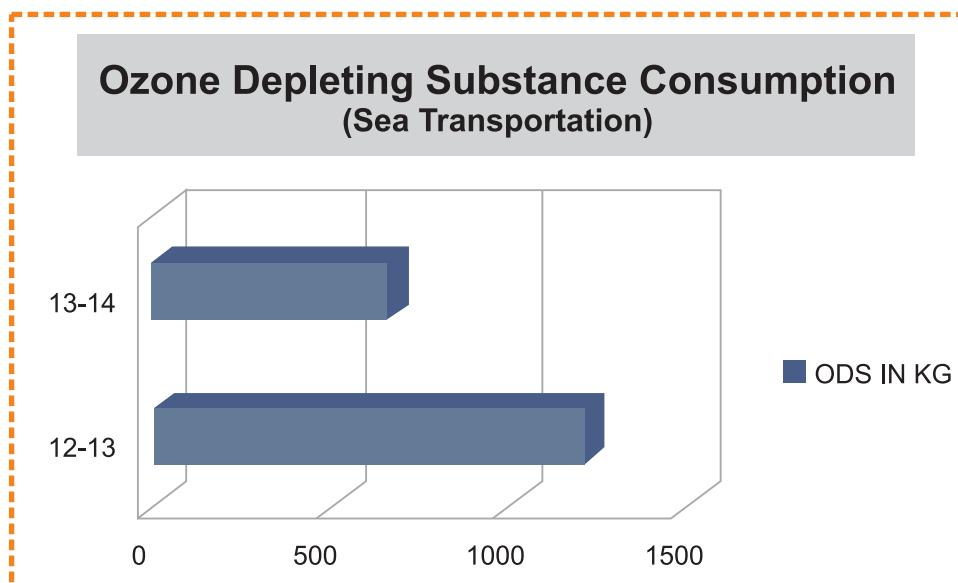
Emissions from Vessels owned, bareboat chartered or commercially operated (with interests in the ownership) regardless of flag. It includes emissions when owned vessels are chartered out to third parties where STB gets income. Emission from diesel burnt during dry-dock to supply electricity via hired generators on owned or bareboat chartered vessels. The above emissions are regardless of the supplier of fuel to the ship. Rigs owned and operated by Oilfield Services regardless of fuel supplier

Scope 2

Emissions due to vessel purchasing electricity from the grid (in dry dock or at berth) from owned or controlled sources.

Scope 3

Emissions due to transporting cargo on ships neither owned or bareboat chartered to ESL



PRODUCT RESPONSIBILITY

Essar Shipping Ltd has been providing quality transportation solutions and oilfield solution to its customers through its wide variety of assets. Small to large parcels of cargo comprising of bulk, break-bulk and liquid cargo have been delivered with a high degree of safety and timeliness. Our offshore and onshore drilling rigs have been appreciated by the company's they have serviced for low down time and high safety performance.

It is our constant endeavor to provide a holistic solution to all the logistics including offshore and onshore drilling needs of our customers. Operational excellence, on- time delivery and delivering consistent value are some of our key customer focus areas. We are improving our planning and logistics strategy to meet customer demands. One of the key steps that we have taken in this regard is providing customised ERP solutions to cater to specific customer requirements. This includes information visibility and interpretation through use of dashboards that facilitate slice and dice. In the last 3 years our IT approach has changed from being reactive to being proactive. We are now moving towards a predictive approach. Our IT backbone consists of SAP / EIS applications for governance functions such as Finance and Accounts, Fund Management, Materials Management etc. The customised ERP solution caters to the core operating needs of businesses. Solutions through our EIS have already been deployed in areas such as crew management, voyage management, in-chartering management, critical certificates, activity tracking and incident monitoring. The framework and baseline are ready to take on new challenges and we are trying to align ourselves with international benchmarks to be on a par with the best. Some of the solutions include vessel profitability, oilfield operations, consumption monitoring and crew payroll.

Our company has a robust mechanism for selecting suppliers and contractors. They are evaluated on the basis of competence to meet the technical requirements for the service or the material, adherence to certified quality assurance system, service capability and past performance amongst other criteria.

We have a Global Sourcing Division at the Group level that ensures the following:

- Long- term partnership with key Suppliers /Contractors
- Wide vendor base through comprehensive vendor research
- Value generation through consolidated spend by availing benefits of economies of scale through wider supplier base
- Direct and measurable reduction in sourcing cost through induction of spend data analysis & life cycle costing concepts
- Usage of new generation IT tools like Project management and planning, Budget cost control, SAP, Tendering & E-bidding
- Unification of vendors and item catalog across the group.

Our suppliers are mainly traders or OEMs. Suppliers from the country where equipment was originally purchased are preferred as far as possible.

Areas of supplies and percentage of expenses

Since our vessels and drilling operations are worldwide, most of the spending on supplies are done in locations of manufacture of equipment or trade houses which deliver original and quality equipment while keeping in mind cost / availability/quality including environmental friendliness. Supplies are mostly done in ports or areas of operations of vessels and drilling rigs. All supplies are arranged by headquarters.

Delivering consistent value, product and service quality

Providing quality services to our customers is part of our mission statement. The customer's requirements are documented in the contracts and charter parties. All terms, conditions and exceptions are stated in the contract. We encourage our customers to evaluate our performance and provide feedback for improvement. Sea Transportation business has a formal customer feedback mechanism. Feedback is also taken during interaction with the customers from time to time. This enables us to deliver consistent value

to our customers. We have received excellent feedback from our customers.

We are committed to protection of Customer's data and privacy.

There has been no case reported on non-compliance to regulations and voluntary codes concerning product and service quality.

Reach to Market and Customer :

There is a system of approaching key partners in market through networking and industry get-togethers, exhibition and forums. Our marketing communications, including advertising, promotion, and sponsorship are done adhering to laws, standards, and voluntary codes. There is a corporate communication team which has a presence at strategic locations and it deals with all external communications ensuring adherence to laws and codes.

There has been no case reported for non-compliance with regulatory and voluntary codes concerning marketing communication including advertising and promotions.

Customer privacy is ensured as it is part of our policy. There has been no complaints regarding breaching of customer privacy and losses of customer data. There is a strict IT policy in place.

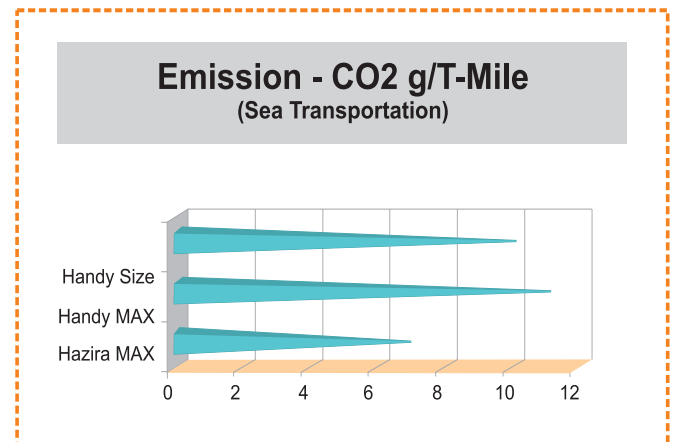
Essar shipping Limited complies with laws and regulations concerning the provision and use of products and services. No non-compliance case with significant monetary value (no pollution or damage) has been reported during year.

There has been no significant change in the trading areas, sectors served and customers as compared to the year 2012-2013

In house IT systems have been developed to capture and analyze various indicators to optimize performance. SAP applications form the backbone for various governance functions such as Finance and accounts, Fund management, Materials management and vendor management.

Budget control and cost control are managed through a mix of SAP and EIS (Enterprise Information System)

The efficiencies are apparent in the emission data for vessels loading to Hazira maximum draft.



Countries of operations and distribution of product segments :

Our company is located in India with operational activities around the world. Our vessels carry cargo worldwide while our drilling activities are mainly in India, Vietnam and Indonesia. Surface transportation is within India.

Location of Company and countries of operations

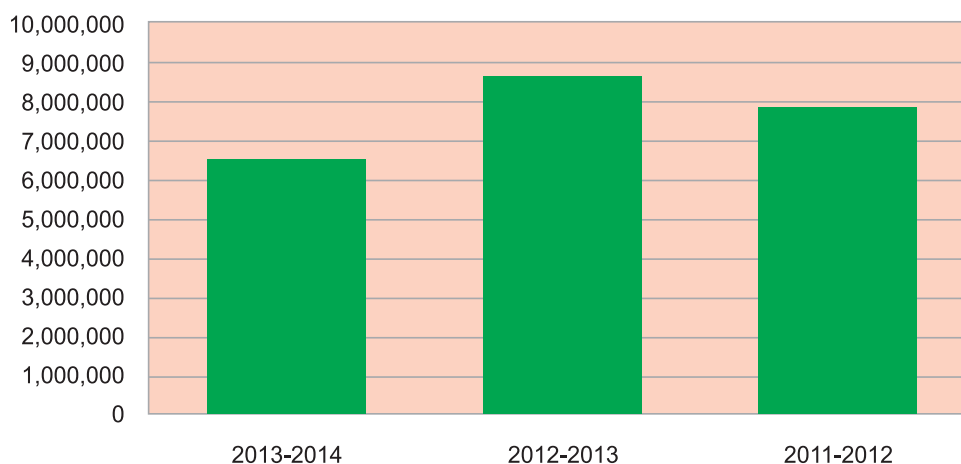
Company

Registered office	Jamnagar , Gujarat	India
Head Office	Mumbai	India

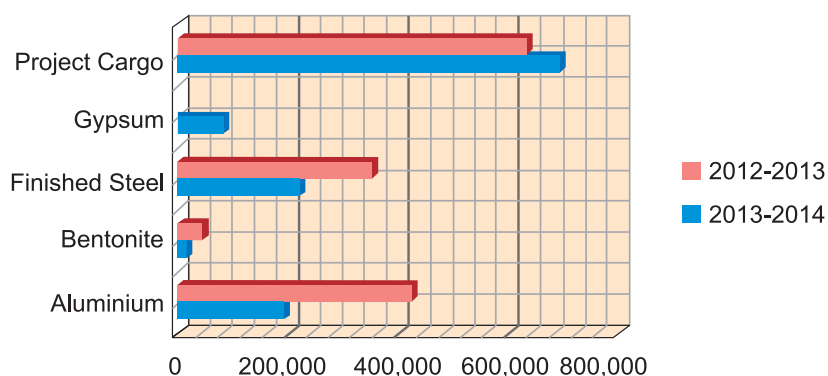
Areas of Operations

INDIA	BRAZIL	UAE
CHINA	SOUTH AFRICA	QATAR
INDONESIA	ANGOLA	OMAN
SRILANKA	NIGERIA	SAUDI ARABIA
AUSTRALIA	MEXICO	RUSSIA
TAIWAN	ARGENTINA	IRAQ
SINGAPORE	CHILE	UKRAINE
THAILAND	VIETNAM	PHILLIPINE

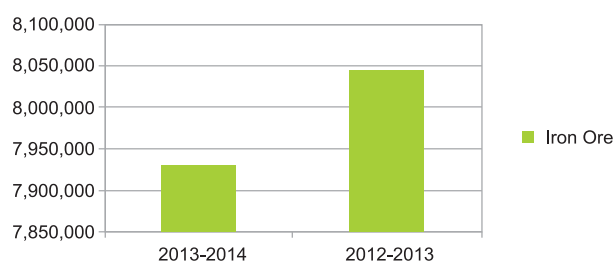
Cargo carried by Tankers in MT- (Sea Transportation)



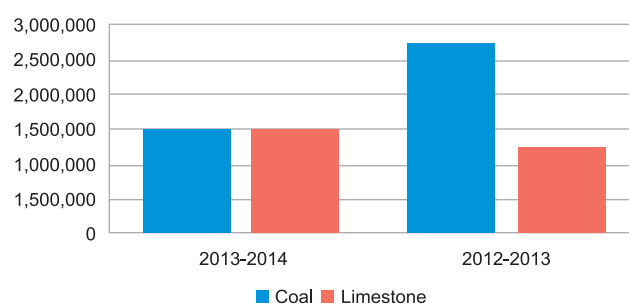
Cargo Quantity Carried in MT by Bulkiers & GEN Cargo - Sea Transportation



Iron Ore (MT) Carried by Bulkiers - (Sea Transportation)



Coal & Limestone Cargo Carried (MT) by Bulkiers/GEN Cargo - Sea Transportation



COMMUNITY ENGAGEMENT

As a service industry Essar Shipping Ltd has diverse surrounding communities such as coastal communities, fishermen, drivers and helpers in the logistics business and the community surrounding our shore based locations.

Our focus areas for Community engagement were Education, Health, Entrepreneurship, Infrastructure, Women empowerment, Child welfare, Environment and Community care. These are undertaken under the ambit of Essar Foundation but also included healthy contributions from the employees in terms of donations and participation.

None of our business operations except for logistics have any significant potential or actual negative impact on local communities. Minor or insignificant impact by our logistics business is compensated adequately by giving employment to local community through our group steel business.

Essar shipping Limited does not make any significant financial or in-kind contribution to political parties, politicians and related institutions. However we engage ourselves in discussions with regulatory authorities in development of shipping and oil field services.

The following were some of the activities undertaken :-

Donation of medicines to Children's Aid Society, Mankhurd, Mumbai: Our Company employees participated in this programme, by collecting contributions for a 'Handful of Grain' campaign for the benefit of underprivileged members



of the community on April 10, 2013 with The Children's Aid Society at Mankhurd, which is a government-run shelter for mentally challenged children who have been abandoned. The institute provides round the-clock residential services, vocational training, medical and psychiatric services and recreational facilities for the children.

The establishment caters to about 150 male and 150 female residents.

Celebrating World Environment Day by engaging in Green activity: Following the theme of 'plant a tree for each loved one', a group of employees planted about 1,000 tree saplings near Kamshet, Lonavala. The initiative was



conceived to coincide with World Environment Day. About 250 fruit trees and 750 native forest species trees had been procured, and with the Essar Agrotech team who assisted with preparation of pits, the group went about the tree plantation with gusto.

Celebrated the festival of 'Janmashtami' with the students of the Society for the Education of the Crippled (SEC) Day School for children:

On August 28, 2013 in a special way, by spending time

with the students of the SEC Day School for children with severe orthopedic disabilities. The SEC School, which



is located in Agripada, in Central Mumbai, teaches and rehabilitates children with physical and multiple disabilities, and helps make them independent through various tools, like Physiotherapy, Speech Therapy, and Vocational Training. They also take care of their education need till Class 7, and helps integrate the students into the formal school system, thereafter. These children come from very poor backgrounds.

Participated in the Coastal Cleanup drive on September 22, 2013:

Essar Shipping in association with Essar Ports and Essar Foundation, participated in the Coastal Cleanup drive on September 22, 2013 organized by Coast Guard on the occasion of International Coastal Cleanup Day 2013 in Mumbai. Essar has been associated with International Coastal Cleanup (ICC) Day activities in Mumbai, for the past



several years.



Celebrated the festival of 'Diwali' with the students of the SEC Day School for children:

Essar Shipping celebrated Diwali with of the SEC (Society for the Education of the Crippled) Day school for orthopedically challenged children, in Mumbai. This division supports nearly 110 orthopedically challenged students; SEC teaches and rehabilitates children with Physical and Multiple disabilities



and help them integrate the students into formal school system post Class 7.

Celebrated Kite Flying festival with street children in Kurla, Mumbai:

The group of Employees of Essar Shipping, celebrated the 'Makar Sankranti' festival, on January 14, 2014, with a group of street children from a Mumbai suburb.



Visited by a group of employees, the Home for the Aged Poor, at Andheri, Mumbai:

On May 31, 2014, a group of employees from Shipping, Mumbai donated the funds that was collected and spent some quality time interacting with the residents at the Home for the Aged Poor, at Andheri, Mumbai. Run by a non-profit organisation, the Little Sisters of the Poor, this is a charitable institution that receives men and women, 65 years of age and above, who are really in need of care and shelter.

Shipping presents Essar Search and Rescue Award 2013

Accidents at high sea have a huge risk of life, as assistance is not easily available and communication can be difficult, or in many cases, practically impossible. Saving lives at sea is in line with the highest traditions of seafaring and with limited resources it takes courage, determination and selflessness.

Every year Essar Shipping recognizes acts of bravery both in the Indian Coast Guard (ICG), which is the primary Search and Rescue (SAR) organization covering the Indian coastline, and also those from the fishing community who have assisted another in distress. The annual Essar SAR Award is given to honour young men and women in uniform

who help rescue people in danger at sea. This year, the award was presented by Capt. Anoop Sharma, CEO-Sea Transportation, Essar Shipping, at Mumbai on August 8, 2013, to Coast Guard vessel ICGS C-150 for saving 14 precious lives, in 3 separate independent search and rescue incidents.

Capt. Sharma also presented the ICG SAR Award for Fishermen, to the Indian fishing boat, IFB Man Mandir.

The IFB Man Mandir sighted a boat, Shri Raj, which had caught fire while fishing near Indo- Pak International Maritime Boundary Line. Upon receiving the distress message the skipper of IFB Man Mandir decided to cease fishing activity and proceeded towards rescuing crew of IFB Shri Raj despite adverse sea conditions and poor visibility. Though the boat was completely engulfed in flames IFB Man Mandir was able to rescue all the crew. The prompt response and noble action by the crew of IFB Man Mandir in saving precious lives of 6 crew member is commendable.

Vice Admiral Anurag G Thapliyal, AVSM, Director General, Indian Coast Guard presided over the ceremony.



PERFORMANCE INDICATORS

SAFETY	STB			EOSL + EOSIL*		
	FY 12	FY13	FY14	FY12	FY13	FY14
Near Misses ^	253	457	439	127	33	23
Hours worked – employees #	2593416	3388824	3249648	454472	701720	723120
Hours worked - contractors	0	0	0	223896	653092	380964
First Aid Cases	10	29	35	3	12	9
Medical Treatment Cases	4	4	3	0	0	2
Lost Time Injury - Employees	4	1	2	0	0	2
Lost Time Injury - Contractors	0	0	0	0	0	0
LTIFR per 200,000 hours worked - Employees	0.39	0.06	0.12	0	0	0.55
LTIFR per 200,000 hours worked - Contractors	0	0	0	0	0	0
Overall LTIFR per 200,000 hours worked	0.39	0.06	0.12	0	0	0.36
Fatalities – Employees	1	0	0	0	0	0
Fatalities – Contractors	0	0	0	0	0	0
Fatality rate per million hours worked	0.39	0	0	0	0	0
Occupational Disease Rate	0	0	0	0	0	0

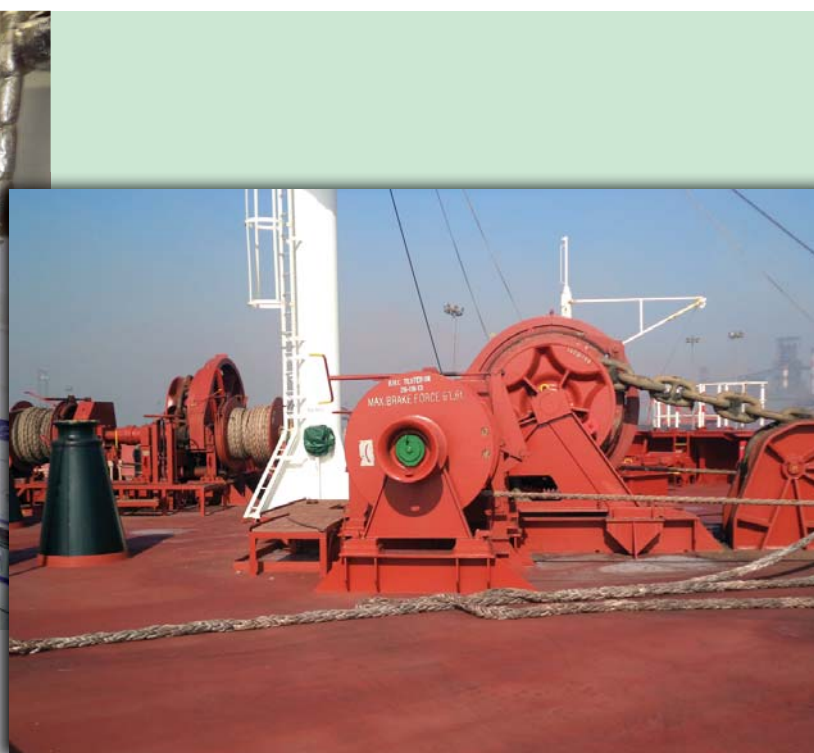
* - EOSL + EOSIL data includes data for semi-submersible rig wildcat and MR1, 2 and 3 for FY12,

Wildcat and LR3, MR1,2,3 for FY 13 and wildcat and MR1,2,9,10, LR3,4 for FY 14..

Essar Oilfields Services Ltd(EOSL) owns rig Wildcat and Essar Oilfields India Ltd(EOSIL) owns all 14 land rigs.

^ - near misses also include high potential incidents. Please see glossary for definitions.

- 24 hours of work per day considered for floating staff working onboard ship.



	STB			EOSL + EOSIL*		
LABOUR	FY 12	FY13	FY14	FY12	FY13	FY14
EMPLOYMENT						
Total workforce by type						
Permanent employees	72	68	54	32	59	38
Fixed term contract	325	326	371	313	411	264
Third party contract	0	0	0	0	0	0
Fixed term contract by gender						
Male	325	0	370	313	410	264
Female	0	0	1	0	1	0
Third party contract by gender						
Male	0	0	0	0	0	0
Female	0	0	0	0	0	0
% employees covered by collective bargaining	81.86	82.74	0	0	0	0
% women employees	0	0	0	0	0	0
Number of fixed term contract employees by age group						
less than 30	76	76	134	148	193	125
30-50	196	197	186	144	191	124
>50	53	53	51	21	26	15
Number of third party contract employees by age group						
less than 30	0	0	0	0	0	0
30-50	0	0	0	0	0	0
>50	0	0	0	0	0	0
Number of employees by category						
Senior	13	16	13	8	7	11
Middle	36	31	27	7	8	13
Junior	23	21	14	17	44	14
Number of employees by gender and category						
Male - Senior	13	16	13	8	7	11
Male - Middle	35	29	26	7	8	13
Male - Junior	19	16	9	16	43	14
Female - Senior	0	0	0	0	0	0
Female - Middle	1	2	2	0	0	0
Female - Junior	4	5	4	1	1	0
Number of employees by age group						
less than 30	7	8	3	12	35	9
30-50	47	43	32	16	19	22
>50	18	17	19	4	5	7
% employees returning to work after parental leave	0	0	1.85	0	0	0

	STB			EOSL + EOSIL*		
LABOUR	FY 12	FY13	FY14	FY12	FY13	FY14
Employee turnover by category						
Senior	0	1	1	0	1	0
Middle	2	5	6	5	1	0
Junior	2	5	3	2	5	4
Employee turnover by gender						
Male	4	11	9	7	6	4
Female	0	0	1	0	1	0
Employee turnover by age group						
Below 30	2	2	3	3	4	4
30-50	1	7	6	3	3	0
More than 50	1	2	1	1	0	0
Total hires	6	9	3	9	34	10
Hires by category						
Senior - Male	0	2	0	1	0	1
Middle - Male	2	3	1	1	1	4
Junior - Male	3	3	1	7	32	4
Senior - Female	0	0	0	0	0	0
Middle - Female	0	0	1	0	0	0
Junior - Female	1	1	0	0	1	1
Hires by gender						
Male	5	8	2	9	33	9
Female	1	1	1	0	1	1
Hires by age group						
less than 30	3	3	0	6	27	2
30-50	3	3	3	2	7	7
More than 50	0	3	0	1	0	1
Learning and development						
Average hours of training per employee	26	31.12	22.24	7.54	8.949	2.49
Average hours of training by gender	0	0	0	0	0	0
Male	25	30.49	25.5	7.12	8.759	2.49
Female	39.4	36.57	42	21.4	20	6
Average hours of training by category						
Senior	8	10.75	21.85	14.3	15.43	1.27
Middle	42	39.61	30.5	9.1	11	3.04
Junior	15	34.1	26.29	8.9	7.545	3.36
Performance and career development review						
Number of employees appraised by gender	70	67	52	32	59	37
Male	65	61	46	31	58	36
Female	5	6	6	1	1	1
Number of employees appraised by category						
Senior	14	16	13	8	7	10
Middle	32	31	26	7	8	13
Junior	24	20	13	17	44	14

	Unit	STB			EOSL+EOSIL		
ENVIRONMENT		FY2012	FY2013	FY2014	FY2012	FY2013	FY2014
Fuel Consumption	MT	68997	112187	109548	2658	2504	5520
Lubricants consumed	Ltr	940092	11055498	860889	62912	81175	59467
Direct Energy Consumption	GJ	3181400	4605942	4495286	106825	147889	232944
Indirect Energy Consumption	GJ	37	160	105	0	0	0
Water Consumption	MT	43842	51412	51444	14722	42894	14483
Water Generated	MT	27970	35397	40718	7314	4442	6147
Water Received	MT	15800	15544	18643	7323	5678	8071
Total Direct & Indirect Greenhouse Gas Emissions	tCO ₂ e	517767	355818	347524	8311	10959	17261
Scope 1 Emissions	tCO ₂ e	517757	355774	347495	8311	10959	17261
Scope 2 Emissions	tCO ₂ e	10	44	29	0	0	0
Ozone Depleting Substances	Kg	1200	1211	668	240	369	301
NO _x	MT	6272	8892	8685	Not Calculated	275	433
SO _x	MT	4275	6068	5916	Not Calculated	135	298
PM ₁₀	Kg	Not Calculated	723	716	Not Calculated	n/c	n/c
CO	MT	586	830	796	Not Calculated	26	41
VOC	MT	2165	2188	2040	Not Calculated	10	16
Bilge Water Treated	M ³	288	642	2500	47	56	0
Hazardous Waste	MT	Not Calculated	154	33.8	31	21	24
Non-Hazardous Waste	MT	Not Calculated	309	577	69	78	66
Number of Significant Spills	Numbers	0	0	0	0	0	0
Volume of Significant Spills	Ltr	0	0	0	0	0	0

GLOSSARY

3PL	Third party logistics
DNVGL	DNVGL Business Assurance India Pvt Ltd
DSV	Diving Support Vehicle
DWT	Dead Weight
ELL	Essar Logistics Ltd.
EOSIL	Essar Oilfield Services India Ltd
EROMS	Essar Rig Operating Management System
ERP	Enterprise Resource Planning
ESL	Essar Shipping Ltd.
GHG	Greenhouse Gases
GRI	Global Reporting Initiative
HED	Heavy Equipment Division
HSE	Health, Safety & Environment
IADC	International Association of Drilling Contractors
IMO	International Maritime Organisation
INSA	Indian National Shipowner's Association
LR	Land Rig
MV	Motor Vessel
NVG	National Voluntary Guidelines
PMS	Planned Maintenance System
SEEMP	Ship Energy Efficiency Management Plan
STB	Sea Transportation Business
IUCN	International Union for Conservation of Nature
SOLAS	Safety of Life at Sea
MARPOL	Marine Pollution
ISPS	International Ship and Port Security

First Aid Case (FAC)

This is any one – time treatment & subsequent observation or minor injuries such as bruises, scratches, cuts, burns, splinters etc. The first aid may not be administered by a physician or registered professional.

Fixed term contract employees

Employees directly hired through the company on a fixed term contract basis for a period ranging 1-3 years for certain/ specific projects. The contract can be renewed further as per business needs upon mutual consent by both the parties. The contract can be terminated by both the parties with 1 month notice period from either side.

Medical Treatment case (MTC)

This is any work related loss of consciousness (unless due to ill health), injury or illness requiring more than first aid treatment by a physician, dentist, surgeon or registered medical personnel, e.g. nurse or paramedic under the standing orders of physician or under the specific order of a physician, or under the specific order of a physician or if at sea with no physician onboard could be considered as being in the province of a physician.

Third party contract employees

Third party contract employees include contractors and sub – contractors hired for specific jobs at site such as Hazira.

Oil Spill

Discharges of oil in quantities that may be harmful to public health or the environment include those that:

- Violate applicable water quality standards;
- Cause a film or "sheen" upon, or discoloration of the surface of the water or adjoining shorelines; or
- Cause a sludge or emulsion to be deposited beneath the surface of the water or upon adjoining shorelines.

Significant spill is defined as quantity greater than 100 litres

Lost Time Injury

This is an injury which results in an individual being unable to carry out any of his duties or to return to work on a scheduled work shift on the day following the injury unless caused by delays in getting medical treatment ashore.

Lost time injury frequency (LTIF)

This is the no. of loss time injuries per unit exposure hours. The most common unit in respect of LTIF is one million man hours.

Near miss

Hazardous Occurrence means a situation which could have led to an accident or pollution incident, sometimes called a "near miss"

Restricted Work Case (RWC)

RWC is an injury which results in an individual being unable to perform all normally assigned work functions during a scheduled work shift or being assigned to another job on a temporary or permanent basis on the day following the injury.

Water consumed

Water consumed onboard for domestic use purpose by ship's personnel.

Water generated

Water Generated onboard using the ship's fresh water generator

Water received

Water received from external source for use of ship's personnel onboard.



GRI INDEX

G3.1 Content Index

	Application Level	A+			Assured by	DNV GL Business Assurance India Pvt. Ltd.
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STANDARD DISCLOSURES PART I: Profile Disclosures

1. Strategy and Analysis

Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
1.1	Statement from the most senior decision-maker of the organization.	Fully	2-3				
1.2	Description of key impacts, risks, and opportunities.	Fully	2,3,7,9				

2. Organizational Profile

Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
2.1	Name of the organization.	Fully	Front cover				
2.2	Primary brands, products, and/or services.	Fully	9				
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	17, 21, AR FY 14 page 14.				
2.4	Location of organization's headquarters.	Fully	40 and Back cover				
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	40				
2.6	Nature of ownership and legal form.	Fully	18				
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	40				
2.8	Scale of the reporting organization.	Fully	18-19				
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	4,18				
2.10	Awards received in the reporting period.	Fully	4				

3. Report Parameters

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	4				
3.2	Date of most recent previous report (if any).	Fully	SR - FY 13 pg 5(3rd Sep 2014)				
3.3	Reporting cycle (annual, biennial, etc.)	Fully	Annual				
3.4	Contact point for questions regarding the report or its contents.	Fully	6				
3.5	Process for defining report content.	Fully	5-6				
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	5-6				
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	5-6				
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	4, 21, AR 13 -14, Note 34 of Financial Statement				
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	4				

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	None				
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	4 and 7				
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	4,7, 23, 51-68 (GRI Content Index)				
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	6				

4. Governance, Commitments, and Engagement

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	18-20				
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	18-20				
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	18-20				
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	18-20				

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	18-20				
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	18-20				
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	18-20				
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	Sustainability report FY 11 Page 4, 12, 36, 37, 51, 73				
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	18-20, SR FY 12 Page 36.				
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	20				

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	18-20, SR FY 11 Page 30-32				
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	9, SR FY 11 Page 77-80				
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	SR FY 11 Page 77-80				
4.14	List of stakeholder groups engaged by the organization.	Fully	SR FY 11 Page 14				
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	SR FY 11 Page 13				
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	SR FY 11 Page 15				
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	5, SR FY 11 Page 15				

G3 DMA	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
DMA EC	Disclosure on Management Approach EC						
Aspects	Economic performance	Fully	21-22				
	Market presence	Fully	21-22				
	Indirect economic impacts	Fully	21-22				
DMA EN	Disclosure on Management Approach EN						
Aspects	Materials	Fully	35-37				
	Energy	Fully	35-37				
	Water	Fully	35-37				
	Biodiversity	Fully	35-37				
	Emissions, effluents and waste	Fully	35-37				
	Products and services	Fully	35-37				
	Compliance	Fully	35-37				
	Transport	Fully	35-37				
	Overall	Fully	35-37				
DMA LA	Disclosure on Management Approach LA						
Aspects	Employment	Fully	24-25				
	Labor/management relations	Fully	24-25				
	Occupational health and safety	Fully	24-25				
	Training and education	Fully	24-25				
	Diversity and equal opportunity	Fully	24-25				
	Equal remuneration for women and men	Fully	24-25				
DMA HR	Disclosure on Management Approach HR						
Aspects	Investment and procurement practices	Fully	24-25				
	Non-discrimination	Fully	24-25				
	Freedom of association and collective bargaining	Fully	24-25				

G3.1 DMA	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
	Child labor	Fully	24-25				
	Prevention of forced and compulsory labor	Fully	24-25				
	Security practices	Fully	24-25				
	Indigenous rights	Fully	24-25				
	Assessment	Fully	24-25				
	Remediation	Fully	24-25				
DMA SO	Disclosure on Management Approach SO						
Aspects	Local communities	Fully	24-25				
	Corruption	Fully	24-25				
	Public policy	Fully	24-25				
	Anti-competitive behavior	Fully	24-25				
	Compliance	Fully	24-25				
DMA PR	Disclosure on Management Approach PR						
Aspects	Customer health and safety	Fully	30				
	Product and service labelling	Fully	39-40				
	Marketing communications	Fully	40				
	Customer privacy	Fully	40				
	Compliance	Fully	40				

Economic

Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
Economic performance							
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	21-22, AR 13-14 Pgs 13,30-33,62-65				
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	37			Work in Progress	2015

Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	25				
EC4	Significant financial assistance received from government.	Fully	21-22				

Market presence

EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Not				Additional Indicator, Not material	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	39,40				
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	24				

Indirect economic impacts

EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	42-44				
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	23				

Environmental

Materials

EN1	Materials used by weight or volume.	Partially	48 (Materials reported are Fuel and Lubricants)	Material other than fuel and lubricants are immaterial.	Not material		
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Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
EN2	Percentage of materials used that are recycled input materials.	Fully	We do not use any materials that are recycled input materials. The main materials used are fuel and lubricants as we are a service industry and not a manufacturing industry.		Not applicable		
Energy							
EN3	Direct energy consumption by primary energy source.	Fully	48			Emissions is directly proportional to energy consumed	
EN4	Indirect energy consumption by primary source.	Fully	48				
EN5	Energy saved due to conservation and efficiency improvements.	Partially	37-40. SEEMP has been implemented and data collection is in progress.		Not available	Currently data collection is in progress.	2015
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Partially	36-40. SEEMP has been implemented and data collection is in progress.		Not available	Currently data collection is in progress.	2015
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Not	--		Not available	Currently it is not part of our data collection system	2015

Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
Water							
EN8	Total water withdrawal by source.	Fully	48				
EN9	Water sources significantly affected by withdrawal of water.	Fully	36 , No water sources were significantly affected.				
EN10	Percentage and total volume of water recycled and reused.	Fully	36, sea water is used for making fresh water.				
Biodiversity							
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	35-37, SR FY 11 Page 62				
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	35-37, SR FY 11 Page 62				
EN13	Habitats protected or restored.	Fully	35-37, SR FY 11 Page 62		Not material		
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	35-37				
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Fully	35-37				
Emissions, effluents and waste							
EN16	Total direct and indirect greenhouse gas emissions by weight.	Partially	38	Indirect emissions from Logistics business	Not available	Currently it is not part of our data collection system	2015

Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
EN17	Other relevant indirect greenhouse gas emissions by weight.	Not	--		Not available	Currently it is not part of our data collection system. Additionally, this year the focus was to calculate emissions due to owned assets.	2015
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partially	35-38	Quantitative	Not available	We are in the process of implementing measures to reduce GHG emissions and will share the outcome in our next report.	2015
EN19	Emissions of ozone-depleting substances by weight.	Partially	38		Not available	Reported for significant business of sea transportation, Other under implementation	2015
EN20	NOx, SOx, and other significant air emissions by type and weight.	Partially	38		Not available	Reported for significant business of sea transportation, Other under implementation	2015
EN21	Total water discharge by quality and destination.	Partially	35-36, 48	Not reporting for logistics	Not available	Currently it is not part of our data collection system	2015
EN22	Total weight of waste by type and disposal method.	Fully	48				
EN23	Total number and volume of significant spills.	Fully	48				

Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Fully	Waste				
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Fully	36				
Products and services							
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Partially	35-38	Noise, waste, effluent	Not available	Currently it is not part of our data collection system	2015
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not			Not applicable		
Compliance							
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	35-38				
Transport							
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Partially	30, 35-38			Currently it is not part of our data collection system	2015
Overall							
EN30	Total environmental protection expenditures and investments by type.	Not	--		Not available	Currently it is not part of our data collection system	2015

Social: Labor Practices and Decent Work

Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
Employment							
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	46-47				
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Fully	46-47				
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	24-25				
LA15	Return to work and retention rates after parental leave, by gender.	Fully	24-25			No eligible case reported during financial year	
Labor/management relations							
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	45				
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	25				
Occupational health and safety							
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Not			Not available	Data Collection in progress	2015
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Partially	44	Lost days, ODR, Absentee rate	Not available	Currently it is not part of our data collection system	2015
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	24-25				

Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	24, 30				

Training and education

LA10	Average hours of training per year per employee by gender, and by employee category.	Partially	47	Training conducted on ships and the rig.	Not available	Data collection programme has now been put in place.	2015
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	25				
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	47				

Diversity and equal opportunity

LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	18-19, 46-47, AR 13-14 Pgs 20-21				
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Equal remuneration for women and men

LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Fully	24-25				
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Social : Human Rights

Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
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Investment and procurement practices

HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Partially	24		Not available	No mechanism at the moment besides inclusion in the contracts.	2015
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Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Partially	24		Not available	We are in the process of collecting this data	2015
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Partially	24	Number of hours spent on human rights training during the induction training.	Not available	Not part of our data collection system	2015
Non-discrimination							
HR4	Total number of incidents of discrimination and corrective actions taken.	Fully	24				
Freedom of association and collective bargaining							
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Fully	24-25				
Child labor							
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	24-25				
Forced and compulsory labor							
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Fully	24-25				
Security practices							
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	24-25				

Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
Indigenous rights							
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not	24-25		Not applicable		
Assessment							
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	24-25				
Remediation							
HR11	"Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms."	Fully	24-25				

Social: Society

Local communities							
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Partially	42-43	Results of impact assessments	Not applicable		
SO9	Operations with significant potential or actual negative impacts on local communities.	Fully	42				
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	42				
Corruption							
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	25				
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	25				
SO4	Actions taken in response to incidents of corruption.	Fully	25, no case reported				

Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
Public policy							
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	SR FY 11 Page 78-80				
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	42				
Anti-competitive behavior							
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	No case in the reporting period				
Compliance							
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	No case in the reporting period				

Social: Product Responsibility

Customer health and safety							
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	30				
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	30, No case in the reporting period				
Product and service labelling							
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	30, 39-40				
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	40, No case in the reporting period				

Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	40				
Marketing communications							
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	40				
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	40				
Customer privacy							
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	40				
Compliance							
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	40				

INDEPENDENT ASSURANCE STATEMENT

Introduction

DNV GL represented by DNV GL Business Assurance India Private Limited ('DNV GL') has been commissioned by the management of Essar Shipping Limited ('ESL' or 'the Company') to carry out an assurance engagement on Essar Shipping Limited's Sustainability Report 2013-14 ('the Report') in its printed format, against the Global Reporting Initiative 2011, Sustainability, Reporting Guidelines Version 3.1 (GRI G3.1). The engagement was carried out against the DNV GL Protocol for Verification of Sustainability Reporting ('VeriSustain' - www.dnv.com/moreondnv/cr/; available on request) based on the agreed scope of work. The verification was conducted in October 2014 – March 2015, for the year of activities covered in the Report i.e. 1st April 2013 to 31st March 2014.

The intended users of this assurance statement are the management of the Company and readers of the Report. The management of ESL is responsible for all information provided in the Report as well as the processes for collecting, analysing and reporting the information. Our responsibility regarding this verification is to the Company only and in accordance with the agreed scope of work. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

Scope, Boundary and Limitations of Assurance

The scope of our assurance engagement, as agreed upon with ESL, included the following:

- Verification of the application of report content principles set out in the GRI G3.1 and quality of information presented in the Report;
- Review of the Report against the requirements of VeriSustain with a moderate level of assurance;
- Review and assessment of the processes and tools for collecting, aggregating and reporting qualitative data inside the Report and verification of the reliability of performance indicators reported.

The reporting boundary is as set out in the Report and covers two principal business of ESL i.e. sea transportation and oil field services/operations and no limitations on the scope of the assurance engagement were encountered during the verification process. Our engagement did not include assessment of the adequacy or effectiveness of ESL strategy or management of sustainability related issues. No external stakeholders were interviewed as part of this assurance engagement.

Verification Methodology

This assurance engagement was planned and carried out in accordance with VeriSustain. The Report has been evaluated against the principles of Materiality, Stakeholder Inclusiveness, Completeness, Responsiveness, Reliability and Neutrality. As part of verification we visited ESL head office at Mumbai and visited MV Ashok (Cyprus flag and a 10600 DWT Bulk carrier) during its berthing at Hazira, Gujarat to conduct on-site verification. During the assurance engagement, we have taken a risk-based approach, i.e. we concentrated our verification efforts on the issues of high material relevance to ESL's business and its key stakeholders.

As part of the engagement, we have verified the statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. In doing so, we have:

- Reviewed the company's approach to stakeholder engagement and its materiality determination process;
- Verified the robustness of the data management system, information flow and controls;
- Conducted in-person and on-line interviews with top and senior management team of ESL and other representatives, including data owners and decision-makers from different functions and locations of the Company;
- Performed sample-based reviews of the mechanisms for implementing the Company's sustainability related policies, as described in the Report;

- Performed sample-based checks of the data management processes for completeness and reliability. This included the assessments of methods, practices, tools and competence used in collection, aggregation and reporting of data, as it is transferred and managed at different levels of the organisation.

Conclusions

In our opinion, based on the work carried out, the Report presents a generic representation of the Company's sustainability-related strategies, management systems and performance. The Report, along with the referenced information to the Annual Report, meets the general content and quality requirements of GRI G3.1. We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

Stakeholder Inclusiveness: We reviewed the existing stakeholder engagement process and its implementation across the two businesses of ESL and confirm that the Company is committed to understanding stakeholder concerns as an on-going process thru formal and informal process. It was observed that due to business volatility, some of the planned stakeholder engagements have been postponed and action plans have been drawn up to engage with key stakeholders and to consolidate key stakeholder concerns and disclose the responses to stakeholder concerns in the next report. In our view, the level at which the Report adheres to the principle is **'Acceptable'**.

Materiality: The Company has revisited its materiality assessment carried out in 2010-11 and reconfirmed that the material aspects have not changed significantly. The Report fairly describes to material aspects in this report and its proposed management approach in line with the identified risks and opportunities. In our view, the level at which the Report adheres to this principle is **'Acceptable'**.

Completeness: The Report has fairly attempted to report or reflect the sustainability disclosures of its two business i.e. Sea transportation and Oil field services based on the operational control principle. The Report had fairly attempted to respond to the material aspects of GRI G3.1 disclosures. Certain performance disclosures and indicators have been responded to partially and the rationale for this and the exclusion of core indicators which are not applicable has been explained. The Company acknowledges the need for continuous improvement and is committed to improving the

reporting scope and boundary. In our view, the level at which the Report adheres to this principle is **'Good'**.

Responsiveness: We consider that the Company's response to key stakeholder concerns, through its strategies, policies and management systems, is fairly reflected in the Report within the defined scope and boundary. However the responsiveness to stakeholders could be further enhanced through fully reporting on all partially reported material aspects. In our view, the level at which the Report adheres to this principle is **'Acceptable'**.

Reliability: The majority of data and information verified at head office and sites were found to be accurate. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and the errors have been corrected. Hence, in accordance with a moderate level of assurance engagement, we conclude that the specified sustainability data and information presented in the Report are generally reliable. In our view, the level at which the Report adheres to the principle is **'Good'**.

Neutrality: The Company has reported its sustainability performance and related issues in a balanced manner and overall the Report is fairly transparent in discussing the challenges faced. In our view, the level at which the Report adheres to this principle is **'Good'**.

Opportunities for Improvement

The following is an excerpt from the observations and opportunities for improvement reported to the management of Company and are considered for drawing our conclusion on the Report; however they are generally consistent with the management's objectives. The company may:

- Identify sustainability topics/issues which go beyond the GRI aspects based on the broader stakeholder engagement and disclose the short medium and long term impacts on ESL business
- Benchmark sustainability performance metrics for material issues with sector peers to develop appropriate strategy and management approach to continually improve its sustainability performance.
- Implement systematic data verification mechanisms at regular intervals to strengthen the quality of qualitative data for future reporting;

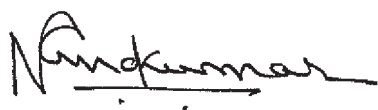
- Develop a management process to identify risks (if any) due to human rights issues especially in supply chain activities and outsourced processes, to stay in line with international best practices.

DNV GL's Competence and Independence

DNV GL is a global provider of sustainability services, with qualified environmental and social assurance specialists working in over 100 countries. DNV GL states its independence and impartiality with regard to this assurance

engagement. While we did conduct other third party assessment work with Essar Shipping Limited in 2013-14, in our judgement this does not compromise the independence or impartiality of our assurance engagement or associated findings, conclusions and recommendations. DNV GL was not involved in the preparation of any statements or data included in the Report, with the exception of this Assurance Statement. DNV GL maintains complete impartiality toward any people interviewed.

For DNV GL,



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Bengaluru, India, 12th March 2015





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