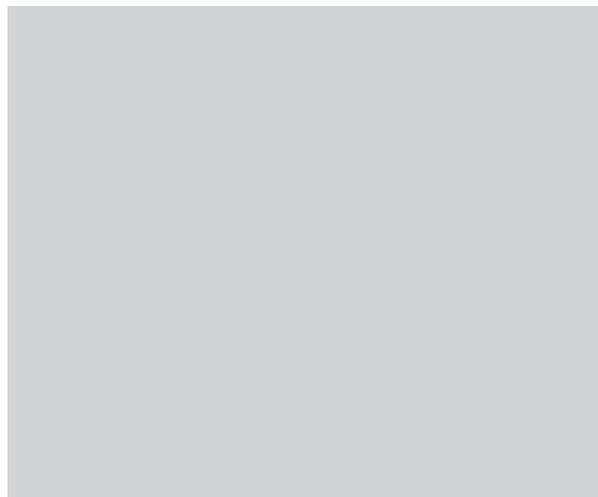




ANNUAL REPORT 2013-14
Essar Shipping Limited



BOARD OF DIRECTORS

Mr. P. K. Srivastava
Chairman

Mr. A. R. Ramakrishnan
Managing Director

Mr. Michael P. Pinto[^]
Independent Non-Executive Director

Mr. N. Srinivasan
Independent Non-Executive Director

Mr. N. C. Singhal[^]
Independent Non-Executive Director

Captain Bhupinder Singh Kumar[^]
Independent Non-Executive Director

Captain Anoop Kumar Sharma
Chief Executive Officer

Mr. Ankur Gupta
Director

[^] Appointed as Additional Director with effect from August 7, 2013

COMPANY SECRETARY

Mr. Hitesh Kumar Jain (From August 12, 2014)

Mr. Vinayak Joshi (Till May 31, 2014)

AUDITORS

Deloitte Haskins & Sells, Ahmedabad
(Firm Registration No. 117365W)

COMMITTEES OF THE BOARD**AUDIT COMMITTEE**

Mr. Michael P. Pinto (Chairman)
Mr. N. Srinivasan
Captain Bhupinder Singh Kumar

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Captain Bhupinder Singh Kumar (Chairman)
Mr. A. R. Ramakrishnan
Captain Anoop Kumar Sharma

NOMINATION & REMUNERATION COMMITTEE

Mr. N. Srinivasan (Chairman)
Captain Bhupinder Singh Kumar
Mr. Michael P. Pinto
Mr. P. K. Srivastava

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Captain Bhupinder Singh Kumar (Chairman)
Mr. A. R. Ramakrishnan
Captain Anoop Kumar Sharma
Mr. Ankur Gupta

REGISTERED OFFICE

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

CORPORATE OFFICE

Essar House
11, K. K. Marg
Mahalaxmi
Mumbai - 400 034
Maharashtra, India
Email: esl.secretarial@essar.com

REGISTRAR & SHARE TRANSFER AGENT

Data Software Research Company Private Limited
19, Pycrofts Garden Road, Off Haddows Road
Nungambakkam, Chennai - 600 006
Ph.No. 044-28213738 / 28214487
Fax No. 044-28214636
Email : essar.shipping@dsr-cid.in

CONTENTS

	Page No.		Page No.
Board of Directors	1	Notes to Financial Statements	34
Notice to Members	2	Auditors' Report on Consolidated Financial Statements	61
Directors' Report	13	Consolidated Balance Sheet	62
Report on Corporate Governance	20	Consolidated Statement of Profit & Loss	63
Auditor's Report	27	Consolidated Cash Flow Statement	64
Balance Sheet	30	Notes to Consolidated Financial Statement	66
Statement of Profit & Loss	31	E-Mail Registration	101
Cash Flow Statement	32	Proxy	103

NOTICE TO MEMBERS

Notice is hereby given that the Fourth Annual General Meeting of Essar Shipping Limited will be held at the Registered Office of the Company at Administrative Building, Essar Refinery Complex, Okha Highway (SH-25), Taluka Khambalia, District - Jamnagar, Gujarat - 361 305 at 10:00 a.m. on Friday, September 26, 2014 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Statement of Profit and Loss for the Year Ended March 31, 2014 and the audited Balance Sheet as on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P. K. Srivastava (DIN: 00843258), who retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
3. To re-appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Registration No.117365W) as the Statutory Auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (the 'Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. N. Srinivasan (DIN: 00004195), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who was appointed as a Director and in respect of whom the Company has received notice in writing in the prescribed manner under Section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board for a consecutive period of 3 (Three) years, for a term up to the conclusion of the Seventh Annual General Meeting of the Company in the calendar year 2017.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed/considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto and to give effect to the resolution."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (the 'Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or

re-enactment(s) thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. N. C. Singhal (DIN: 00004916), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who was appointed as a Director and in respect of whom the Company has received notice in writing in the prescribed manner under Section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board for a consecutive period of 3 (Three) years, for a term up to the conclusion of the Seventh Annual General Meeting of the Company in the calendar year 2017.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed/considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto and to give effect to the resolution."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (the 'Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Clause 49 of the Listing Agreement, Captain Bhupinder Singh Kumar (DIN: 00284649), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who was appointed as a Director and in respect of whom the Company has received notice in writing in the prescribed manner under Section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board for a consecutive period of 3 (Three) years, for a term up to the conclusion of the Seventh Annual General Meeting of the Company in the calendar year 2017.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed/considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto and to give effect to the resolution."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (the 'Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Michael P. Pinto (DIN: 00021565), a non-executive independent director

of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who was appointed as a Director and in respect of whom the Company has received notice in writing in the prescribed manner under Section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board for a consecutive period of 3 (Three) years, for a term up to the conclusion of the Seventh Annual General Meeting of the Company in the calendar year 2017.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed/considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto and to give effect to the resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203, read with Schedule V of the Companies Act, 2013 (the Act) and all other applicable provisions of the Act, if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approval from the Central Government or any other authority, as may be required, consent of the Company be and is hereby accorded to the appointment of Mr. A. R. Ramakrishnan (DIN: 00583765) as the Managing Director (the Wholetime Key Managerial Personnel) of the Company for a period of 3 (Three) years commencing from May 23, 2014 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors (hereinafter referred to as, the Board, which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment, as may be agreed to between the Board and Mr. A. R. Ramakrishnan.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed/considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto and to give effect to the resolution."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203, read with Schedule V of the Companies Act, 2013 (the Act) and all other applicable provisions of the Act, if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approval from the Central Government or any other authority, as may be required, consent of the Company be and is hereby accorded to the appointment of

Captain Anoop Kumar Sharma (DIN: 03531392) as the Wholetime Director designated as Chief Executive Officer (the Wholetime Key Managerial Personnel) of the Company for a period of 3 (Three) years commencing from May 23, 2014 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors (hereinafter referred to as, the Board, which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment, as may be agreed to between the Board and Captain Anoop Kumar Sharma.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed/considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto and to give effect to the resolution."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and any rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), consent and approval of the Company be and is hereby accorded to the Board of Directors (hereinafter reference to as 'the Board' which terms shall include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) for borrowing or continuing to borrow any sum or sums of money, from time to time, from State or Central Government or one or more bodies corporate or Banks or Financial Institutions or Overseas Corporate Bodies or Foreign Financial Institutions or any other agency either domestic or foreign or the public, either resident / non-resident by way of cash credit, advances, deposits, bill discounting or bridge loans, term loans or any other loans or otherwise and whether in Indian currency or in foreign currency, whether unsecured or secured and if secured, by mortgage, charge, hypothecation or lien or pledge or any other encumbrances over the Company's assets and properties whether movable and / or immovable or stock-in-trade (including book debts, bills, raw materials, stores and spare parts and components in stock or in transit) and debts and advances including uncalled capital and work in progress and all or any of the undertakings of the Company, notwithstanding that the sum or sums so borrowed together with the money, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of ₹ 5000,00,00,000/- (Rupees Five Thousand Crore only) over and above the aggregate of the paid up share capital of the Company and its free reserves.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with any or all of the aforesaid parties, terms, conditions, documents etc. and do all such acts, deeds, matters and things as may be deemed/considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto, or otherwise considered by the Board to be in the best interest of the Company and to give effect to the foregoing resolution.”

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and any rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), subject to such approvals, consents, sanctions and permissions, as may be necessary, and the Articles of Association of the Company and all other provisions of applicable laws, consent and approval of the Company be and is hereby accorded to the Board of Directors (hereinafter reference to as ‘the Board’ which terms shall include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) for creating mortgages and/or charges, hypothecation, pledge and/or any other encumbrances on such terms and conditions and at such time(s) and in such form and manner as it may think fit, on all or any of the movable and/or immovable properties of the Company, wheresoever situated, both present and future or the whole or substantially the whole of any one or more of the Company’s undertaking(s) in favour of all or any of the public or private financial institutions, banks, lenders, financiers, trustees, investing agencies, companies, bodies corporate or any other person(s)/entities, or any combination of the above, whomsoever participating in extending financial assistance, to secure term loans, rupee loans, working capital facilities, foreign currency loans, debentures, bonds, convertible loans, fully/partly paid convertible/non-convertible bonds, financial facilities/assistances or any other debt instruments (by private placement basis or otherwise) or any other type of financial assistances, together with interests, commitment charges, premium on prepayment and on redemption, costs, charges, expenses and all other monies payable by the Company in terms of the respective loan agreements / heads of agreements/letters of sanction, memorandum of terms and conditions etc., entered into or to be entered into by the Company in respect of the aforesaid loans / financial assistances/debentures obtained/to be obtained as may be agreed to by the Board, up to an equivalent aggregate amount as approved by the members pursuant to Section 180(1)(c) of the Companies Act, 2013 and as amended from time to time.

RESOLVED FURTHER THAT the securities to be created by the Company as aforesaid may rank pari passu with the mortgages and/or charges already created or to be created from time to time in future by the Company or vary and /or alter the terms and conditions of the security created/to be created as aforesaid or in such other manner and ranking as may be thought expedient by the Board and as may be agreed to amongst the concerned parties.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise and execute any and all agreements and documents, necessary for creating mortgages and / or charges as aforesaid and do all such acts, deeds, matters and things as may be deemed/considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto, or otherwise considered by the Board to be in the best interest of the Company and to give effect to the foregoing resolution.”

By Order of the Board

Mumbai
August 8, 2014

A. R. Ramakrishnan
Managing Director

Registered Office:
Essar Shipping Limited

Administrative Building
Essar Refinery Complex
Okha Highway (SH - 25)
Taluka Khambalia
District Jamnagar
Gujarat - 361 305
CIN: L61200GJ2010PLC060285

Notes:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Pursuant to the provisions of Section 105 of the Companies Act, 2013 (‘the Act’), a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. **The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting.** A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
- Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
- The Register of Members and Share Transfer Books of the Company shall remain closed from September 12, 2014 to September 26, 2014, both days inclusive.
- All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and Bank holidays, between 11:00 a.m. and 1:00 p.m. upto the date of the Annual General Meeting.
- An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto.
- Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

7. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
8. Details under Clause 49 of the Listing agreement with the Stock Exchanges in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, is separately annexed hereto. The Directors seeking appointment/reappointment have furnished the declaration under Rule 14 of the Companies (Appointment and Qualification of Directors) Rules, 2014 as required under Section 164(2) of the Act. The Register of Directors' and Key Managerial Personnel and their shareholding and the Register of Contracts and Arrangements in which directors are interested shall be open for inspection at the meeting to any person having right to attend the meeting.
9. Members desiring any information regarding the accounts are requested to write to the Company at Essar House, 11, K. K. Marg, Mahalaxmi, Mumbai - 400 034 at least 7 days before the date of the Meeting to enable the Company to keep the information ready.
10. In accordance with Section 20 of the Act and Companies (Management and Administration) Rules, 2014, service of documents on members by a company is allowed through electronic mode. Accordingly, as a part of Green Initiative, soft copy of the Annual Report for the Year Ended March 31, 2014 has been sent to all the members whose email address(es) are registered with the Company/Depository Participant(s) unless any member has requested for a hard copy of the same. Further, in terms of SEBI Circular No. CIR/CFD/DIL/7/2011, dated October 5, 2011, the hard copies of Abridged Annual Report have been sent to all other members who have not registered their email address(es). Members, who have not yet registered their email address with the Company/RTA/ Depository Participant are requested to register their email address at the earliest.
11. The Securities and Exchange Board of India has notified that the Members/ transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their Income Tax Permanent Account Number (PAN) card to the Company / RTA while transacting in the securities market including transfer, transmission or any other corporate action. Accordingly, all the Members/transferee of shares (including joint holders) in physical form are requested to furnish a certified copy of their PAN Card to the company/ RTA while transacting in the securities market including transfer, transmission or any other corporate action.
12. The shares of the Company are under compulsory Demat trading. Members holding shares in physical form are requested to convert their shares into dematerialized form in their own interest and convenience purpose.
13. Pursuant to Section 101 and Section 136 of the Act read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. In order to receive all communications including Annual Reports through e-mail:
 - a. Holders of shares in Physical Form are requested to fill up the Pre-Paid Postal e-mail Registration Form set-out at Page No. 101 of Annual Report and send it to the Registrar & Share Transfer Agent, Data Software Research Company Private Limited.
 - b. Members holding shares in Demat form, may register their e-mail IDs with the Depository Participant(s) only.
 - c. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
14. **Voting through electronic means:**

Pursuant to Section 108 of the Act, read with the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means (e-voting) in respect of the resolutions contained in this Notice.

The Members, whose names appear in the Register of Members / list of Beneficial Owners as on August 22, 2014 as cut-off date are entitled to vote on the Resolutions set forth in this Notice. Members who have acquired shares after the despatch of the Annual Report and before the book closure may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.

The e-voting period will commence at 9.00 a.m. on Friday, September 19, 2014 and will end at 5.00 p.m. on Monday, September 22, 2014. The Company has appointed Mr. Bhavin Mehta, Practising Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast.

The Company is providing e-voting facility to its members to enable them to cast their votes electronically. The Company has entered into an arrangement with National Securities Depository Limited (NSDL) for facilitating e-voting for AGM. Members are requested to carefully read the instructions for e-voting before casting their vote.

(a) In case of Members receiving an e-mail from NSDL:

 - (i) Open the PDF file 'ESL e-Voting.pdf' attached to the e-mail, using your Client ID / Folio No. as password. The PDF file contains your User ID and Password for e-voting. Please note that the Password provided in PDF is an 'Initial Password'.
 - (ii) Launch an internet browser and open <https://www.evoting.nsdl.com/>
 - (iii) Click on Member - Login.
 - (iv) Insert 'User ID' and 'Initial Password' as noted in step (i) above and click 'Login'.

- (v) Password change menu will appear. Change the Password with a new Password of your choice. Please keep a note of the new Password. It is strongly recommended not to share your Password with any person and take utmost care to keep it confidential.
- (vi) Home page of e-voting will open. Click on e-Voting - Active Voting Cycles.
- (vii) Select 'E-Voting Event Number (EVEN)' of Essar Shipping Limited.
- (viii) Now you are ready for e-voting as 'Cast Vote' page opens.
- (ix) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'Confirm' when prompted.
- (x) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional Members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at bhavinmehta2001@gmail.com with a copy marked to evoting@nsdl.co.in.

(b) In case of Members receiving physical copy of the Notice of AGM and Attendance Slip

- (i) Initial Password is enclosed separately with the Annual Report in the following format.

EVEN (E-Voting Event Number)	USER ID	PASSWORD
-	-	-

- (ii) Please follow all steps from Sr. No. (i) to Sr. No. (xii) above, to cast vote.

General

- I. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of NSDL's e-voting website www.evoting.nsdl.com.
- II. If you are already registered with NSDL for e-voting then you can use your existing User ID and Password for casting vote.
- III. The voting rights shall be as per the number of equity share held by the Member(s) as on August 22, 2014. Members are eligible to cast vote electronically only if they are holding shares as on that date.
- IV. The Companies (Management and Administration) Rules, 2014 provides that the electronic voting period shall be completed three days prior to the date of AGM. Accordingly, the e-voting period will commence at 9.00 a.m. on Friday, September 19, 2014 and will end at 5.00 p.m. on Monday, September 22, 2014. The e-voting module shall be disabled by NSDL at 5.00 p.m. on Monday, September 22, 2014.

V. The results shall be declared on or after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4 to 7

As per Section 149(5) of the Companies Act, 2013 ('the Act') the Company is required to appoint Independent Directors under section 149(4) of the Act, within a period of one year from April 1, 2014 i.e. the date of commencement of the said Section and Rules made there under. Since the Company had already appointed Mr. N. Srinivasan, Mr. N. C. Singhal, Captain Bhupinder Singh Kumar and Mr. Michael P. Pinto, as Non-Executive Independent Directors in the past, in terms of Companies Act, 1956 and the Listing Agreement with the Stock Exchanges, the Board of Directors in their meeting held on August 8, 2014 has recommended to reappoint the above said directors as Non-Executive Independent Directors within the meaning of Sections 149 and 152 [including Section 149(10)] of the Act read with Schedule IV attached thereto and Rules made thereunder, for a term of 3 (Three) consecutive years with effect from the date of this Annual General Meeting upto the conclusion of Annual General Meeting of the Company to be held in the Calendar Year 2017.

The Company has received declarations from Mr. N. Srinivasan, Mr. N. C. Singhal, Captain Bhupinder Singh Kumar and Mr. Michael P. Pinto, that they meet the criteria of independence as prescribed under Section 149 (6) of the Act, and also under Clause 49 of the Listing Agreement with the Stock Exchanges. They have further confirmed that they are not disqualified from being appointed as Director under Section 164 of the Act.

The Board of Directors is of the opinion that Mr. N. Srinivasan, Mr. N. C. Singhal, Captain Bhupinder Singh Kumar and Mr. Michael P. Pinto are persons of integrity and possess relevant expertise and experience and are eligible and fulfils the conditions specified by the Act, for the position of an independent director of the Company. The Board considers that their association as Directors will be beneficial to and be in the interest of the Company. The brief resume of the said Directors, the nature of their expertise in specific functional areas, names of companies in which they have held directorships, committee memberships/ chairmanships, their shareholding etc., are separately annexed hereto. A copy of respective draft letters of appointment of Mr. N. Srinivasan, Mr. N. C. Singhal, Captain Bhupinder Singh Kumar and Mr. Michael P. Pinto as Non-Executive Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

The Company has received notices in writing from members, along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of each of the aforesaid Directors for the office of Directors of the Company. This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Board of Directors recommend the resolutions for your approval. The said independent directors are not related to any of the Directors or Key Managerial Personnel (including relatives of Directors or Key Managerial Personnel) of the Company in terms of Section 2(77) of the Act.

None of the Directors and Key Managerial Personnel of the

Company (including relatives of directors or Key Managerial Personnel) other than the respective Non-Executive Independent Director himself, is concerned or interested, financially or otherwise, in these resolutions.

Item No. 8

Mr. A. R. Ramakrishnan was appointed as the Managing Director of the Company by the Board of Directors at their meeting held on May 23, 2011 and Members of the Company, thereafter approved his appointment, as such, at the Annual General Meeting held on September 9, 2011 for a period of 3 (three) Years with effect from May 23, 2011.

The Board of Directors at their meeting held on May 20, 2014, based on the recommendation of Compensation Committee of directors (redesignated as Nomination and Remuneration Committee) and Audit Committee of Directors at their Meeting held on May 20, 2014, respectively, subject to the approval of the Members, had appointed Mr. A. R. Ramakrishnan as the Whole-time Director, designated as the Managing Director of the Company (as the Whole-time Key Managerial Personnel) from May 23, 2014 to May 22, 2017. The gist of material terms and conditions relating to his appointment are as follows:

Office of Appointment: Wholetime Director, Designated as the Managing Director (the Wholetime Key Managerial Personnel)

Period of Appointment: Upto three years w.e.f., May 23, 2014 co-terminus with the Company Policy.

In consideration of his duties, Mr. Ramakrishnan shall be paid the following remuneration;

Remuneration:

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

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

Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, if in any financial year during the currency of tenure of Mr. A. R. Ramakrishnan, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above subject to compliance with the applicable provisions of Sections 196, 197 and 203 read with Schedule V of the Act, and all other applicable provisions of the Act, if any, and the Companies (Appointment

and Remuneration of Managerial Personnel) Rules, 2014, if and to the extent necessary, with the approval of the Central Government.

The above may be treated as an abstract of the agreement between the Company and Mr. A. R. Ramakrishnan pursuant to Section 190 and other applicable provisions of the Act and the rules made thereunder.

The statement containing the information required under Schedule V to the Act is provided in the Annexure to the Notice.

The Board is of the opinion that the appointment of Mr. A. R. Ramakrishnan would be in the best interest of the Company. The Board accordingly recommends the resolution at Item No. 8 of the accompanying Notice for your approval. Mr. A. R. Ramakrishnan does not hold any shares in the Company. Mr. A. R. Ramakrishnan is not related to any of the directors or Key Managerial Personnel (including relatives of directors or Key Managerial Personnel) of the Company in terms of Section 2(77) of the Act.

None of the Directors and Key Managerial Personnel of the Company (including relatives of directors or Key Managerial Personnel) other than Mr. A. R. Ramakrishnan, is concerned or interested, financially or otherwise, in these resolutions.

Item No.9

Captain Anoop Kumar Sharma was appointed as an Additional Director designated as the Chief Executive Officer, of the Company by the Board of Directors at their Meeting held on May 9, 2011 and Members of the Company, thereafter approved his appointment, as such, at the Annual General Meeting held on September 9, 2011 for a period of 3 (three) Years with effect from May 23, 2011.

The Board of Directors at their meeting held on May 20, 2014, based on the recommendation of Compensation Committee of directors (redesignated as Nomination and Remuneration Committee) and Audit Committee of Directors at their Meeting held on May 20, 2014, respectively, subject to the approval of the Members, had appointed Captain Anoop Kumar Sharma as the Whole-time Director, designated as the Chief Executive Officer of the Company (as the Whole-time Key Managerial Personnel) from May 23, 2014 to May 22, 2017. The gist of material terms and conditions relating to his appointment are as follows:

Office of Appointment: Wholetime Director, Designated as the Chief Executive Officer (the Wholetime Key Managerial Personnel).

Period of Appointment: Upto three years w.e.f., May 23, 2014 co-terminus with the Company Policy.

Remuneration:

In consideration of his duties, Captain Anoop Kumar Sharma shall be paid the following remuneration:

Basic Salary: Basic salary in the range of ₹ 3,00,000/- to ₹ 8,00,000/- per month, as may be determined by the Board of Directors or such other authority as may be delegated by the Board.

In addition to the Basic Salary, Captain Anoop Kumar Sharma shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof; House Maintenance Allowance together with reimbursement of expenses/allowances for utilisation of gas, electricity, water,

furnishing and repairs; medical reimbursement; education allowance; leave travel concession for self and his family including dependents; club fees, premium for medical insurance, commission and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors or such other authority as may be delegated by the Board of Directors from time to time up to the limit of ₹ 10,00,000/- per month. As per the rules of the Company, Captain Anoop Kumar Sharma will be eligible for Provident Fund, Gratuity and Superannuation, which payments shall not be included for the purpose of calculation of the Managerial Remuneration.

Minimum Remuneration:

Notwithstanding anything to the contrary herein contained if in any financial year during the currency of tenure of Captain Anoop Kumar Sharma, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above subject to compliance with the applicable provisions of Sections 196, 197 and 203 read with Schedule V of the Companies Act, 2013 (the Act) and all other applicable provisions of the Act, if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 if and to the extent necessary, with the approval of the central government.

The above may be treated as an abstract of the agreement between the Company and Captain Anoop Kumar Sharma pursuant to section 190 and other applicable provisions of the Act and the rules made thereunder.

The statement containing the information required under Schedule V to the Act is provided in the Annexure to the Notice.

The Board is of the opinion that the Captain Anoop Kumar Sharma's qualifications and varied experience would be most beneficial to the Company and would lead the Company to the next level of growth. The Board accordingly recommends the resolution at Item No. 9 of the accompanying Notice for your approval. Captain Anoop Kumar Sharma does not hold any shares in the Company. Captain Anoop Kumar Sharma is not related to any of the Directors or Key Managerial Personnel (including relatives of Directors or Key Managerial Personnel) of the Company in terms of Section 2(77) of the Act.

None of the Directors and Key Managerial Personnel of the Company (including relatives of Directors or Key Managerial Personnel) other than Captain Anoop Kumar Sharma, is concerned or interested, financially or otherwise, in these resolutions.

Item No.10 & 11

The members of the Company had at the Extraordinary General Meeting held on August 25, 2010 passed ordinary resolutions under Sections 293(1)(a) and 293(1)(d) of the Companies Act, 1956, granting their consent for availing borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time should not exceed ₹ 5000 Crore over and above the paid up share capital and free reserves of the Company prevailing from time to time and also for creation of charge on Company's properties.

In terms of the Companies Act, 2013 ('the Act'), Sections 180(1)(c) and 180(1)(a) of the Act which provides for approval by the Members by way of Special Resolutions as against Ordinary Resolutions under the Companies Act, 1956. Therefore it is necessary to obtain approval of Members by means of Special Resolutions under the provisions of Sections 180(1)(a) and 180(1)(c) of the Act, to enable the Board of Directors of the Company to borrow moneys, apart from the temporary loan obtained from the Company's bankers in the ordinary course of business in excess of the aggregate of paid-up share capital and free reserves of the Company and create charge/mortgage/hypothecation on the Company's properties both present and future, in favour of the banks/financial institutions/other investing agencies/trustees for the holders of debentures/bonds, to secure the repayment of moneys borrowed by the Company, (including temporary loans obtained from the Company's bankers in the ordinary course of business). The terms of such security may include a right in certain events of default, to take over management or control of the whole or substantially the whole of the undertaking(s) of the Company.

Since mortgaging or charging the movable and/or immovable properties and assets of the Company with the right of taking over management or control in certain events of default may be construed/considered to be disposal of the Company's undertaking within the meaning of section 180(1)(a) of the Act, therefore it is proposed to seek approval of the Members for creating such mortgages and/or charges on the assets and properties of the Company, both present and future.

Whilst no increase in the said limits is currently being proposed, the Members approval is being sought pursuant to Sections 180(1)(a) and 180(1)(c) of the Act by way of Special Resolutions. The above proposals as set out in the resolutions at item no. 10 and 11 of the Notice are in the interest of the Company and hence your Directors commend the same for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company nor their relatives are concerned or interested in the resolutions.

By Order of the Board

Mumbai
August 8, 2014

A. R. Ramakrishnan
Managing Director

Registered Office:**Essar Shipping Limited**

Administrative Building
Essar Refinery Complex
Okha Highway (SH - 25)
Taluka Khambhalia
District Jamnagar
Gujarat - 361 305
CIN : L61200GJ2010PLC060285

ANNEXURE TO NOTICE

Details of Directors seeking Appointment/Re-Appointment at the Fourth Annual General Meeting of the Company in pursuance of Clause 49 of the Listing Agreement.

Mr. P. K. Srivastava

Mr. P. K. Srivastava (DIN: 00843258), born on August 11, 1945 is an M.Sc., (Physics) from University of Lucknow (India) and M.A., (Management Studies) from University of Leeds (UK) with consistently placed in First Class / Distinction in his academic records.

Mr. Srivastava has had a long experience of 45 years in various commercial organizations in India and abroad (mainly Public Sector undertakings in India and Kingdom of Saudi Arabia) with about 15 years as Director on the Board and 10 years as the Chairman and Managing Director of Shipping Corporation of India, a Group - A, Public Sector Undertaking in India with an annual turnover in excess of USD 1 Billion. He was Group Advisor (Trading & Shipping Division) of Emirates Trading Agency L.L.C., Dubai, UAE.

Mr. P. K Srivastava is also a Director on the Board of various Indian public limited companies, viz., Essar Bulk Terminal Limited, Vadinar Oil Terminal Limited, Essar Ports Limited, Essar Oilfield Services India Limited, Essar Bulk Terminal Paradip Limited, Essar Paradip Terminals Limited, Essar Bulk Terminal (Salaya) Limited, Vadinar Ports & Terminals Limited and Essar Vizag Terminals Limited.

Mr. P. K Srivastava does not hold any shares in the Company.

Mr. N. Srinivasan

Mr. N. Srinivasan (DIN: 00004195), born on July 31, 1931 has been a Member of the Institute of Chartered Accountants of India since 1955. Mr. Srinivasan was a senior partner in Fraser & Ross/Deloitte Haskins & Sells. He was Chairman of the Southern Indian Regional Council and a Central Council Member of the Institute of Chartered Accountants.

Mr. N. Srinivasan is on the Board of India Cements Capital Limited, Tractors and Farm Equipment Limited, United Breweries (Holdings) Limited, The United Nilgiri Tea Estates Company Limited, Paterson Consulting Group Private Limited, GATI Limited, Tafe Motors and Tractors Limited, The India Cements Limited, McDowell Holdings Limited, SCM Microsystems (India) Private Limited, Redington (India) Limited, Kartiken Logistics Limited, Redington (India) Investments Limited, Trinetra Cement Limited and Essar Oilfield Services India Limited.

Mr. N. Srinivasan is also a chairman of Audit Committee of, GATI Limited, United Breweries (Holdings) Limited, Redington (India) Limited and Tractors and Farm Equipments Limited and member of Audit Committee of The India Cements Limited, India Cements Capital Limited, The United Nilgiri Tea Estates Company Limited.

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

Mr. N. C. Singhal

Mr. N. C. Singhal (DIN: 00004916), born on August 10, 1936, is the Founder of the erstwhile SCICI Limited and served as its Chief Executive Officer and Managing Director. He was associated as a Senior Executive of The Industrial Credit & Investment Corporation of India Limited and of the Oil & Natural Gas Commission.

He has vast experience in the field of Banking and Finance. Mr. Singhal was deputed by the Government of India as a Banking Expert to the Industrial Development Bank of Afghanistan, Kabul, during 1974 to 1975, as part of the World Bank sponsored programme for setting up the Bank. He served as Consultant

and Management Specialist with the Asian Development Bank, Manila. He serves as the Chairman of Samalpatti Power Company Private Limited, and SCI Forbes Limited. He serves as a Member of Advisory Board at several industrial houses and institutions. He serves as a Member of Strategic Advisory Group, Development Credit Bank Ltd. His other Directorships and Memberships of Companies include, viz., SCI Forbes Limited, Deepak Fertilisers And Petrochemicals Corporation Limited, Max India Limited, Birla Sun Life Asset Management Company Limited, Tolani Shipping Company Limited, Binani Industries Limited, Amal Limited, Capital First Limited, Essar Bulk Terminal Limited, Essar Ports Limited, Ceenaar Advisory Services LLP and Samalpatti Power Company Private Limited.

Mr. Singhal is also Chairman of the Audit Committee of Deepak Fertilisers And Petrochemicals Corporation Limited, Max India Limited, Tolani Shipping Company Limited and Amal Limited and member of the Audit Committee of Binani Industries Limited, Capital First Limited and Samalpatti Power Company Pvt Limited. Mr Singhal is also Chairman of the Members' Grievance Committee of Amal Limited and member of the Members' Grievance Committee of Max India Limited and Binani Industries Limited. Mr. Singhal is also Chairman of the Remuneration Committee of Tolani Shipping Company Limited, Capital First Limited and Samalpatti Power Company Pvt Limited and member of the Remuneration Committee of Max India Limited.

Mr. Singhal serves as a Director of Ashapura Educational Foundation; International Chamber of Commerce - Financial Investigations Services, London; International Chamber of Commerce - Marine Transport Commission, Paris. He is a Member of Board of Governors of Institute of Management Studies and Tolani Maritime Institute. He possesses Postgraduate qualifications in Economics, Statistics & Administration and has acquired professional education from IIM, Ahmedabad and Kolkata, IIT, Kanpur and Administrative Staff College, Hyderabad.

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

Captain Bhupinder Singh Kumar

Captain Bhupinder Singh Kumar (DIN: 00284649), born on October 13, 1938, has vast experience of over 4 decades in the Ports and Shipping Sector during which he has held key positions in the industry such as Managing Director & Chief Executive Officer of Essar Shipping Limited, Chief Executive of Essar Group Companies, APJ Lines etc. He has played a key role in the development of the Paradip Port on the East Coast of India he was also associated with Dhamra Port, Hazira Port, Finolex Captive Jetty, Ratnagiri; Trustee/Director on Board Mumbai Port Trust, Paradip Port Trust, besides being associated with Indian National Shipowners Association; Steamship Mutual Bermuda Club, UK; Classification Societies, Visa Comtrade Ltd., Kolkata etc., He was a Shipping & Logistics Consultant/Adviser, and also on Panel of Arbitrators under Indian Council of Arbitrators and also an exclusive agent for ABEL Pumps GmPh, Germany in India.

Captain Kumar is also an Independent Director on the Board of Essar Bulk Terminal (Salaya) Limited, Vadinar Oil Terminal Limited, Essar Bulk Terminal Paradip Limited and Essar Bulk Terminal Limited.

Captain Kumar does not hold any shares in the Company.

Mr. Michael P. Pinto

Mr. Michael P. Pinto (DIN: 00021565), born on May 27, 1943, Indian Administrative Service (IAS) (Retired) has had a rich blend of experience, in the private sector as well as public enterprises, both at the state and the centre in which he served. He had been the Chief Executive Officer of the Maharashtra Industrial

Development Corporation (MIDC), Vice Chairman and Managing Director of the Maharashtra State Road Transport Corporation, Chief Managing Director of Handicrafts and Handlooms Export Corporation of India (HHEC), Chairman of the Central Cottage Industries Corporation (CCIC), Managing Director of Maharashtra State Finance Corporation, Minister (Economic) Embassy of India, Paris, Chairman, Maharashtra State Electricity Board (MSEB), Director General (Shipping) Govt of India, Chairman Jawaharlal Nehru Port and Secretary (Shipping) Government of India. He was also the Vice Chairman of the National Commission for Minorities in the rank and status of Union Minister of State. Mr. Pinto is a Director and Member of Committees on the Board of various Indian public limited companies, viz., Star Paper Mills Limited, Gateway Distriparks Limited, Infrastructure Leasing And Financial Services Limited, Ashoka Buildcon Limited, Tolani Shipping Company Limited, SCI Forbes Limited, Snowman Logistics Limited, Essar Ports Limited and Principal Trustee Company Private Limited.

Mr. Michael P. Pinto is a member of the audit committee of Gateway Distriparks Limited, Infrastructure Leasing and Financial Services Limited, Asoka Buildcon Limited, Essar Ports Limited and Snowman Logistics Limited and Member of the Members' Grievance Committee of Ashoka Buildcon Limited. Mr. Michael P. Pinto is also member of Operations Review Committee of Essar Ports Limited, Remuneration & Nomination Committee of Essar Ports Limited and Managing Committee of Bombay Chamber of Commerce and Industry.

Mr. Michael Pinto does not hold any shares in the Company.

Mr. A. R. Ramakrishnan

Mr. A. R. Ramakrishnan (DIN: 00583765), born on February 7, 1957 has done his Mechanical Engineering with an Honours Degree and is a Post Graduate from the Indian Institute of Management, Kolkata. He has been with the Essar Group since 1992. He spent the first two and half years as a Business Analyst, dealing with all the Essar Group companies. He joined the management team of Essar Shipping at the end of 1994 as General Manager (Commercial). In 1999, he took over as Chief Operating Officer and thereafter as Chief Executive Officer. He was a Wholetime Director of Essar Ports Limited (formerly Essar Shipping Ports & Logistics Limited). Prior to joining the Essar Group, Mr. Ramakrishnan was employed with Godrej for 12 years gaining experience in marketing, sales, manufacturing, systems and finance. He has wide experience in dealing with International companies and agencies, including building joint ventures. Mr. Ramakrishnan is on the Board of Indian National Shipowners Association, Essar Oilfield Services India Limited and Adel Shipping & Logistics Limited.

Mr. Ramakrishnan is also member of Audit Committee of Essar Oilfields Services India Limited.

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

Captain Anoop Kumar Sharma

Captain Anoop Kumar Sharma (DIN: 03531392), born on August 21, 1960 has been associated with Essar Ports Limited (formerly Essar Shipping Ports & Logistics Limited) since 2008 as Chief Executive Officer - Shipping Business after a rich experience spanning over 28 years at Shipping Corporation of India (SCI) in technical, operations, purchase/contracts, commercial, business development etc. Captain Anoop Kumar Sharma started his career as a cadet with SCI and went on to become Senior Vice President-Chartering where he formulated and implemented a comprehensive strategy to explore global business opportunities for various type of vessels i.e. tankers, bulk carriers and containers.

Captain Anoop Kumar Sharma does not hold any shares in the

Company.

Additional Information as required by Schedule V to the Companies Act, 2013

I. General Information:

(i) Nature of Industry:

The Company is, inter alia, in the business of Sea Transportation, shipping, Oilfield Services and Logistics Businesses.

(ii) Date or expected date of commencement of commercial production:

The Company was incorporated on April 16, 2010 and received Certificate for Commencement of Business from the Registrar of Companies on June 1, 2010. Pursuant to Composite Scheme of Arrangement for demerger of shipping, oilfields and logistics business of Essar Ports Limited (Formerly known as Essar Shipping Ports & Logistics Limited), the shipping & logistics and oilfields drilling businesses were vested in the Company from the appointed date i.e. October 1, 2010. The same date is considered as date of commencement of commercial operation by the Company.

(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable.

(iv) Financial performance based on given indicators - as per audited financial results for the Year Ended March 31, 2014:

(₹ in Crore)

Financial Parameters	Financial Year Ended March 31, 2012	Financial Year Ended March 31, 2013	Financial Year Ended March 31, 2014
Total Income	1,304.86	1,556.24	1,026.39
EBITDA	500.73	406.42	282.82
Net profit/(loss) after Tax	95.82	93.25	(229.15)

(v) Foreign investments or collaborators, if any:

Foreign investment:

- 13,227,000 Equity shares of US\$ 1/- each of Energy Transportation International Limited amounting to ₹ 67.66 Crore as on March 31, 2014.
- 52,536,660 Equity shares of US\$ 1 each of Energy II Limited amounting to ₹ 235.99 Crore as on March 31, 2014.
- 246,600,001 Equity shares of US\$1/- each of Essar Oilfields Services Limited amounting to ₹ 4747.78 Crore as on March 31, 2014.
- 19,978,397 (Previous year 23,642,732), 7% cumulative non convertible redeemable preference shares of US\$ 10 each of Essar Oilfields Services Limited amounting to ₹ 1200.70 Crore as on March 31, 2014.
- 850,000, 7% cumulative compulsorily convertible preference shares of US\$ 10 each of Essar Oilfields Services Limited amounting to ₹ 38.25 Crore as on March 31, 2014.

Foreign Collaborations: Nil

II. Information about the appointees:

(i) Background details:

Mr. A. R. Ramakrishnan	Captain Anoop Kumar Sharma
<p>Mr. A. R. Ramakrishnan (DIN: 00583765), born on February 7, 1957 has done his Mechanical Engineering with an Honours Degree and is a Post Graduate from the Indian Institute of Management, Kolkata. He has been with the Essar Group since 1992. He spent the first two and half years as a Business Analyst, dealing with all the Essar Group companies. He joined the management team of the shipping business at the end of 1994 as General Manager (Commercial). In 1999, he took over as Chief Operating Officer and thereafter as Chief Executive Officer.</p> <p>He was a Wholetime Director of Essar Ports Limited (formerly Essar Shipping Ports & Logistics Limited). Prior to joining the Essar Group, Mr. Ramakrishnan was employed with Godrej for 12 years gaining experience in marketing, sales, manufacturing, systems and finance. He has wide experience in dealing with International companies and agencies, including building joint ventures. Mr. Ramakrishnan is on the Board of Indian National Shipowners Association, Essar Oilfield Services India Limited and Adel Shipping & Logistics Limited. Mr. Ramakrishnan is also member of Audit Committee of Essar Oilfields Services India Limited.</p>	<p>Captain Anoop Kumar Sharma (DIN: 03531392), born on August 21, 1960 has been associated with Essar Ports Limited (formerly Essar Shipping Ports & Logistics Limited) since 2008 as Chief Executive Officer - Shipping Business after a rich experience spanning over 28 years at Shipping Corporation of India (SCI) in technical, operations, purchase/contracts, commercial, business development etc. Captain Anoop Kumar Sharma started his career as a cadet with SCI and went on to become Senior Vice President-Chartering where he formulated and implemented a comprehensive strategy to explore global business opportunities for various type of vessels i.e. tankers, bulk carriers and containers.</p>

(ii) Past remuneration during the financial Year Ended March 31, 2014:

Name of Executive Director	Amount (₹ in Crore)
Mr. A. R. Ramakrishnan	2.40
Captain Anoop Kumar Sharma	1.60

(iii) Recognition or awards:

The information is already covered in the section, "Background details".

(iv) Job Profile and suitability:

	Mr. A. R. Ramakrishnan	Captain Anoop Kumar Sharma
Job Profile	Mr. A. R. Ramakrishnan, Wholetime Director designated as Managing Director is responsible for the operations and the affairs of the Company.	Captain Anoop Kumar Sharma, Wholetime Director designated as Chief Executive Officer is responsible for the operations and the affairs of the Company specifically pertaining to the shipping business.

Suitability	Taking into consideration the qualifications and expertise in relevant fields, Mr. A. R. Ramakrishnan, Managing Director has, he is best suited for the responsibilities currently assigned to him by the Board of Directors.	Taking into consideration the qualifications and expertise in relevant fields, Captain Anoop Kumar Sharma, Chief Executive officer has, he is best suited for the responsibilities currently assigned to him by the Board of Directors.
-------------	---	---

(v) Remuneration proposed:

Name of Executive Director	Scale of Salary
Mr. A. R. Ramakrishnan	<p>Basic Salary: Basic salary in the range of ₹ 5,00,000/- to ₹ 10,00,000/- per month, as may be determined by the Board of Directors or such other authority as may be delegated by the Board.</p> <p>In addition to the Basic Salary, Mr. A. R. Ramakrishnan shall be entitled to perquisites and allowances viz., accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof; House Maintenance Allowance together with reimbursement of expenses/allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; education allowance; leave travel concession for self and his family including dependents; club fees, premium for medical insurance, commission and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors or such other authority as may be delegated by the Board of Directors from time to time up to the limit of ₹ 23,50,000/- per month.</p> <p>As per the rules of the Company, Mr. A. R. Ramakrishnan, will be eligible for Provident Fund, Gratuity and Superannuation, which payments shall not be included for the purpose of calculation of the Managerial Remuneration.</p> <p>Minimum Remuneration:</p> <p>Notwithstanding anything to the contrary herein contained where in any financial year during the currency of tenure of Mr. A. R. Ramakrishnan, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above subject to compliance with the applicable provisions of Sections 196, 197, 203 read with Schedule V of the Act, and all other applicable provisions of the Act, if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, if and to the extent necessary, with the approval of the Central Government.</p>

<p>Captain Anoop Kumar Sharma</p>	<p>Basic Salary: Basic salary in the range of ₹ 3,00,000/- to ₹ 8,00,000/- per month, as may be determined by the Board of Directors or such other authority as may be delegated by the Board.</p> <p>In addition to the Basic Salary, Captain Anoop Kumar Sharma shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof; House Maintenance Allowance together with reimbursement of expenses/allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; education allowance; leave travel concession for self and his family including dependents; club fees, premium for medical insurance, commission and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors or such other authority as may be delegated by the Board of Directors from time to time up to the limit of ₹ 10,00,000/- per month.</p> <p>As per the rules of the Company, Captain Anoop Kumar Sharma will be eligible for Provident Fund, Gratuity and Superannuation, which payments shall not be included for the purpose of calculation of the Managerial Remuneration.</p> <p>Minimum Remuneration:</p> <p>Notwithstanding anything to the contrary herein contained where in any financial year during the currency of tenure of Captain Anoop Kumar Sharma, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above subject to compliance with the applicable provisions of Sections 196, 197, 203 read with Schedule V of the Companies Act, 2013 (the Act) and all other applicable provisions of the Act, if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 if and to the extent necessary, with the approval of the Central Government.</p>
--	--

- (vi) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):**

Taking into consideration the size of the Company, the profiles of Mr. A. R. Ramakrishnan and Captain Anoop Kumar Sharma, the responsibilities shouldered by them and the industry benchmarks, the remuneration proposed to be paid to them respectively is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

- (vii) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:**

Besides the remuneration proposed to be paid to them, Mr. A. R. Ramakrishnan and Captain Anoop Kumar Sharma do not have any other pecuniary relationship

with the Company or relationship with the managerial personnel.

III. Other Information:

- (i) **Reasons of loss or inadequate profits:**

The financial year 2013-2014 has been very tough year for the shipping industry worldwide with freight rates being at historical low 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.

- (ii) **Steps taken or proposed to be taken for improvement**

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.

- (iii) **Expected increase in productivity and profits in measurable terms:**

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.

IV. Disclosures:

The information and Disclosures of the remuneration package of the Directors have been mentioned in the Annual Report in the Corporate Governance Report Section for the Year Ended March 31, 2014.

Both Mr. A. R. Ramakrishnan and Captain Anoop Kumar Sharma, satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under Sub-section 3 of Section 196 of the Act for being eligible for their respective appointments. They are not disqualified from being appointed as Directors in terms of Section 164 of the Act.

Brief resume of Mr. A. R. Ramakrishnan and Captain Anoop Kumar Sharma, nature of their expertise, name of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships among directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are provided above in this Annexure to the Notice of the Annual General Meeting forming part of the Annual Report.

By Order of the Board

Mumbai
August 8, 2014

A. R. Ramakrishnan
Managing Director

Registered Office: Essar Shipping Limited

Administrative Building
Essar Refinery Complex
Okha Highway (SH - 25)
Taluka Khambhalia
District Jamnagar
Gujarat - 361 305
CIN: L61200GJ2010PLC060285

DIRECTORS' REPORT

To the Members of Essar Shipping Limited

Your Directors take pleasure in presenting the Fourth Annual Report of your Company together with Audited Accounts for the Year Ended March 31, 2014. The Financial Statements have been presented on lines similar to previous year in view of clarification issued by the Department of Corporate Affairs in its Circular No. 8 dated April 4, 2014.

FINANCIAL RESULTS:

The summary of the Standalone and Consolidated Financial Results of your Company for the Year Ended March 31, 2014 are furnished below:

₹ in Crore

Particulars	Consolidated		Standalone	
	For the Year Ended 31-03-2014	For the Year Ended 31-03-2013	For the Year Ended 31-03-2014	For the Year Ended 31-03-2013
Total Income	2,006.59	3,298.08	1,026.39	1,556.24
Total Expenditure	1,328.22	2,433.02	743.57	1,149.82
EBITDA	678.37	865.06	282.82	406.42
Less: Interest & Finance charges	399.37	365.72	322.93	307.26
Less: Provision for Depreciation	477.88	369.31	185.56	139.01
Less: Exceptional Item	-	50.20	5.44	50.20
Profit / (Loss) before Tax	(198.88)	79.83	(220.23)	(90.05)
Less: Provision for Tax	(44.89)	44.03	(8.92)	3.20
Profit / (Loss) for the year before share of profit of associate	(243.77)	35.80	(229.15)	(93.25)
Add: Share of profit of associate	0.05	-	-	-
Profit / (Loss) for the year	(243.72)	35.80	(229.15)	(93.25)
Opening balance of Surplus/Deficit	95.69	59.89	(14.26)	78.99
Deficit/Surplus at the end of the year	(148.03)	95.69	(243.41)	(14.26)

DIVIDEND

In view of losses during the year 2013-14, the Board of Directors is unable to recommend any dividend for the year under review. Your Company which comprises of Sea Transportation, Oilfield Services and Logistics Businesses is currently expanding the capacities in shipping and in oilfields businesses through acquisition of suitable assets. These assets are highly capital intensive in nature and therefore require substantial investment. This necessitates the operating profits to be ploughed back towards capital expenditure.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(a) Overview of the World Economy

Global activity strengthened during the second half of 2013 and is expected to improve further in 2014-15 with much of the impetus coming from advanced economies, although their recoveries remain uneven. With supportive monetary conditions and a smaller drag from fiscal consolidation, annual growth is projected to rise above trend in the United States and to be close to trend in the core euro area economies. In the stressed euro area economies, however, growth is projected to remain weak and fragile as high debt and financial fragmentation hold back domestic demand. In Japan, fiscal consolidation in 2014-15 is projected to result in some growth moderation. Activity in many emerging market economies has disappointed in a less favorable external financial environment, although they continue to contribute more than two-thirds of global growth. Growth in emerging market economies is projected to pick up only modestly. These economies are adjusting to a more difficult external financial environment in which international investors are more sensitive to policy weakness and vulnerabilities given prospects for better growth and monetary policy normalization in some advanced economies.

Downside risks continue to dominate the global growth outlook, notwithstanding some upside risks in the United States, the United Kingdom and Germany. In advanced economies, major concerns include downside risks from low inflation and the possibility of protracted low growth, especially in the euro area and Japan. While output gaps generally remain large, the monetary policy stance should stay accommodative, given continued fiscal consolidation. In emerging market economies, vulnerabilities appear mostly localized. Nevertheless, a still-greater general slowdown in these economies remains a risk, because capital inflows could slow or reverse. Emerging market and developing economies must therefore be ready to weather market turbulence, reduce external vulnerabilities and maintain high medium-term economic growth.

According to IMF's April 2014 World Economic Outlook, looking ahead, global growth is projected to strengthen from 3% in 2013 to 3.6% in 2014 and 3.9% in 2015. In advanced economies, growth is expected to increase to about 2¼% in 2014-15, an improvement of about 1 percentage point compared with 2013. Key drivers are a reduction in fiscal tightening, except in Japan, and still highly accommodative monetary conditions. In emerging market and developing economies, growth is projected to pick up gradually from 4.7% in 2013 to about 5% in 2014 and 5¼% in 2015. Growth will be helped by stronger external demand from advanced economies, but tighter financial conditions will dampen domestic demand growth. In China, growth is projected to remain at about 7½% in 2014 as the authorities seek to rein in credit and advance reforms while ensuring a gradual transition to a more balanced and sustainable growth path. [Source: IMF, April 2014 - WEO]

(b) Overview of the Indian Economy

Indian GDP Growth in Financial Year stood sub 5% for the second year in a row, led mainly by a deceleration in industrial growth, sluggish investment demand, high interest rates, sticky retail inflation and policy uncertainty. The annual growth in Financial Year 2014 has improved compared with 4.5% growth in Financial Year 2013. In the last five years, India's economic performance has been

influenced by several global as well as domestic concerns. In Financial Year 2009, following the global meltdown, the economic growth rate of India had dropped to 6.7% from an average growth of 8.8% in the preceding five years. In response to this, several fiscal and monetary measures were implemented to promote growth. Subsequently, economy showed signs of recovery in Financial Year 2010 and went on to record healthy growth of over 9% in Financial Year 2011. However, since the last three years slowing domestic investments and weak consumer confidence coupled with subdued global growth has led to a substantial moderation in domestic economic activity. India's economic growth virtually halved to sub 5% level in Financial Year 2013 and Financial Year 2014.

Given that inflation continues to be reining in as per the desired disinflationary path, a real GDP growth between 5-6% is expected in Financial Year 2015. The risks appear balanced presently as domestic supply bottlenecks are expected to ease down and implementation of stalled projects is likely to make head way on arrival of newly elected government. These factors should support the manufacturing and the services sector. The agricultural sector in turn is contingent on the monsoon. There is a wave of optimism in the economy with new government in place with focus most visibly on investments in infrastructure, time bound action and improved co-ordination between the Centre and State Governments to ensure smooth implementation of new Government policies.. There is growing optimism that exports will improve in Financial Year 2015, with expectations of improvement in global economic prospects and increase in consumption demand in advanced economies viz. the euro zone and the US.

BUSINESS PERFORMANCE, OPPORTUNITIES AND OUTLOOK

The business is based on the intrinsic demand for transportation services and logistics & cargo handling infrastructure required by steel, power generation and refining industry. With focus on crude and dry bulk carriers, port to plant logistics and oilfield services, your Company continues to provide end-to-end logistics solutions to its customers in a very cost effective manner.

(a) Sea Transportation Business:

The financial year 2013-2014 has been very tough year for the shipping industry worldwide. Tonnage demand in the last year remained weaker than initially expected and, on the supply side fleet continued to outweigh demand across all segments. In 2013, the global GDP growth settled at only 2.8 % but in 2014, the IMF expects GDP growth to hit a three-year high at 3.6 %. Growth in emerging market and developing economies supported by domestic demand, recovering exports and supportive investment climate is likely to bring shipping industry out of difficult cycle.

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. The global dry bulk seaborne trade is forecast to grow 5.8 % in 2014 to 4.37 billion tonnes, according to Barclays Research, outpacing a 5.3 % rise in the global merchant fleet to 753 million deadweight tonnes. It is worth noting that credit rating agency Moody's, in its first quarter statement reported in Lloyd's List, has upgraded its outlook on the global shipping industry to 'stable' from 'negative' after almost three years, saying the troubled industry had reached a bottom and the gap between oversupply of ships and demand is not expected to worsen materially in the next 12-18 months.

Moody's decision reflected improvements in EBITDA driven by lower bunker costs, slow steaming strategies and other efficiency savings.

End of year 2013 has seen signs of a recovery on the back of global economies returning slowly to growth and expecting a stronger growth in the current year across the globe. The market has already started showing signs of positive volatility and is likely to lead market upswing in second half of Financial Year 2015. Firming up of Chinese Cargo movements and demand from US and Europe has led to positive movements in the Shipping freight rates and considering the overall recovery in the global markets the future market outlook is looking positive.

(b) Oilfields Services Business:

The oilfield service business has encountered modest fluctuations during the financial year 2013-2014. 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. Observing the current trend in the oil price and the E&P spending of the world's supermajors and National Oil Companies (NOCs) during this financial year, the E&P activities are marginally slowed down and will be continued to slow down further, putting many 2G/3G midwater floaters either on very short term deployment or warm stacked.

Presently, the market for floater units in midwater segment is weakening due to limited new demand as compared to the number of floaters becoming available. This trend is being observed across the Asia Pacific, Africa and Latin America region. In Asia - Pacific region where Essar have been operating ,the utilisation of floaters (based on units that are under contract among the marketed pool) stands at 78% and, based on awarded commitments to date, by the end of second quarter 2014 only 70% of floaters in the region will be under contract, followed by only 50% at the end of 2014. This signifies the trend of slowdown in the floaters market and it is anticipated to get tightened further by 2015-2017, owing to the very moderate growth in E&P spending by Oil Majors in the short term.

As the market forecast, the crude oil prices are not likely to go below the range of US\$ 100-US\$110, therefore the world's biggest oil companies are expected to be more disciplined in their capital spending plans as they are re-evaluating the growth prospects in light of rising costs in exploration and development of fields in the near term. Considering these aspects, this in turn is going to impact the demand for Ultra deepwater and deepwater floaters, making these units available to replace the old midwater floaters. In a way, this has already witnessed with an impact on day rates of mid water floaters, moving in the range of US\$ 210,000/per day to US\$ 230,000/per day. However, it is expected to remain the same in next two fiscals without any significant variation and considering the horizon of midterm, the day rate for mid water floaters is expected to get softened by about 10-15 % further on account of higher demand for 5G/6G Ultra Deepwater (UDW) floaters in the mid water & deep water space. These new built UDWs are highly preferred due to more its advanced well completion capabilities, capability to handles tougher wells (like deep pre-salt wells), better efficiency and more storage & accommodation facilities.

On the operations side, rising operating costs have been the greatest barrier to oil and gas companies growth especially due to exploration for unconventional resources and increase in horizontal and deviated deeper wells. Moreover, during the last fiscal, the higher costs were also due to an increase in the complexity of oil and gas projects, a surge

in insurance premiums and the severe lack of suitable qualified professionals across regions. The rise in building and operating costs is not likely to drop significantly anytime soon. Companies deal with the situation by negotiating with suppliers to acquire the best rates possible, and the increases have yet to cause project delays.

Considering the market forecasts, the Global E&P spending is set to grow about 6% in 2014 to \$723 billion in the fifth straight year of growth, however, in the Asia Pacific region, spending in India, Asia & Australia is projected to post modest growth in 2014 (up 3% vs. 2013), as solid spending increases from Petronas, Pertamina and ONGC are partially offset by declines from Inpex and Santos, while the Chinese NOCs plan mostly flatish spending, facing increasing pressure from investors to be more selective in its CAPEX plans. This poses modest opportunities in offshore market and the intense competition is likely to lower the expected dayrates by about 20 to 25% as compared to the current day rates for midwater folaters. On the Land rigs front, market is opening up and better days are expected ahead. There are opportunities likely coming up with Oil India, ONGC, GAIL and Cairn Energy for the deployment of rigs for drilling as well as for workover operations in India.

RISK MANAGEMENT

Your Company has a Risk Management Policy that outlines the framework and procedures to assess and mitigate the impact of risks, 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, your Company able to manage:

- (a) Economic Risks by entering into long term contracts with reputed global majors 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 risks. 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; and
- (d) Control over various OPEX cost of the organization.

The Board is constituting a Risk Management Committee after clarity is announced regarding composition of the Committee.

INTERNAL CONTROL FRAMEWORK

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

HUMAN RESOURCE

Your Company has introduced contemporary Human Resource practices to enhance technical and managerial competence of the employees and to further leverage their capabilities to enhance the performance. Further the Company has taken a series of initiatives to enhance emotional and intellectual engagement of employees. The fleet employees are particularly kept in constant touch to know and reduce dissatisfaction.

PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed thereunder, the names and other particulars of employees forms part of this

Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the Members of the Company excluding the statement containing the particulars to be provided under Section 217 (2A) of Companies Act, 1956. Any Member interested in the said information may inspect the same at the Company's Registered Office or write to the Company Secretary for a copy thereof.

AWARDS AND RECOGNITIONS

Essar Logistics Limited (Hazira), your subsidiary company was conferred the prestigious CII SHE Excellence Award 2012 in the category of Service Industry (Large) as Runners Up-2 in March 2013 at the CII SHE Conclave 2013 held at Pune. An extensive evaluation of the participants was carried out by a jury comprising of safety professionals from the industry. Improvement in safety indices despite the multifold increase in cargo handled over the years, sharp reduction in incidents and demonstrated commitment of safety team & line management in bringing visible improvement on site was appreciated while Essar Logistics showcased its efforts to the jury.

VIGIL MECHANISM

The Company has in compliance with Section 177 of the Companies Act, 2013 established Vigil Mechanism by adopting the, 'Whistle Blower Policy', for Directors and Employees of the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITY

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). The composition of the CSR Committee is Captain B. S. Kumar - Chairman; Mr. A. R. Ramakrishnan; Captain. Anoop Kumar Sharma; and Mr. Ankur Gupta.

Key Highlights are:

- (a) Donation of medicines to Children's Aid Society (Mankurd) on April 10, 2013 as part of 'Handful of Grain campaign.
- (b) Celebrating World Environment Day by engaging in Green activity through 'Tree Plantation Drive', planted 1000 saplings in Kamshet, Lonavala on July 6, 2013
- (c) Celebrated the festival of 'Janmashtami' with the students of the Society for the Education of the Crippled (SEC) Day School for children with severe orthopedic disabilities on August 28, 2013.
- (d) 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.
- (e) Celebrated the festival of 'Diwali' with the students of the SEC Day School for children with orthopedically challenged children, in Mumbai on October 31, 2013.
- (f) Celebrated Kite Flying Festival with street children in Kurla, Mumbai on Makar Sankranti Festival on January 14, 2014
- (g) Visited by a group of Employees, the Home for the Aged Poor, at Andheri, Mumbai, run by a non-profit, the Little Sisters of the Poor, a charitable institution on May 31, 2014 for giving donation and spend quality time with the residents.

CSR ACTIVITY HIGHLIGHTS

1. Donation of medicines to Children's Aid Society, Mankurd, Mumbai:

Your 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, 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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, 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.

SUSTANABILITY REPORTING

Our Company's third Sustainability Report titled, 'Our guiding light a leading beacon' has been launched in July, 2014 (the Report).

This Report is a sequel to our Second Sustainability Report, 2012, "Measurable, Manageable, Sustainable". The Report captures the Environment, Social and Governance Performance of the Essar Shipping Group comprising Sea Transportation, Oilfield Services and Logistics, and also outlines our Short, Mid and Long-Term Strategy for addressing material issues regarding the same.

Sustainability Performance Highlights 2013

Governance

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.

Environment

- (a) Having developed the Ship Energy Efficiency Management Plan (SEEMP) and Energy Efficiency Operational Index (EEOI) for the entire fleet, the same is being fully implemented by all ships in the Sea Transportation Business. Vessels are reporting relevant data every quarterly.
- (b) Notable increase in Modal Shift i.e., moving greater volumes of cargo by seas that were once handled by trucks on the road thereby greatly reducing the carbon emissions due to combination of cargo transportation.
- (c) Zero spills in 2013.

Social

- (a) Information consolidated for last four years for additional safety indicators including property damage incident, fire incidents, high potential incidents and restricted work cases. Enterprise Resource Planning (ERP) solution for incident monitoring extended to cover these indicators.
- (b) Zero Loss Time Injury Frequency Rate achieved by Oilfield Services for third year in a row.
- (c) 79.22% reduction in Lost Time Injury Frequency Rate by Sea Transportation Business.
- (d) 89.17% increase in near miss reporting by Sea Transportation Business thereby reducing accidents; 18% increase in reporting by company.
- (e) 19% increase in employees under age of 30 years, 7% reduction in age group 30-50 and 20% increase in age group above 50.
- (f) Average 54 training hours provided.

Essar Shipping Limited is the first Indian Shipping Company to have published its Sustainability Report and both our Reports conform to Global Reporting Initiative Current Generation of Guidelines Version 3.1 (GRI G3.1 Guidelines) and have been assured on DNV-GL protocol of VeriSustain by Det Norske Veritas (DNV) Business Assurance India achieving an application level of A+. Our Sustainability Reports can be accessed from our website.

International Maritime Organisation (IMO) and International Chamber of Shipping (ICS) have declared - Sustainability - as the focus area for the Year 2013. The Leadership team at Essar had the vision to embark upon Sustainability initiative way back in 2009 and have begun to reap its benefits as we engrain Sustainability Principles into all areas of our Businesses.

EMPLOYEE STOCK OPTION SCHEME

The Company has implemented the 'Essar Shipping Employees Stock Option Scheme-2011' (the Scheme) in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the SEBI Guidelines). The Nomination and Remuneration Committee of the Board of Directors of the Company administers and monitors the Scheme. The applicable disclosures as stipulated under the SEBI Guidelines as at March 31, 2014 are provided in the Annexure to this Report.

SUBSIDIARIES:

Following are the subsidiaries of your Company as on March 31, 2014:

1. Essar Logistics Limited
2. Essar Oilfields Services Limited
3. Essar Oilfield Services India Limited
4. Energy Transportation International Limited and
5. Energy II Limited

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit & Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company in view of the Company providing consolidated accounts. The Company will make available the Annual Accounts of the subsidiary companies and the related information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of the subsidiary companies.

DIRECTORS

As per Section 149(5) of the Companies Act, 2013 ('the Act') the Company is required to appoint Independent Directors under Section 149(4) of the Act within a period of one year from April 1, 2014 i.e. the date of commencement of the said Section and Rules made thereunder. The Company had already appointed Mr. N. Srinivasan with effect from September 9, 2011 and, Mr. Michael P. Pinto, Captain Bhupinder Singh Kumar and Mr. N. C. Singhal with effect from August 7, 2013, as an Independent Non-Executive Directors of the Company, in terms of Companies Act, 1956 and the Listing Agreement. The Board of Directors in their meeting held on August 8, 2014 has recommended to reappoint all the aforesaid four Directors as Independent Non-Executive Directors within the meaning of Sections 149 and 152 [including Section 149(10)] of the Act, read with Schedule IV attached thereto and Rules made thereunder, for a term of 3 (Three) consecutive years with effect from the date of ensuing Annual General Meeting upto the conclusion of Annual General Meeting of the Company to be held in the calendar year 2017.

Further, pursuant to Section 152(6) and other applicable provisions, if any, of the Act, one-third of such of the Directors as are liable to retire by rotation, shall retire every year and, if eligible, offer themselves for re-appointment at every Annual General Meeting. Consequently, Mr. P. K. Srivastava, Director retires by rotation at the ensuing Annual General Meeting, and being eligible, offer himself for re-appointment in accordance with the provisions of the Act.

Your Directors have re-appointed Mr. A. R. Ramakrishnan, as Managing Director for a period from May 23, 2014 to

May 22, 2017 and Captain Anoop Kumar Sharma, as Wholetime Director designated as Chief Executive Officer for a period from May 23, 2014 to May 22, 2017, subject to Members approval. Accordingly, resolutions are being proposed for their re-appointment at the ensuing Annual General Meeting for the approval of the Members.

The brief resume of the Directors being appointed/ re-appointed, the nature of their expertise in specific functional areas, names of companies in which they have held directorships, committee memberships/ chairmanships, their shareholding etc., are provided in the Explanatory Statement and Annexure to the Notice of the ensuing Annual General Meeting.

Your Directors recommend their appointment /re-appointment at the ensuing Annual General Meeting.

AUDITORS

Your Company's Statutory Auditor, M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Registration No. 117365W) will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Statutory Auditor for the financial year 2014-15. Pursuant to Sections 139, 141 and other applicable provisions of the Companies Act, 2013 and relevant Rules prescribed thereunder, the Company has received certificate/ consent letter from M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Registration No.117365W) to the effect that their reappointment, if made, would be within the prescribed limits laid down by the Act and shall be as per the term provided under the Act and that they are not disqualified for such reappointment under the provisions of applicable laws. The Audit Committee and Board of Directors recommended their reappointment as Statutory Auditor of your Company.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standard of Corporate Governance and comply to the Corporate Governance requirements as required under the Listing Agreement entered with the Stock Exchanges. The disclosures as required in Clause 49 of the Listing Agreement have been furnished in the Annexure to the Directors' Report under the head, "Corporate Governance". The requisite Certificate from the Statutory Auditors of the Company confirming the compliances with the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered with the Stock Exchanges, is attached and forming part of this Annual Report. The Directors refer to the auditor's observation on compliance of conditions of Corporate Governance relating to appointment of one Independent Director of the Company on the Board of material non-listed Indian Subsidiary Company. Mr. R. N. Bansal, Independent Director of the Company who was Director on the Board of material non-listed Indian Subsidiary Company has resigned w.e.f. August 8, 2013 and the Company is in the process of identifying the suitable Independent Director for future compliance.

Conservation of Energy:

Your company plays a great role in reducing the overall environmental impact due to its activities. We are committed for continual environmental improvement and during the last year we have taken several initiatives at both corporate and business level to demonstrate our commitment for being an environmentally conscious organization.

We initiated the process of monitoring our carbon emissions as per IMO GHG Guidelines. We also explored opportunities to improve energy efficiency onboard our ships. Due to the nature of our business (transportation), we consider fuel and lubricants as materials necessary to deliver our services. We are certified

to ISO 14001 and efforts are on to raise awareness about environmental issues through online and class room training.

Following are few steps taken towards conservation of energy and use of alternate source of energy:

- Ship Energy Efficient Management Plan (SEEMP): In line with current guidelines that have been established by IMO, this plan has been implemented all across fleet vessels. The capturing and monitoring of the data on regular basis prompts 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. We have already completed energy efficiency evaluation on our assets and are now in the process of implementing fuel efficiency measures. These include trim, 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.
- Alternate source of energy: Your company vessels utilize shore power during repair -lay up period in order to reduce fuel consumption and thereby reducing carbon foot print.

Periodical cleaning of ship's hull and propellers apart from routine dry-docking of floating assets is another step which has been taken towards conservation of energy with insignificant investment or expenses.

Technology Absorption:

Your Company has successfully implemented SAP in its financial and budget management systems. The Company has also now implemented various methods of automation so as to have greater visibility and control over its assets and further improve the turnaround time thereby increasing asset utilisation and profitability. Planned maintenance and purchase management system of all the vessels are now being integrated with SAP in order to have uniform platform. Your Company has implemented a robust Document Management System thus improving the availability of critical information in e-mode thereby reducing the use of paper. Ship-staff payroll system has been developed and implemented successfully.

In-house developed software EIS system has now been upgraded to monitor all the above energy conservation measures and is now available online. Various energy and cargo related data are available in e-mode and helps in close monitoring and control of energy conservation related matters.

Due to in-house developed software, your company has not only saved on investment towards purchase of third party software but also reduced dependency on third party service provider.

The details of Foreign exchange earnings and outgo are summarised below:

Total Foreign Exchange:

(1)	Earned (including loan receipts, sale of ships, freight, charter hire earnings, interest income, etc.)	:	₹ 537.48 Crore
(2)	Used (including cost of acquisition of ships, loan repayments, interest, operating expenses, etc.)	:	₹ 799.82 Crore

DIRECTORS RESPONSE TO AUDITOR'S OBSERVATIONS/ QUALIFICATIONS

The Directors refer to the auditor's observation in the Auditors Report and as required under Section 217(3) of the Companies Act, 1956, provide their explanation as under:

We refer to Note 12(a)(ii) of the standalone financial statements with respect to assessment of the carrying value of Investment in Essar Oilfields Services Limited, Mauritius, a wholly owned subsidiary of the Company, amounting to ₹ 4,748 Crore as at March 31, 2014 and Note 37 of the consolidated financial statements with respect to assessment of the resultant Goodwill on consolidation in the financial statements, amounting to ₹ 5,492.88 Crore as at March 31, 2014, pertaining to the Oilfields services business. Having regard to the changes in the off-shore drilling markets world wide and the expected impact of the same on the possible business scenarios applicable to the subsidiary, the management of the Company has initiated an exercise of assessing the carrying value of the said investment in terms of Accounting Standard (AS) 13, by engaging independent valuers to assess the valuation of the subsidiary. Pending conclusion of the aforesaid exercise, no provision for diminution in the carrying value, if any, of the aforesaid investment has been recognised. The auditors have made observation in their report that they are unable to comment on the carrying amount pending completion of the aforesaid exercise.

STATEMENT OF DIRECTORS RESPONSIBILITIES

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis.

FIXED DEPOSITS

Your Company has not accepted any public deposits under section 73 of the Companies Act, 2013, during the financial year under report.

APPRECIATION AND ACKNOWLEDGEMENTS

Your Directors express their appreciation of commendable teamwork of all employees.

Your Directors express their thanks to all the offices of the Ministry of Shipping, Directorate General of Shipping, Ministry of Petroleum and Natural Gas, Indian Navy, Indian Coast Guard, Mercantile Marine Department, State Government and Central Government, Classification societies, Oil Companies and Charterers for the valuable support, help and co-operation extended by them to the Company.

Your Directors also thank its Bankers and other business associates, including the Members of the Company for their continued co-operation and support extended towards the Company.

For and on behalf of the Board

Mumbai
August 8, 2014

P. K. Srivastava
Chairman

ANNEXURE TO DIRECTORS' REPORT

The disclosures as stipulated under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the SEBI Guidelines) and forming part of Director's Report for the period ended on March 31, 2014.

Sr. No.	Particulars	Information
(a)	Options Granted	40,68,819
(b)	Exercise Price	₹ 22.30
(c)	Options Vested	NIL
(d)	Options Exercised	NIL
(e)	The total number of shares arising as a result of exercise of option	Not applicable
(f)	Options Lapsed	4,03,549
(g)	Variation of Terms of Options	NIL
(h)	Money realized by Exercise of Options	Not applicable
(i)	Total Number of Options in Force	36,65,270
(j)	Employee-wise details of Options granted	<p>(i) Senior managerial personnel: Mr. A. R. Ramakrishnan - 6,74,258, Captain Anoop Kumar Sharma - 5,51,533, Mr. Ankur Gupta - 7,14,717, Mr. Rajeev Nayyar - 3,09,562, Mr. Ranjeet Singh - 2,69,843</p> <p>(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year: NIL</p> <p>(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: NIL</p>
(k)	Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard -20, "Earning per share"	Not applicable since no options are yet vested.

Sr. No.	Particulars	Information
(l)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	The company accounted employee compensation cost using the intrinsic value of the stock options. The impact as required has been appropriately disclosed in Note 32(c) of the financial statement.
(m)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Not applicable
(n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	The same has been appropriately disclosed in note 32(c) of the financial statement.
	(i) Risk-free interest rate	8.36%
	(ii) Expected life	58
	(iii) Expected volatility	44.5% - 58.60%
	(iv) Expected dividends and	NIL
	(v) The price of the underlying share in market at the time of option grant	₹ 22.30

For and on behalf of the Board

Mumbai
August 8, 2014

P. K. Srivastava
Chairman

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2013-14

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

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

Code of Conduct for the Board Members and the Senior Management

The Board of Directors of the Company at their Meeting held on May 23, 2011 adopted Code of Conduct applicable to all Directors and specified Senior Management Executives in compliance with Clause 49 of the Listing agreements (the Code). The Code is based on the premise that the Directors and Senior Management Executives shall act in accordance with the highest standards of honesty, integrity, fairness and ethical conduct and shall exercise utmost good faith, due care and integrity in performing their duties. The Code is available on the Company's website www.essar.com

The Company has received Declaration of Compliance with the Code of Conduct from Directors and Senior Management Personnel. The Declaration by the Managing Director affirming compliance of the Board of Directors and Senior Management Personnel to the Code of Conduct is provided in this Report.

2. Board of Directors

Your Company has Optimum Combination of Executive and Non-Executive Independent Directors on the Board as on March 31, 2014. The Board comprises of 8 (Eight) Directors, out of which 4 (Four) are Independent Non-Executive Directors and 2 (Two) are Non-Executive Directors. The Composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges.

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

As at March 31, 2014 the Board consisted of Eight Members namely - Mr. N. Srinivasan, Mr. N. C. Singhal, Captain Bhupinder Singh Kumar, Mr. Michael P. Pinto, Mr. P. K. Srivastava, Mr. A. R. Ramakrishnan, Captain Anoop Kumar Sharma and Mr. Ankur Gupta.

Chairmanship and Membership held in other companies as on March 31, 2014 was as under:

Name of Director	Category of Director	*No of Directorships in other Indian Public Companies	** No. of Committee positions held in other Public Companies	
			Chairman	Member
Mr. N. Srinivasan	Independent Non-Executive	13	4	3
Mr. N. C. Singhal #	Independent Non-Executive	10	5	4
Captain Bhupinder Singh Kumar #	Independent Non-Executive	4	-	-
Mr. Michael P. Pinto #	Independent Non-Executive	9	1	6
Mr. P.K. Srivastava	Non-Executive	9	-	-
Mr. A. R. Ramakrishnan	Managing Director	3	-	1
Captain Anoop Kumar Sharma	Wholesale Director	-	-	-
Mr. Ankur Gupta	Non-Executive	2	-	1
* Excludes foreign companies, private limited companies, section 25 companies and Alternate Directorships				
** Includes Membership of Audit Committee and Shareholders'/Investors' Grievance Committee only				
# Appointed on the Board with effect from August 7, 2013				

All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board hereby ensuring the best interest of stakeholders and the Company. None of the Directors are related to any other Director on the Board.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 3 (Three) Committees (as specified in Clause 49 of the Listing Agreement) across all the Companies in which he is a Director. The necessary disclosures regarding Committee positions have been received from the respective Directors.

B. Details of Board Meetings held during the Year:

Sr. No.	Date	Board Strength	No. of Directors Present
1.	May 28, 2013	8	6
2.	August 07, 2013	7	7
3.	September 25, 2013	8	6
4.	October 24, 2013	8	7
5.	December 20, 2013	8	7
6.	February 13, 2014	8	7

C. **Attendance of Directors at Board Meetings and at the last Annual General Meeting (AGM):**

Sr. No.	Name of the Director	No. of Board Meetings Attended	Attendance at the last AGM
1.	Mr. R. N. Bansal §	1	No
2.	Mr. Deepak Kumar Varma §	2	No
3.	Mr. N. Srinivasan	4	No
4.	Mr. Michael P. Pinto @	4	Yes
5.	Captain Bhupinder Singh Kumar @	4	Yes
6.	Mr. N. C. Singhal @	3	No
7.	Mr. P.K. Srivastava	6	Yes
8.	Mr. A. R. Ramakrishnan	5	Yes
9.	Captain Anoop Kumar Sharma	6	Yes
10.	Mr. Ankur Gupta	5	Yes

§ Mr. R.N. Bansal and Mr. Deepak Kumar Varma resigned from the Board w.e.f. August 8, 2013.

@ Mr. Michael P. Pinto, Captain Bhupinder Singh Kumar, Mr. N.C. Singhal were appointed on the Board w.e.f., August 7, 2013.

3. **Audit Committee:**

Composition, Details of Audit Committee Meetings

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.

Details of Audit Committee Meetings held during the Year:

Sr. No.	Date	Committee Strength	No. of Members Present
1.	May 28, 2013	4	2
2.	August 07, 2013	3	3
3.	October 24, 2013	3	2
4.	February 13, 2014	3	3

Attendance at Audit Committee Meetings:

Director	No. of Meetings held	No. of Meetings Attended
Mr. N. Srinivasan	4	3
Mr. Michael P. Pinto*	4	2
Captain Bhupinder Singh Kumar*	4	2

* Mr. Michael P. Pinto and Captain Bhupinder Singh Kumar were appointed on the Board w.e.f. August 7, 2013.

4. **Compensation Committee:**

As of March 31, 2014, the Compensation Committee has four Members viz., Mr. N. Srinivasan; Captain Bhupinder Singh Kumar; Mr. Michel P. Pinto and Mr. P. K. Srivastava. There were no meetings held during the year 2013-2014. Mr. N. Srinivasan, Independent Director is the Chairman of the Committee. The terms of reference of Compensation Committee includes inter-alia to formulate and recommend to the Board from time to time, the compensation structure for Managing Director, Whole-time Director and other Executive Directors if any and to administer and supervise the Employee Stock Option Scheme of the Company.

Remuneration to Directors:

Details of Remuneration paid to the Managing Director and Wholetime Director for the Year Ended March 31, 2014 are as under:

(₹ in Crore)

Name of Director	Basic Salary	Allowances and other benefits	Perquisites	Contribution to Provident & Superannuation Fund	Total
Mr. A. R. Ramakrishnan Managing Director	0.48	1.76	0.10	0.06	2.40
Captain Anoop Kumar Sharma Whole-time Director	0.65	0.87	Nil	0.08	1.60

During the year under review, no stock options were issued to the Managing Director or Wholetime Director.

Details of Sitting Fees paid to Non-Executive Directors for the Meetings held during the Year Ended March 31, 2014:

Mr. R. N. Bansal: ₹ 40,000; Mr. N. Srinivasan: ₹ 1,40,000; Mr. Deepak Kumar Varma : ₹ 90,000; Mr. Michael P. Pinto: ₹ 1,10,000 ; Captain Bhupinder Singh Kumar : ₹ 1,30,000 and Mr. N. C. Singhal: ₹ 70,000

No Shares or Convertible Instruments are held by any Members of the Board except the Stock Options granted to the Executive Directors of the Company and its Subsidiaries pursuant to the, 'Essar Shipping Employees Stock Option Scheme - 2011'.

5. Shareholders'/Investors' Grievance Committee and Share Transfer Committee:

A The Shareholders'/Investors' Grievance Committee of the Company *inter-alia* performs all the Functions to Redress Grievances and Complaints of the Members on matters pertaining to their Shareholding in the Company.

Terms of Reference of Shareholders'/Investors' Grievance Committee:

To redress Grievances and Complaints of Members on all matters pertaining to their Shareholding in the Company and to oversee the functions of the Registrar & Share Transfer Agent (R&STA) and ensure that the process of Share Transfer, Transmission and Issue of Duplicate Shares in effective and efficient.

Composition:

The Shareholders'/Investors' Grievances Committee comprises of three Directors as of March 31, 2014 viz., Captain Bhupinder Singh Kumar, Mr. A. R. Ramakrishnan and Captain Anoop Kumar Sharma. Captain Bhupinder Singh Kumar, Independent Director, has been appointed as Chairman of the Shareholders'/Investors' Grievances Committee and Company Secretary is the Compliance Officer.

B The Share Transfer Committee comprises of Mr. A. R. Ramakrishnan, Captain Anoop Kumar Sharma and Mr. Ankur Gupta.

The Share Transfer Committee oversees the functioning of the Registrar & Share Transfer Agent and ensures the process of Share transfers, transmission and issue of duplicate Shares.

Details of Shareholders Complaints Received, Solved and Pending:

There were no Complaints pending at the beginning of the year. A total of 49 complaints were received during the Year Ended March 31, 2014, most of which being Non-Receipt of Annual Reports and Non-Receipt of Share Certificates. All the complaints were redressed and no complaints were outstanding as on March 31, 2014.

All valid Share Transfer Requests received during the year were duly attended to and processed in time. There were no valid requests pending for Share transfers as on March 31, 2014.

Details of Shareholders' and Investors' Grievance Committee Meetings held during the Year:

During the year under review, the 4(four) meetings were held viz., on May 28, 2013, August 7, 2013, October 24, 2013 and February 13, 2014.

6. General Body Meeting:

A Details of Annual General Meetings held in Last Three Years:

Financial Year	Meeting, Financial Year, Date and Time	Location and Nature of Transaction
2010-11	1 st AGM on September 9, 2011 (2:00 P.M.)	Registered office of the Company at Jamnagar, Gujarat. Special Resolutions Passed in respect of Following matters: - Appointment of Managing Director of the Company and the remuneration thereto - Appointment of Wholtime Director of the Company and the remuneration thereto - Approval of Employee Stock Option Scheme 2011 - Approval of extending benefit of Employee Stock Option Scheme - 2011 to Executive Directors and employees of subsidiary company
2011-12	2 nd AGM on August 24, 2012 (11:00 A.M.)	Registered office of the Company, Jamnagar, Gujarat. Special Resolutions passed in the respect of following matters: - Approval to issue securities for an amount not exceeding USD 500 million
2012-13	3 rd AGM on September 25, 2013 (2:30 P.M.)	Registered office of the Company, Jamnagar, Gujarat. No Special Resolutions were passed
Details of Extraordinary General Meetings held during last three years		
2010-11	August 9, 2010	Change of Registered Office
	August 25, 2010	Amendment to Memorandum of Association, Change of Name of the Company and borrowing limits and creation of charge
	November 30, 2010	Approving the composite scheme of arrangement and reduction of Share Capital
2011-12	May 6, 2011	Increase in the Authorised capital and Substitution of Articles of Association
2012-13	No EGM was held during the year.	N.A.

B Details of the Extraordinary General Meetings Held:

During the year under review no Extraordinary General Meeting was held.

C Postal Ballot:

No Resolutions are proposed to be passed at the ensuing Annual General Meeting which require approval of Members through Postal Ballot.

7. Disclosures:

- There are no materially significant related party transactions made by the company with its Promoters, Directors or Management, their relatives, its subsidiaries, e.t.c., that may have potential conflict with the interest of the company at large.
- Transactions with related parties during the year are disclosed in Note No. 33 to the accounts in the Annual Report.
- Since incorporation of the company, no penalty or stricture has been imposed on the company by Stock Exchanges/SEBI/Statutory Authorities on matters related to Capital Markets.
- The company has a Risk Management Policy Framework for risk identification, assessment and control to effectively manage risks associated with the business of the company.
- The Managing Director and the Chief Financial Officer have certified to the Board of full compliance as per clause 49(V) of the Listing Agreement for the Financial Year Ended March 31, 2014.

8. Subsidiary Monitoring Framework:

All the Subsidiary Companies of the company are managed by their Board of Directors having the right and obligations to manage such Companies in the best interest of their stakeholders. As a majority Shareholder, the Company at times nominates its representatives on the Boards of subsidiary companies and monitors the performance of such Companies, *inter-alia*, by the following means:

- a) As of March 31, 2014, Mr. N. Srinivasan is representative of Essar Shipping Limited on the Board of material non-listed Indian subsidiary;
- b) A copy of the Minutes of the Meetings of the Board of Directors of the Subsidiary Companies were tabled before the Company's Board on Quarterly Basis;
- c) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary Companies is regularly placed before the Company's Board;
- d) Financial Results summary are also tabled before the Company's Board on quarterly basis;

9. Means of Communication:

Financial Results and other Information about the Company	The Quarterly and Annual Financial Results are displayed on the Company's website: www.essar.com Published in major newspapers such as Business Standard and Jai Hind
Presentation to Institutional Investors and to the Analyst	Press releases and presentations made to Institutional Investors and Analysts are displayed on the Company's website : www.essar.com
Management Discussion & Analysis	Forms part of the Annual Report, which is mailed to the Members of the Company

10. General Shareholders information:**A. Annual General Meeting details:**

Date	September 26, 2014
Venue	Administrative Building Essar Refinery Complex Okha Highway (SH-25) Taluka Khambalia District Jamnagar Gujarat - 361 305
Time	10.00 a.m.
Book Closure Dates	September 12, 2014 to September 26, 2014 (both days inclusive)

B. Financial Calendar:

Financial Year of Company	April 1, 2014 to March 31, 2015
First Quarter Results	On or before August 14, 2014
Second Quarter Results	On or before November 15, 2014
Third Quarter Results	On or before February 14, 2015
Annual Results for the Year	On or before May 30, 2015

C. Registrars and Share Transfer Agents:

Data Software Research Company Private Limited
19, Pycrofts Garden Road
Off. Haddows Road, Nungambakkam
Chennai - 600 006
Ph.No.+91-44-28213738/28214487
Fax No.+91-44-28214636
E-mail: essar.shipping@dsrc-cid.in

D. Share Transfer System:

The Share transfers are registered within an average period of 15 days. Presently the Company dematerialises the Shares after getting the dematerialisation requests being generated by the Depository Participant.

The Share transfers are registered within an average period of 15 days. Presently the Company dematerialises the Shares after getting the dematerialisation requests being generated by the Depository Participant.

E. Listing on Stock Exchanges:

The Ordinary Shares of the Company are listed and available for Trading on BSE Limited and the National Stock Exchange of India Limited. The Secured Non-convertible Debentures of the Company are listed on wholesale Debt Segment of The National Stock Exchange of India Limited (INE282A07039 and INE282A07047). The details of Stock Exchange and Securities listed are provided below:

The National Stock Exchange of India Ltd.

Exchange Plaza,
Bandra Kurla Complex, Bandra East
Mumbai - 400 051
Code: ESSARSHPNG

BSE Limited

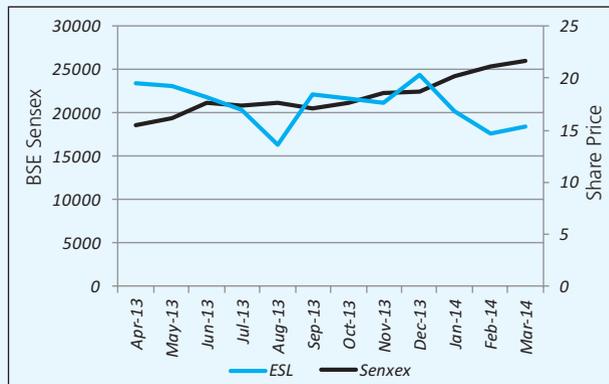
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 023
Code : 533704

The applicable listing fees have been paid to respective stock exchanges.

F. Market price data (High/Low) during each month in the Year 2013-14 on the BSE Limited and National Stock Exchange of India Limited.

BSE Limited			The National Stock Exchange of India Limited		
Month	Highest	Lowest	Month	Highest	Lowest
April 2013	21.80	17.50	April 2013	23.50	17.30
May 2013	24.80	19.00	May 2013	24.90	18.70
June 2013	19.80	14.50	June 2013	19.65	16.65
July 2013	19.70	16.65	July 2013	19.50	16.35
August 2013	16.80	13.00	August 2013	17.00	12.80
September 2013	20.88	13.15	September 2013	21.90	13.05
October 2013	19.65	15.25	October 2013	19.45	16.10
November 2013	18.80	16.25	November 2013	19.00	16.00
December 2013	20.65	17.60	December 2013	20.50	17.00
January 2014	20.90	16.00	January 2014	21.00	15.50
February 2014	18.35	14.35	February 2014	17.95	14.25
March 2014	17.00	14.11	March 2014	17.20	14.10
Scrip Code: 533704			Scrip Code: ESSARSHPNG		

Performance of share price in comparison to BSE Sensex



Performance of share price in comparison to Nifty



G. Shareholding Pattern as on March 31, 2014

Shareholding By	No. of Shares	%
Promoters	15,39,20,826	75.00
Financial Institutions/Mutual Funds/Banks/Insurance Companies	1,64,335	0.08
Other Corporate Bodies	1,47,56,906	7.19
Foreign Institutional Investors	1,87,97,756	9.16
Non-Resident Individuals	5,97,796	0.29
Resident Individuals	1,69,90,149	8.28
TOTAL	20,52,27,768	100.00

H. Distribution of Shareholding as on March 31, 2014

No. of Equity Shareholders	No of Shareholders	% of Shareholders	Total No of Shares	% of Holding
Upto 5000	99300	99.68	9692104	4.72
5001 to 10000	137	0.14	953602	0.46
10001 to 20000	87	0.09	1224392	0.60
20001 to 30000	25	0.03	593093	0.29
30001 to 40000	17	0.02	601207	0.29
40001 to 50000	7	0.01	324305	0.16
50001 to 100000	16	0.02	1180452	0.58
100001 and above	32	0.03	190658613	92.90
Total	99,621	100.00	20,52,27,768	100.00

- I. Compliance Officer** : Company Secretary
Designated Email ID for Investors/ Members esl.secretarial@essar.com
- J. Registered Office** : Administrative Building
 Essar Refinery Complex
 Okha Highway (SH-25)
 Taluka Khambalia
 District Jamnagar
 Gujarat - 361 305
- K. Corporate Office** : Essar House
 11, K. K. Marg
 Mahalaxmi
 Mumbai - 400 034
 Tel : (022) 6660 1100
 Fax: (022) 2354 4312
 Email: esl.secretarial@essar.com
- L. Status of Dematerialisation of Shares as on March 31, 2014**

Mode	No. of Shares	No. of Folio	%
Physical	26,94,052	52,605	1.31
Demat	20,25,33,716	47,016	98.69
TOTAL	20,52,27,768	99,621	100.00

- 11. Nomination Facility:**
 Pursuant to section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 with the Company's share transfer agent. In respect of shares held in electronic/demat form, the members may please contact their respective depository participant.
- 12. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on Equity:**
Foreign Currency Convertible Bonds(FCCBs) :
 As on March 31, 2014, the total outstanding Foreign Currency Convertible Bonds (FCCB) were 2800, 5% FCCBs (Series A and Series B) aggregating to US\$ 240,000,000. Series A FCCBs due on August 24, 2015 and Series B FCCBs due on August 24, 2017. These FCCBs are convertible into 122,852,787 equity shares of ₹ 10 each of the Company at a conversion rate of ₹ 91.70 per equity share at a fixed exchange rate of ₹ 46.94.
- 13. Secretarial Audit:**
 A qualified Practising Company Secretary carries out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and the total issued and listed capital. The audit confirms that the Total Issued/Paid up Capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

14. Non-mandatory requirements:

1. Compensation Committee:

The Committee comprises of four Non-Executive Directors with the Company Secretary acting as the Secretary of the Compensation Committee of the Board of Directors of the Company (the Committee). The Committee is inter-alia empowered to formulate and recommend to the Board from time to time, the compensation structure for Managing/ Executive/ Wholtime Directors and to administer and supervise the Employee Stock Option Schemes, whenever applicable.

2. Members' Rights:

Quarterly Financial Results are available on the website of the Company i.e., www.essar.com. No separate Quarterly Financials are sent to Members of the Company.

3. Audit qualifications:

Please see the Directors Report for the response given by the Board of Directors for audit qualifications in the Auditor's Report on the Financial Statements to the Members of the Company.

Cautionary Statement

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute forward looking statement within the meaning of applicable laws and regulations and actual results may differ.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Essar Shipping Limited

We have examined the compliance of conditions of Corporate Governance by Essar Shipping Limited (the Company) for the Year Ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement entered into by the said Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the directors and the management, we certify that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement except for the appointment of one independent director on the Board of Directors of the holding Company in the material non listed indian subsidiary Company from August 8, 2013 till March 31, 2014.

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

For Deloitte Haskins & Sells
Chartered Accountants
(Firm Regn. No. 117365W)

Samir R. Shah
Partner
(Membership No.101708)

Mumbai, August 8, 2014

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

The Company has framed a specific code of Conduct for the Members of the Board and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges to further strengthen Corporate Governance practices in the Company.

All the Members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said code of conduct in so far as it is applicable to them and there is no non-compliance thereof during the Year Ended March 31, 2014.

Mumbai
August 8, 2014

A. R. Ramakrishnan
Managing Director

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ESSAR SHIPPING LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **ESSAR SHIPPING LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2003 dated September 13, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Basis of Qualified Opinion

Attention is invited to note 12(a) to the financial statements regarding Management's assessment of 'other than temporary' decline in the value of long term investment of ₹ 4,747.78 Crore as at March 31, 2014 in equity shares of Essar Oilfields Services Limited, Mauritius, a wholly owned subsidiary of the Company, in terms of Accounting Standard (AS) 13, Investments. We have been informed that the Management of the Company is in the process of validating various operational assumptions impacting the estimated future cash flows from the operation of the rigs of the said subsidiary, and the consequent effect on the valuation of the subsidiary to determine whether there is any decline, other than temporary, in the carrying value of the aforesaid investment. Pending conclusion of the said exercise, we are unable to

comment on the provision for diminution, if any, which may be required in respect of the carrying amount of the aforesaid investment.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph*, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the Year Ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the Year Ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) Except for the matter described in Basis of Qualified Opinion paragraph, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) Except for the possible effect of the matter described in Basis of Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) *Except for the possible effect of the matter described in Basis of Qualified Opinion paragraph*, in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on March 31, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

Samir R. Shah
Partner

Mumbai, May 20, 2014

Membership No. 101708

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - The fixed assets of the Company were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventories:
- The Company carries inventories of fuel oil and lubricants on board the fleet. The Company purchases stores and spare parts for the fleet, which are directly treated as consumed as and when supplied to fleet. As explained to us, the inventories of fuel oil and lubricants were physically verified during the year by the Master of fleet at reasonable intervals.
 - In our opinion and according to the information and explanations given to us, having regard to the nature and location of inventory, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - Having regard to the nature of the Company's business and scale of operations, quantities of fuel oil and lubricants are determined by physical count and it is not considered feasible by the Management to maintain records of movements of inventories of such items by the fleet in which they are carried. As quantities are determined by physical count and records of movements are not maintained on board the fleet, the question of discrepancies on physical verification thereof does not arise.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (iii) (a) to (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system. The activities of the Company do not involve sale of goods.
- (v) According to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4 (v) of the Order are not applicable to the Company.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year to which the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed thereunder would apply. Accordingly, the provisions of clause 4 (vi) of the Order are not applicable to the Company.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) To the best of our knowledge and as explained to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the services provided by the Company.
- (ix) According to the information and explanations given to us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth tax, Customs Duty, Cess, and other material statutory dues applicable to it except that there have been delays in number of cases in depositing undisputed statutory dues of service tax, Provident fund and tax deducted at source with the appropriate authorities. As informed to us, the provisions of Employee's State Insurance and Excise Duty were not applicable to the Company during the year.
 - There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth tax, Service Tax, Customs Duty, Cess, and other material statutory dues in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.
 - Details of dues of Income Tax and Customs duty which have not been deposited as on March 31, 2014 on account of disputes are given below:

Name of statute	Nature of dues	Amount (₹. in Crore)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income Tax	7.29*	1993-94	The High Court of Bombay
Foreign Trade (Development and Regulation) Act. 1992	Customs duty	27.40	2006-07	The High Court of Bombay

* The Income Tax Department has preferred an appeal against the order of the Appellate Tribunal pursuant to which the said amount deposited earlier was refunded to the Company.

According to the information and explanations given to us, there were no dues pending to be deposited on account of any dispute in respect of Sales Tax, Wealth Tax, Service Tax and Cess as on March 31, 2014.

- (x) The Company is registered for a period of less than five years. Accordingly, the provisions of clause 4(x) of the Order are not applicable to the Company.
- (xi) Delays in repayment of dues (including interest) to banks, financial institutions and debenture holders aggregating to ₹ 167.44 Crore, ₹ 32.76 Crore and ₹ 30.77 Crore have been regularised within 90 days, 91-150 days and 151-212 days respectively, from due dates. There are no outstanding dues to banks as at March 31, 2014.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not, *prima facie*, prejudicial to the interests of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied

by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.

- (xvii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that short term funds (other than borrowings) of ₹ 72.98 Crore have, *prima facie*, been used for long-term investment/ purposes.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (xviii) of the Order are not applicable to the Company.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures during the year. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by way of public issues during the financial year. Accordingly, the provisions of clause 4 (xx) of the Order are not applicable to the Company.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

Samir R. Shah
Partner

Mumbai, May 20, 2014

Membership No. 101708

BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in Crore)

Particulars	Note no.	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	205.23	205.23
(b) Reserves and surplus	4	4,684.00	4,943.01
		4,889.23	5,148.24
2 Non-current liabilities			
(a) Long-term borrowings	5	3,276.56	3,185.67
(b) Other long-term liabilities	6	9.00	9.00
		3,285.56	3,194.67
3 Current liabilities			
(a) Short-term borrowings	7	156.75	135.72
(b) Trade payables	8	197.17	229.97
(c) Other current liabilities	9	512.53	364.28
(d) Short-term provisions	10	6.83	8.55
		873.28	738.52
TOTAL EQUITY AND LIABILITIES		9,048.07	9,081.43
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
Tangible assets	11	1,606.15	1,745.58
(b) Non-current investments	12 (a)	6,363.38	6,448.59
(c) Long-term loans and advances	13	604.79	477.14
(d) Other non-current assets	15	14.66	13.93
		8,588.98	8,685.24
2 Current assets			
(a) Current investments	12 (b)	0.10	0.10
(b) Inventories	16	22.72	37.31
(c) Trade receivables	14	53.66	61.14
(d) Cash and bank balances	17	33.74	15.93
(e) Short-term loans and advances	13	214.00	219.19
(f) Other current assets	15	134.87	62.52
		459.09	396.19
TOTAL ASSETS		9,048.07	9,081.43

See accompanying notes forming part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Samir R. Shah
Partner

Mumbai
May 20, 2014

For and on behalf of the Board

A. R. Ramakrishnan
Managing Director

Vikram Gupta
Chief Financial Officer

Mumbai
May 20, 2014

Anoop Kumar Sharma
Chief Executive Officer

Vinayak Joshi
Company Secretary

N. Srinivasan
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Crore)

Particulars	Note no.	Year ended 31st March, 2014	Year ended 31st March, 2013
Income			
1 Revenue from operations	18	873.67	1,488.32
2 Other income	19	152.72	67.92
Total		1,026.39	1,556.24
3 Expenses:			
Operating expenses	21	588.32	1,016.26
Employee benefits expense	20	113.92	110.90
Other expenses	22	41.33	22.66
Total		743.57	1,149.82
Profit before finance costs, depreciation, exceptional item and tax		282.82	406.42
4 Finance costs	23	322.93	307.26
5 Depreciation (including ₹ 30.23 Crore on account of prior period adjustments)	11	185.56	139.01
Profit / Loss before exceptional items		(225.67)	(39.85)
6 Exceptional items			
Profit on slump sale of lighterage business (refer note 11 (iii))		5.44	-
Loss on settlement of forward contracts (refer note 29(A))		-	50.20
Profit / Loss before tax		(220.23)	(90.05)
7 Tax expense:			
Current tax		(8.92)	(3.20)
8 Profit / Loss for the year		(229.15)	(93.25)
9 Earnings per equity share (face value of ₹10 each) :			
Basic and diluted (in ₹)	28	(11.17)	(4.54)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants**Samir R. Shah**
PartnerMumbai
May 20, 2014

For and on behalf of the Board

A. R. Ramakrishnan
Managing Director**Vikram Gupta**
Chief Financial OfficerMumbai
May 20, 2014**Anoop Kumar Sharma**
Chief Executive Officer**Vinayak Joshi**
Company Secretary**N. Srinivasan**
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

(₹ in Crore)

Particulars	Year ended 31 st March, 2014	Year ended 31 st March, 2013
A CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(220.23)	(90.05)
Adjustments for :		
Depreciation expense	185.56	139.01
Finance costs	322.93	307.26
Loss on settlement of forward contracts	-	50.20
Interest income	(88.51)	(61.97)
Loss / (Profit) on sale of vessels and other assets	20.22	(19.76)
Profit on slump sale of lighterage business	(5.44)	-
Dividend from subsidiary company	(35.31)	-
Miscellaneous expenditure written off	0.41	0.41
Amortisation of stock based employee compensation	0.48	0.47
Bad debts written off	-	1.36
Unrealised foreign exchange (gain)/loss	10.96	(1.95)
Operating profit before working capital changes	191.07	324.98
Changes in working capital:		
Decrease in inventories	14.59	3.58
Decrease / (Increase) in trade receivables, loans and advances and other assets	53.12	(17.26)
Increase in trade payables, other liabilities and short term provisions	19.73	97.70
Cash generated from operations	278.51	409.00
Income taxes paid, net	(20.31)	(9.16)
Net cash generated from operating activities	258.20	399.84
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress	(7.69)	(0.03)
Proceeds from sale of fixed assets	55.04	83.07
Purchase of investments in subsidiaries	-	(48.24)
Redemption of investments in preference shares	219.67	-
Purchase of current investments	-	(0.10)
Fixed deposits placed for a period of more than three months	(5.00)	-
Loans and advances given to subsidiaries and other body corporates	(227.72)	(199.78)
Loans and advances repaid by subsidiaries and other body corporates	62.93	173.21
Interest received	22.88	84.68
Dividend received	35.31	-
Net cash generated from investing activities	155.42	92.81

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

(₹ in Crore)

Particulars	Year ended 31 st March, 2014	Year ended 31 st March, 2013
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term loans	196.77	39.50
Proceeds from short-term loans	35.20	46.97
Proceeds from commercial papers	-	435.00
Proceeds from unsecured loans	100.00	-
Repayment of long-term loans	(179.00)	(73.06)
Repayment of short-term loans	(54.17)	(45.00)
Repayment of finance lease obligations	(97.57)	(61.69)
Repayment of commercial papers	(60.00)	(535.00)
Finance costs paid	(342.04)	(253.17)
Settlement of forward contracts	-	(50.20)
Net cash used in financing activities	(400.81)	(496.65)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	12.81	(4.00)
Unrealised foreign currency loss on cash and cash equivalents	(0.02)	(0.01)
Cash and cash equivalents at the beginning of the year	0.92	4.93
Cash and cash equivalents at the end of the year (refer note 17)	13.71	0.92

See accompanying notes forming part of the financial statements

Note:**Reconciliation between cash and cash equivalents and cash and bank balances.**

Particulars	As at 31 March, 2014	As at 31 March, 2013
Cash and cash equivalents as per cash flow statement	13.71	0.92
Add: margin money deposits not considered as cash and cash equivalents as per AS-3	20.03	15.01
Cash and bank balances as per note no. 17	33.74	15.93

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Samir R. Shah
Partner

Mumbai
May 20, 2014

For and on behalf of the Board

A. R. Ramakrishnan
Managing Director

Vikram Gupta
Chief Financial Officer

Mumbai
May 20, 2014

Anoop Kumar Sharma
Chief Executive Officer

Vinayak Joshi
Company Secretary

N. Srinivasan
Director

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

1 CORPORATE INFORMATION

Essar Shipping Limited was incorporated in September 2010 and is listed on Bombay Stock Exchange and National Stock Exchange in India. The Company is mainly engaged in fleet operating and chartering and operates in international and coastal voyages. The Company has also directly and/or through its subsidiaries invested in diverse business verticals viz. Fleet operating and chartering (tankers and dry bulkers), oilfields services (land rigs and semi- submersible rig) and logistics services (trucks, trailers and tippers). The place of business of the Company is in Mumbai, India.

2 SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

B. USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

C. FIXED ASSETS

Fixed assets are recorded at cost or at revalued amounts less accumulated depreciation, amortisation and impairment loss, if any. Cost of acquisition of fleet includes brokerage, startup costs and cost of major improvements /up gradations.

D. DEPRECIATION

Depreciation on fleet, including second hand fleet, is provided by using the straight-line method based on a technical evaluation of the economic useful life of respective vessels or at the rates prescribed under the Schedule XIV to the Companies Act, 1956, whichever are higher as follows:

Fleet	Method of depreciation	Estimated useful life
Tankers	SLM over balance useful life or 5% whichever is higher	14-25 years
Bulk carriers		3-26 years
Mini bulk carriers		20 years
Tugs	SLM over balance useful life or 7% whichever is higher	20 years

Depreciation on water circulation treatment plant and aircraft is provided by using the straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

All other assets are depreciated by using the written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing less than ₹ 5,000/- are fully depreciated in the year of capitalisation.

Depreciation on additions/deductions to fixed assets made during the year is provided on a pro-rata basis from / up to the date of such additions /deductions, as the case may be.

E. IMPAIRMENT OF ASSETS

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount (higher of net selling price and value in use) of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount but limited to the carrying amount that would have been determined (net of depreciation / amortisation) had no impairment loss been recognised in prior accounting periods.

F. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or development of qualifying assets (i.e. the assets that takes substantial period of time to get ready for its intended use) are capitalized as a part of cost of such asset. Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

G. INVESTMENTS

Investments are classified into long-term and current investments. Investments which are readily realisable and intended to be held for not more than 12 months are classified as current investments. All other investments are classified as long-term investments. Long term investments are carried at cost. Diminution in the value of long term investments is provided for when it is considered as being other than temporary in nature. Current investments are carried at lower of cost of acquisition including incidental / related expenses and fair value and the resultant decline, if any, is charged to Statement of Profit and Loss.

Cost of investment includes acquisition charges such as brokerage, fees and duties.

H. VALAUTION OF INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is determined on first-in-first-out basis.

I. REVENUE RECOGNITION

Fleet operating earnings represent the value of charter hire earnings, demurrage, freight earnings, fleet management fees and lighterage earnings, and are accounted on accrual basis. Freight earnings are recognised on a pro-rata basis for voyages in progress at balance sheet date after loading of the cargo is completed. Revenues and related expenses for voyages where cargo has not been loaded as on the balance sheet date are deferred and recognised in the following year. Lighterage is recognised on the basis of unloading of entire cargo.

J. OTHER INCOME

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable (accrual basis). Dividend income is recognised for when the right to receive it is established.

K. INSURANCE CLAIMS

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

L. FLEET OPERATING EXPENSES

All expenses relating to the operation of the fleet including crewing, insurance, stores, bunkers, dry docking, charter hire and special survey costs, are expensed under fleet operating expenses on accrual basis.

M. LEASES

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

N. HEDGE ACCOUNTING

The Company uses contracts to hedge risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates such contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in Accounting Standard (AS) 30 - Financial Instruments: Recognition and Measurement of the Institute of Chartered Accountants of India.

These contracts are stated at fair value at each reporting date. Changes in the fair value of these contracts that are designated and effective as hedges of future cash flows are recognised directly in Hedging Reserve Account under Reserves and Surplus and the ineffective portion is recognised immediately in the Statement of Profit and Loss.

Amounts accumulated in Hedging Reserve Account are reclassified to Statement of Profit and Loss in the same period during which the forecasted transaction affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in Hedging Reserve Account is retained there until the forecasted transaction occurs.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in Hedging Reserve Account is immediately transferred to the Statement of Profit and Loss for the period.

O. EMPLOYEE BENEFITS

- a) The Company (employer) and the employees contribute a specified percentage of eligible employees' salary- currently 12%, to the employer established provident fund 'Essar Shipping Limited Employees Provident Fund' set up as an irrevocable trust by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on government specified minimum rates of return – currently @ 8.6%, and recognises such provident fund liability, considering fund as the defined benefit plan, based on an independent actuarial valuation carried out at every statutory year end using the Projected Unit Credit Method.
- b) Provision for gratuity for floating staff is made as under:
 - (i) For offshore officers on actuarial valuation.
 - (ii) For offshore crew on accrual basis as per rules of the National Maritime Board and is charged to the Statement of Profit and Loss.

c) Post-employment benefit plan:

Contribution to defined contribution retirement benefit schemes are recognised as expense in the Statement of Profit and Loss, when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss, for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and is otherwise amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation and is adjusted both for unrecognised past service cost, and for the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme, if lower.

d) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the

services. These benefits include compensated absences such as paid annual leave, and performance incentives.

e) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation determined actuarially by using Projected Unit Credit Method at the balance sheet date.

f) Employee Stock Option Scheme:

Stock options granted under the employee's stock option schemes (ESOSs) are accounted by intrinsic value method in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on accounting for employee share based payments issued by ICAI. Accordingly, the excess of market price of the shares over the exercise price is recognised as deferred employee compensation and is charged to the Statement of Profit and Loss on a straight line basis over the vesting period.

The number of options expected to vest is based on the best available estimate and are revised, if necessary, if subsequent information indicates that the number of stock options expected to vest differs from previous estimates.

P. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are accounted at the exchange rate normally prevailing on the transaction date. Monetary items denominated in foreign currency are translated at the exchange rate prevailing as at the balance sheet date. Exchange differences arising on settlement or conversion of short-term foreign currency monetary items are recognised in the Statement of Profit and Loss. Exchange differences relating to long-term foreign currency monetary items are accounted as under:

- (i) in so far as they relate to the acquisition of a depreciable capital asset, such differences are added to / deducted from the cost of such capital asset and depreciated over the balance useful life of the asset;
- (ii) in other cases, such differences are accumulated in "Foreign Currency Monetary Items Translation Difference Account" and amortised in the Statement of Profit and Loss over the balance life of the long term foreign currency monetary item or 31 March 2020, whichever is earlier.

Q. TAXES ON INCOME

Provision for income tax liability is made as per special provisions relating to income of shipping companies

under the Income Tax Act, 1961 on the basis of deemed tonnage income of the Company whereas income tax on other income is provided as per other provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there is unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

R. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised when there is a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, the existence of which will be confirmed by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because a reliable estimate of the liability cannot be made or the likelihood of an outflow of economic resources is remote.

Contingent assets are neither recognised nor disclosed in the financial statements.

S. CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

T. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

U. EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

V. OPERATING CYCLE

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3. Share capital

	As at 31st March, 2014		As at 31st March, 2013	
	Number	₹ in Crore	Number	₹ in Crore
(a) Authorised				
Equity shares of ₹ 10/- each	50,00,00,000	500.00	50,00,00,000	500.00
	<u>50,00,00,000</u>	<u>500.00</u>	<u>50,00,00,000</u>	<u>500.00</u>
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each	20,52,27,768	205.23	20,52,27,768	205.23
	<u>20,52,27,768</u>	<u>205.23</u>	<u>20,52,27,768</u>	<u>205.23</u>
(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period				
Equity shares of ₹ 10/- each				
At the beginning of the year	20,52,27,768	205.23	20,52,27,768	205.23
Add: Issue of shares during the year	-	-	-	-
At the end of the year	<u>20,52,27,768</u>	<u>205.23</u>	<u>20,52,27,768</u>	<u>205.23</u>

(c) Terms of / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10/- per share. Each holder of the equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

(d) Shares held by holding company /ultimate holding company, their subsidiaries and associates

	As at 31st March, 2014			As at 31st March, 2013		
	Number	₹ in Crore	%	Number	₹ in Crore	%
Equity shares of ₹ 10/- each						
Essar Shipping & Logistics Limited, the holding company	14,57,68,773	145.77	71.03	16,36,41,524	163.64	79.73
Essar Global Fund Limited, the ultimate holding company	33	0.00	0.00	33	0.00	0.00
Essar Steel India Limited, subsidiary of the ultimate holding company	12,73,611	1.27	0.62	12,73,611	1.27	0.60
	<u>14,70,42,417</u>	<u>147.04</u>	<u>71.65</u>	<u>16,49,15,168</u>	<u>164.91</u>	<u>80.33</u>

There are no shareholders holding more than 5% shares in the Company except as disclosed above.

(e) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the date of the Balance Sheet.

	Year (Aggregate no. of shares)				
	2013-14	2012-13	2011-12	2010-11	2009-10
Equity shares issued for consideration other than cash					
Issued as fully paid up pursuant to Scheme of arrangement	-	-	20,52,27,768	-	-

(f) Share reserve for issue under options

- (i) For the details of shares reserved for issue under the employee stock option (ESOP) plan of the Company. (refer note 32)
(ii) For the details of 2,800 FCCB's convertible into 122,852,787 equity shares (as at March, 2013, 122,852,787 shares) of ₹ 10/- each (refer note 5 (i)(e)).

4. Reserves and surplus

Particulars	As at	As at
	31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore
a. Debenture redemption reserve (refer foot note below)		
Opening balance	55.00	55.00
Add: Transferred from Statement of Profit and Loss	-	-
Closing balance	55.00	55.00
b. Share options outstanding account		
Opening balance	0.54	0.07
Additions during the year (refer note 20)	0.48	0.47
Closing balance	1.02	0.54
c. Tonnage tax (utilised) reserve		
Opening balance	-	-
Add: Transferred from Tonnage tax reserve	20.00	-
Closing balance	20.00	-
d. Tonnage tax reserve		
Opening balance	65.00	65.00
Add: Transferred from Statement of Profit and Loss	-	-
Less: Transferred to Tonnage tax (utilised) reserve	(20.00)	-
Closing balance	45.00	65.00
e. Hedging reserve account		
Opening balance	-	(31.59)
Add: Addition during the year	-	(18.61)
Less: Transferred to Statement of Profit and Loss [refer note 29(A)]	-	50.20
Closing balance	-	-
f. General reserves		
As per last balance sheet	4,835.22	4,835.22
g. Foreign currency monetary items translation difference account (FCMITDA)		
Opening balance	1.51	2.96
Add: Exchange (loss) / gain during the year (net)	(2.61)	(1.15)
Less: Amortisation during the year (net)	(27.73)	(0.30)
Closing balance	(28.83)	1.51
h. Deficit in Statement of Profit and Loss		
Opening balance	(14.26)	78.99
Less: Net loss for the year	(229.15)	(93.25)
Closing balance	(243.41)	(14.26)
Total	4,684.00	4,943.01

Foot note: In terms of Section 117C of the Companies Act, 1956, the Company is requested to create a Debenture Redemption Reserve (DRR) of ₹ 198 (previous year ₹ 157) Crore in respect of Debentures issued and outstanding as of 31st March, 2014. However, in view of losses the Company has not created such DRR. The shortfall of ₹ 143 (previous year ₹102) Crore in DRR would be made good in the future years when the Company has adequate profits.

5. Long - term borrowings

₹ in Crore

Particulars	Non - current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Secured				
(a) Debentures				
11.35%, 7,000 non convertible debentures of ₹10,00,000 each, secured by mortgage on immovable property, first charge on one bulk carrier of the Company, immovable property, eight barges, six land rigs of the subsidiaries, two tugs of Essar Ports Limited and pledge of 49% of investment in equity shares of Essar Logistics Limited.	700.00	700.00	-	-
13.10 %, 395 non convertible debentures of ₹ 10,00,000 each, secured by mortgage of immovable property, repayable in single bullet installment. (refer foot note i (b))	39.50	-	-	-
(b) Term loans				
(i) from banks				
Rupee term loans [converted into foreign currency non resident (Bank) facility] (secured by first charge on a very large crude carrier and its receivables)	287.53	287.72	30.39	33.48
Foreign currency term loans (secured by first charge on four bulk carriers and its receivables)	176.32	205.26	26.91	55.78
Rupee term loan (secured by extended charge on six tugs and two barges of a subsidiary company)	118.50	112.50	50.00	37.50
Rupee term loan (secured by pari-passu first charge on a bulk carrier and its receivables)	-	1.41	-	1.13
Rupee term loan (secured by first charge on a very large crude carrier and its receivables)	11.47	12.69	1.21	1.21
(ii) from others				
Rupee term loan (secured by first charge on three mini bulkers and four tugs of a subsidiary company)	114.38	59.38	85.00	15.00
Total secured loans [A]	1,447.70	1,378.96	193.51	144.10
Unsecured				
(a) Debentures				
Unsecured, 13.10 %, 395 non convertible debentures of ₹ 10,00,000 each.	-	39.50	-	-
(b) Foreign currency convertible bonds (FCCBs) (refer note (i) (e) below)	1,442.40	1,305.34	-	-
(c) Finance lease obligations (refer note 25(a))	386.46	461.87	147.70	106.42
Total unsecured loans [B]	1,828.86	1,806.71	147.70	106.42
Total [A+B]	3,276.56	3,185.67	341.21	250.52
Less: Amount disclosed under the head 'other current liabilities' (note 9)	-	-	(341.21)	(250.52)
Long - term borrowings	3,276.56	3,185.67	-	-

Foot notes:-**i) Repayment terms:**

- a) **Secured debentures:** 2,000 debentures issued on 25th March 2010 and 5,000 debentures issued on 22nd June 2009 are redeemable at the expiry of 10 years with put and call option exercisable after five years from their respective dates of issue. The management of the Company does not expect the debenture holders to exercise put option as per the terms of the debentures during the financial year 2014-15. Accordingly the debentures continue to be classified as 'Non-current liabilities.
- b) **Secured debentures:** Of the above, 205 debentures issued on 01st February 2013 are redeemable at the expiry of 10 years from the date of issue and the holder of the debentures have the option to call after 5 years from the date of issue. 40 debentures issued on 12th October 2012, 50 debentures issued on 28th June 2012 and 100 debentures issued on 22nd June 2012 are redeemable at the expiry of 5 years from their respective date of issue.
- c) **Secured Rupee term loans from banks and others:** Repayable in quarterly/monthly instalments starting from October, 2010 to December, 2019.
- d) **Secured foreign currency term loans from banks:** Repayable in quarterly instalments starting from March, 2006 to July, 2019.
- e) **Finance lease obligations:** Repayable in monthly instalments starting from May, 2006 to September, 2018.
- f) **Foreign currency convertible bonds:** FCCBs of US\$ 111,428,571 (Series B) due on 24th August 2017 and US\$ 128,571,429 (Series A) due on 24th August 2015 carry interest @5% per annum payable semi annually. The FCCBs are convertible into 122,852,787 fully-paid equity shares of ₹ 10 each of the Company, any time upto the date of maturity, at the option of the FCCB holders at conversion price of ₹ 91.70 per share at a predetermined exchange rate of ₹ 46.94 per US\$. The FCCBs, if not converted, till the maturity date will be redeemed at par.
- ii) The classification of loans between current liabilities and non-current liabilities continues based on repayment schedule under respective agreements as no loans have been recalled due to non compliance of conditions under any of the loan agreements. This is in accordance with the guidance issued by the Institute of Chartered Accountants of India on revised Schedule VI to the Companies Act, 1956.

6. Other long - term liabilities

Particulars	As at	As at
	31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore
Others		
Security deposit from a related party (refer note 31)	9.00	9.00
Total	9.00	9.00

7. Short - term borrowings

Particulars	As at	As at
	31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore
Secured		
(a) Loans repayable on demand		
(i) from banks	50.69	75.72
Cash credit facility from bank (secured by first parri passu charge on a very large crude carrier)		
(ii) from others	100.00	-
Short-term loan (secured by subservient charge on present and future surplus cash flows of the Company)		
(A)	150.69	75.72

Particulars	As at	As at
	31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore
Unsecured		
(a) Loan from related parties (refer note 31)	0.66	-
(b) Commercial papers	-	60.00
(c) Loan from others	5.40	-
(B)	6.06	60.00
Total	156.75	135.72
	(A+B)	

8. Trade payables

Particulars	As at	As at
	31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore
Dues to micro, small and medium enterprises (refer note below)	-	0.02
Other than acceptances	197.17	229.95
Total	197.17	229.97

Note: Dues to micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

9. Other current liabilities

Particulars	As at	As at
	31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore
Unearned revenue on services	11.20	9.07
Current maturities of long-term borrowings (including instalments due at the year end ₹ Nil (previous year ₹ 20.32) Crore)	193.51	144.10
Current maturities of finance lease obligations (including instalments due at the year end ₹ Nil (previous year ₹ 0.76) Crore)	147.70	106.42
Interest accrued but not due on borrowings	53.89	19.51
Interest accrued and due on borrowings	-	52.01
Temporary overdrawn bank balance	58.77	2.25
Security deposits (from related parties)	4.50	4.50
Statutory and other related dues	42.96	26.42
Total	512.53	364.28

10. Short - term provisions

Particulars	As at	As at
	31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore
Provisions for employee benefits		
Superannuation	0.08	0.01
Gratuity	3.09	4.42
Compensated absences	3.66	4.12
Total	6.83	8.55

11. Tangible assets

₹ in Crore

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 01.04.2013	Additions	Exchange differences (refer note 24)	Disposals	As at 31.03.2014	As at 01.04.2013	For the year (refer note (ii) below	Disposals	As at 31.03.2014	As at 31.03.2014
Land	0.02	0.11	-	-	0.13	-	-	-	-	0.13
	(0.02)	-	-	-	(0.02)	-	-	-	-	(0.02)
Buildings	6.44	-	-	-	6.44	3.41	0.30	-	3.71	2.73
	(6.44)	-	-	-	(6.44)	(3.08)	(0.33)	-	(3.41)	(3.03)
Fleet (refer note (iii) below)	1,465.39	7.55	61.86	185.69	1,349.11	415.19	108.85	100.05	423.99	925.12
	(1,602.79)	-	(37.84)	(175.24)	(1,465.39)	(429.86)	(103.13)	(117.80)	(415.19)	(1,050.20)
Fleet (taken on lease)	775.69	-	58.25	-	833.94	147.11	67.72	-	214.83	619.11
	(741.43)	-	(34.26)	-	(775.69)	(115.69)	(31.42)	-	(147.11)	(628.58)
Plant and equipment (refer note (i) below)	39.00	-	-	0.16	38.84	38.99	0.00	0.15	38.84	-
	(39.00)	-	-	-	(39.00)	(38.99)	-	-	(38.99)	(0.01)
Aircraft (taken on lease)	92.18	-	4.22	-	96.40	29.89	8.36	-	38.25	58.15
	(89.28)	-	(2.90)	-	(92.18)	(26.19)	(3.70)	-	(29.89)	(62.29)
Furniture and fixtures	0.70	-	-	0.05	0.65	0.49	0.04	0.05	0.48	0.17
	(0.70)	-	-	-	(0.70)	(0.46)	(0.04)	(0.01)	(0.49)	(0.21)
Office equipment	4.32	0.06	-	1.94	2.44	3.61	0.17	1.87	1.89	0.55
	(4.30)	(0.02)	-	-	(4.32)	(3.38)	(0.23)	-	(3.61)	(0.71)
Vehicles	3.52	-	-	1.92	1.60	3.01	0.13	1.73	1.41	0.19
	(4.08)	-	-	(0.56)	(3.52)	(3.35)	(0.17)	(0.51)	(3.01)	(0.51)
Total	2,387.26	7.72	124.33	189.76	2,329.56	641.68	185.56	103.86	723.40	1,606.15
Previous year	(2,488.04)	(0.02)	(75.00)	(175.80)	(2,387.26)	(621.00)	(139.01)	(118.33)	(641.68)	(1,745.58)

NOTES :

- (i) Gross block of plant and equipment includes a water treatment plant of ₹ 38.84 (previous year ₹ 38.84) Crore given on lease. The net book value is ₹ Nil (previous year ₹ Nil).
- (ii) Depreciation for the year includes ₹ 30.23 Crore on account of prior period adjustments.
- (iii) During the year, the Company has hived off its lighterage business on slump sale basis to a subsidiary company for a consideration of ₹ 21 Crore and recognised a profit of ₹ 5.44 Crore.
- (iv) Previous year figures are disclosed in bracket.

12. (a) Non-current investments

Particulars	As at 31st March, 2014	As at 31st March, 2013
	₹ in Crore	₹ in Crore
Trade investments (At cost)		
Investments in equity shares of subsidiaries (unquoted, fully paid up)		
73,000,000 Equity shares of ₹ 10/- each of Essar Logistics Limited (refer foot note (i) below)	73.00	73.00
13,227,000 Equity shares of US\$ 1/- each of Energy Transportation International Limited	67.66	67.66
52,536,660 Equity shares of US\$ 1 each of Energy II Limited	235.99	235.99
	376.65	376.65

Particulars	As at 31st March, 2014 ₹ in Crore	As at 31st March, 2013 ₹ in Crore
Non-trade investments (At cost) (refer foot note (ii) below)		
(a) Investments in equity shares of a subsidiary (unquoted, fully paid up)		
246,600,001 Equity shares of US\$1/- each of Essar Oilfields Services Limited	4,747.78	4,747.78
	4,747.78	4,747.78
(b) Investments in preference shares of a subsidiary (unquoted, fully paid up)		
19,978,397 (Previous year 23,642,732), 7% cumulative non convertible redeemable preference shares of US\$ 10 each of Essar Oilfields Services Limited	1,200.70	1,285.91
850,000, 7% cumulative compulsorily convertible preference shares of US\$ 10 each of Essar Oilfields Services Limited	38.25	38.25
	1,238.95	1,324.16
Total	6,363.38	6,448.59
Aggregate amount of unquoted non - current investments	6,363.38	6,448.59

Foot notes:

- (i) Negative lien undertaking on 49% shares has been issued in favour of lenders for the loan availed by Essar Global Fund Limited, and or its subsidiaries, and 49% shares has been pledged in favour of IDBI Trusteeship Services Limited towards security for secured non convertible debentures of ₹ 700 Crore.
- (ii) The carrying amount of investment in Essar Oilfield Services Limited, Mauritius, a wholly owned subsidiary of the Company, is ₹ 4,747.78 Crore as at March 31, 2014. Having regard to the changes in the off-shore drilling markets world wide and the expected impact of the same on the possible business scenarios applicable to the subsidiary, the management of the Company has initiated an exercise of assessing the carrying value of the said investment in terms of Accounting Standard (AS) 13, and has also engaged independent valuers to assess the valuation of the subsidiary. Pending conclusion of the aforesaid exercise, no provision for diminution in the carrying value, if any, of the aforesaid investment has been recognised.

12. (b) Current investments

Particulars	As at 31st March, 2014 ₹ in Crore	As at 31st March, 2013 ₹ in Crore
Investments in mutual funds (Unquoted, fully paid up) (At lower of cost and net realisable value)		
1,00,000 units of ₹ 10 each of Union KBC Capital Protection Oriented Fund (NAV as on 31st March, 2014 ₹ 11.45 each (Previous year ₹ 9.98 each))	0.10	0.10
Total	0.10	0.10
Aggregate amount of unquoted current investment	0.10	0.10

13. Long-term / short-term loans and advances (unsecured and considered good)

Particulars	Non - current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
a. Security deposits (with a related party ₹19.78 (previous year ₹123.50) Crore) (refer note 31)	24.93	29.51	19.78	123.50
b. Loans and advances to related parties (refer note 31)	557.50	418.00	155.29	64.00
c. Advances recoverable in cash or kind or for value to be received	-	-	5.56	15.25
d. Other loans and advances				
Advance income-tax and tax deducted at source ((net of provision for taxation ₹ 13.72 (previous year ₹ 6.35) Crore))	22.18	29.37	23.77	5.19
Prepaid expenses	0.18	0.26	5.35	4.58
Loans and advances to employees	-	-	0.41	0.48
Cen vat credit / Service tax receivable	-	-	3.84	6.19
Total	604.79	477.14	214.00	219.19

14. Trade receivables (unsecured, considered good)

Particulars	Current	
	As at 31st March, 2014	As at 31st March, 2013
	₹ in Crore	₹ in Crore
(i) Outstanding for a period exceeding six months from the date they were due for payment	4.58	6.74
(ii) Other trade receivables	49.08	54.40
Total	53.66	61.14

15. Other non - current / current assets (unsecured, considered good)

Particulars	Non - current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
Bank deposit held as margin money	-	0.02	-	-
Unbilled revenue	-	-	2.93	14.33
Receivables on slump sale / sale of fixed assets	-	-	21.20	-
Unamortised operating lease expenses	-	-	100.37	41.01
Unamortised upfront fee and other ancillary borrowing costs	14.25	13.09	4.64	4.31
Unamortised share issue expenses	0.41	0.82	0.41	0.41
Insurance claims receivable	-	-	4.87	2.05
Interest accrued on fixed deposits	-	-	0.45	0.41
Total	14.66	13.93	134.87	62.52

16. Inventories (at lower of cost and net realisable value)

Particulars	As at 31st March, 2014	As at 31st March, 2013
	₹ in Crore	₹ in Crore
Fuel, oil and lubricants	22.72	37.31
Total	22.72	37.31

17. Cash and bank balances

Particulars	As at 31st March, 2014	As at 31st March, 2013
	₹ in Crore	₹ in Crore
A. Cash and cash equivalents		
Balances with banks in current accounts	13.71	0.92
	13.71	0.92
B. Other bank balances		
Margin money deposits (lien marked against guarantee issued by bank)	20.03	15.01
	20.03	15.01
Total	33.74	15.93

18. Revenue from operations

Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
	₹ in Crore	₹ in Crore
Sale of services		
Fleet operating and chartering earnings	870.55	1,461.48
Other operating income		
Supervision/ management fees	3.12	7.08
Profit on sale of vessels	-	19.76
Total	873.67	1,488.32

19. Other income

Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
	₹ in Crore	₹ in Crore
Interest income		
- from banks	1.43	1.81
- from related parties on intercorporate deposits (refer note no. 31)	86.30	60.16
- from others	0.78	-
Dividend from a subsidiary company	35.31	-
Net gain on foreign currency translation and transactions	19.84	2.23
Other non operating income	9.06	3.72
Total	152.72	67.92

20. Employee benefits expense

Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
	₹ in Crore	₹ in Crore
Offshore staff		
Salaries, wages and bonus	80.30	72.77
Contribution to staff provident and other funds	0.19	1.87
Staff welfare expenses	12.69	12.32
Office staff		
Salaries, wages and bonus	17.37	19.57
Contribution to staff provident and other funds	0.86	1.43
Staff welfare expenses	2.03	2.47
Employee stock option scheme (refer note 4 and 32)	0.48	0.47
Total	113.92	110.90

21. Operating expenses

Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
	₹ in Crore	₹ in Crore
Consumption of stores and spares	17.26	16.50
Consumption of fuel, oil and water	232.32	332.48
Direct voyage expenses	270.57	596.42
Commission, brokerage and agency fees	2.10	2.52
Standing costs	18.85	22.48
Dry docking expenses	20.78	24.29
Insurance, protection and indemnity club fees	26.44	21.57
Total	588.32	1,016.26

22. Other expenses

Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
	₹ in Crore	₹ in Crore
Rent	4.32	3.67
Rates and taxes	0.11	0.07
Repairs and maintenance		
- buildings	0.72	0.66
- others	0.38	0.27
Legal and professional fees	11.09	11.34
Travelling and conveyance	1.31	1.75
Auditor's remuneration (refer note below)	0.64	0.80
Net loss on sale of fixed assets	20.25	-
Bad debts written off	-	1.36
Other establishment expenses	2.51	2.74
Total	41.33	22.66

Auditor's remuneration comprises (net of service tax)

	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
	₹ in Crore	₹ in Crore
As auditor	0.55	0.54
Reimbursement of expenses	0.01	0.01
For other services	0.08	0.25
Total	0.64	0.80

23. Finance costs

Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
	₹ in Crore	₹ in Crore
Interest expense		
- on bank loans	56.21	64.47
- on loans from financial Institutions	35.67	13.08
- on finance lease obligations	35.60	38.27
- on foreign currency convertible bonds	80.76	67.31
- on debentures	87.31	84.05
- on others	16.06	28.61
Loan commitment / processing charges, guarantee fees and other charges	11.32	11.47
Total	322.93	307.26

24. Deferral / capitalisation of exchange difference

Pursuant to Notification issued by the Central Government under Companies (Accounting Standards) Amendment Rules, 2009 dated 29th December, 2011; the exchange differences arising on conversion/translation/settlement of long-term foreign currency monetary items in so far as they relate to the acquisition of a depreciable capital asset, has been added to or deducted from the cost of the respective asset and has been depreciated over the remaining balance useful life of the asset. In case of exchange difference related to any other long-term foreign currency monetary item, the exchange difference has been accumulated in "Foreign Currency Monetary Items Translation Difference Account", which has been amortised over the period till the date of maturity of such monetary item or 31st March 2020, whichever is earlier. The following is the effect of the option exercised:-

Particulars	31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore
a) Exchange loss capitalised to the cost of the fixed assets	124.33	75.00
b) Depreciation on the above exchange loss for the year in which exchange difference has been capitalised	8.69	5.22
c) Exchange loss transferred to Foreign Currency Monetary Items Translation Difference Account (FCMITDA) for the year (net)	2.61	1.15
d) Amortisation of exchange differences for the year from FCMITDA (net)	(27.73)	(0.30)

25. Details of leasing arrangements:**a) Finance leases : Company as a lessee**

The Company has entered into finance lease arrangements for two vessels and an aircraft which provide the option to buy the assets at the end of the lease period. The future minimum lease payments (MLP) together with the present value of the MLP payable by the Company are as follows:

Particulars	₹ in Crore			Total
	- not later than one year	- later than one year but not later than five years	- later than five years	
For the Year Ended 31st March 2014				
Future minimum lease payments	174.52	431.67	-	606.19
Unmatured finance charges	26.82	45.21	-	72.03
Present value of minimum lease payments	147.70	386.46	-	534.16
For the Year Ended 31st March 2013				
Future minimum lease payments	117.65	453.00	73.46	644.11
Unmatured finance charges	31.20	63.07	1.51	95.78
Present value of minimum lease payments	86.45	389.93	71.95	548.33

b) Operating leases : Company as a lessee

The Company has entered into non-cancellable operating lease arrangements for six vessels for a period of 13 years. The future minimum lease rental are as follows:-

Future minimum lease payments are as follows:	₹ in Crore	
	As at 31st March, 2014	As at 31st March, 2013
- not later than one year	221.71	251.92
- later than one year but not later than five years	809.11	911.22
- later than five years	1,079.58	1,379.96
Total	2,110.40	2,543.10

c) Lease payments for the year ₹ 202.35 (previous year ₹ 158.08) Crore have been recognised under direct voyage expenses (refer note 21)

26. Contingent liabilities

Particulars	₹ in Crore	
	As at 31st March, 2014	As at 31st March, 2013
i) Guarantee given by a bank against disputed custom duty demand of ₹ 27.40 Crore by DGFT	30.00	30.00
ii) Corporate guarantees on behalf of subsidiaries	1,128.74	1,461.74
iii) Bills discounted with bank	18.00	150.00
iv) Income tax demand -appeal filed by the Income tax department in the High court of Bombay against the order of Appellate Tribunal in favour of the Company.	7.29	7.29

27. Business segment and geographical segment**a) Business segment**

The Company has only one reportable primary business segment of fleet operating and chartering.

b) Geographical segment

The Company's fleet operations are managed on a worldwide basis from India. The revenue from operations are identified as geographical segment based on location of customers:

₹ in Crore

Revenue from operations	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
India	750.92	1,287.69
China	14.63	73.92
Switzerland	14.87	-
Singapore	25.19	25.39
U.S.A	10.45	5.48
Germany	7.38	4.29
Cyprus	1.43	6.79
UK	1.24	47.27
UAE	16.88	14.96
Korea	7.38	22.23
Panama	12.42	-
Rest of the world	10.88	0.30
TOTAL	873.67	1,488.32

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

28. Earnings per share:

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

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Loss for the year	(229.15)	(93.25)
Equity shares at the beginning of the year (nos.)	205,227,768	205,227,768
Equity shares at the end of the year (nos.)	205,227,768	205,227,768
Weighted average equity shares for the purpose of calculating basic earnings per share (nos.)	205,227,768	205,227,768
Weighted average equity shares for the purpose of calculating diluted earnings per share (nos.)	205,227,768	205,227,768
Earnings per share-basic (face value of ₹10/- each) (₹)	(11.17)	(4.54)
Earnings per share-diluted (face value of ₹10/- each) (₹)	(11.17)	(4.54)

Note:

Equity shares to be issued upon conversion of FCCB and exercise of Employee Stock Option Plan have not been considered for the purpose of calculation of weighted average number of diluted equity shares, as they are not dilutive.

29. Derivative instruments and unhedged foreign currency exposure :

A) Derivative contracts outstanding as at the Balance sheet are as follows:

Effective 1st July, 2011, the Company applied hedge accounting principles (in respect of forward exchange contracts) as set out in Accounting standard (AS) 30- Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India. During the previous year, on occurrence of the designated highly probable forecasted transactions and expiry of such forward contracts, foreign exchange loss of ₹ 50.20 Crore has been transferred from the Hedging Reserve Account to the Statement of Profit and Loss.

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

B) Unhedged foreign currency exposure

The outstanding foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

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

Particulars	As at 31st March, 2014	As at 31st March, 2013	Currency	As at 31st March, 2014	As at 31st March, 2013
	₹ in Crore	₹ in Crore		F.C in million	F.C. in million
i) Export of goods and services	4.62	12.76	USD	0.77	2.35
ii) Advances to vendors	1.42	5.98	USD	0.24	1.10
	-	0.05	EUR	-	0.01
iii) Receivable from holding company	0.65	0.33	USD	0.11	0.06
iv) Bank balances	0.02	0.23	USD	0.00	0.04
v) 7% Cumulative non convertible preference shares	1,200.70	1,285.91	USD	199.78	236.43
vi) Loans and advances to subsidiary company	-	2.05	USD	-	0.38

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

Particulars	As at 31st March, 2014	As at 31st March, 2013	Currency	As at 31st March, 2014	As at 31st March, 2013
	₹ in Crore	₹ in Crore		F.C. in million	F.C. in million
i) Import of goods and services	114.72	138.74	USD	19.09	25.56
	0.32	0.10	GBP	0.03	0.01
	2.62	1.80	EUR	0.32	0.26
	1.20	1.57	JPY	20.57	27.24
	2.20	3.02	SGD	0.46	0.69
	0.47	-	KWD	0.02	-
	0.07	0.18	DKK	0.06	0.19
	1.56	0.99	AED	0.95	0.67
	123.16	146.40			
ii) Secured and unsecured borrowings payable (including interest accrued and due and not due)	522.77	590.04	USD	86.98	108.50
iii) Foreign currency convertible bonds (including interest accrued and due and not due)	1,474.45	1,328.03	USD	245.33	244.17
iv) Finance lease obligations (including interest accrued and due and not due)	548.72	584.94	USD	91.30	107.54

30. Employee benefits :

The Company has classified the various benefits provided to employees (office staff, offshore crew members and officers) as under:

I. Defined contribution plans:

The Company has recognised the following amounts in the Statement of Profit and Loss during the year under 'Contribution to staff provident and other funds. (Refer Note 20)

Particulars	₹ in Crore	
	Year ended 31st March, 2014	Year ended 31st March, 2013
a) Employer's contribution to gratuity fund (offshore crew staff)	0.23	0.23
b) Group accident policy premium (all employees)	0.01	0.01
c) Employer's contribution to pension fund (offshore crew staff)	0.37	0.38
d) Employer's contribution to superannuation fund (office staff)	-	-
e) Employer's contribution to provident fund (offshore crew staff)	0.24	0.23
	0.85	0.85

II. Defined benefit plans

- Contribution to provident fund (office staff and offshore officers)
- Contribution to gratuity fund (office staff)
- Provision for gratuity (offshore officers)
- Provision for compensated absences (CA) (office staff)

In accordance with AS -15, relevant disclosures are as under:

(A) Changes in present value of defined benefit obligations:

Particulars	₹ in Crore							
	Provident fund (funded)		Gratuity-office staff (funded)		Gratuity-off shore officers (non-funded)		CA- paid leave (non- funded)	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Present value of defined benefit obligations as at the beginning of the year	24.77	22.29	2.00	1.80	3.51	2.97	1.98	1.68
Current service cost	1.26	1.53	0.15	0.14	0.53	0.58	0.17	0.18
Current service contribution- employee	1.37	1.61	-	-	-	-	-	-
Interest cost	0.91	1.85	0.15	0.15	0.28	0.25	0.16	0.14
Transfer in	-	3.27	-	(0.07)	-	-	-	(0.02)
Benefits paid	(1.99)	(7.40)	(0.09)	(0.08)	-	(0.06)	(0.07)	(0.06)
Actuarial (gain)/loss on obligations	3.31	1.62	(0.36)	0.06	(1.68)	(0.23)	(0.40)	0.06
Plan amendment	-	-	-	-	-	-	-	-
Present value of defined benefit obligations as at the end of the year	29.63	24.77	1.85	2.00	2.64	3.51	1.84	1.98

(B) Changes in the fair value of plan assets:

₹ in Crore

Particulars	Provident fund (funded)		Gratuity-office staff (funded)		Gratuity-off shore officers (non-funded)		CA- paid leave (non- funded)	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Fair value of plan assets at the beginning of the year	24.77	22.29	1.09	1.17	-	-	-	-
Expected return on plan assets	-	-	0.10	0.10	-	-	-	-
Actual return on plan assets	4.22	3.47	0.24	-	-	-	-	-
Actuarial (gain) / loss	-	-	0.06	(0.10)	-	-	-	-
Acquisitions/ Transfers	-	-	-	-	-	-	-	-
Contributions by the employer/ employees	2.63	6.41	-	-	-	-	-	-
Benefits paid	(1.99)	(7.40)	(0.09)	(0.08)	-	-	-	-
Fair value of plan assets as at the end of the year	29.63	24.77	1.40	1.09	-	-	-	-

(C) Amount recognised in balance sheet:

₹ in Crore

Particulars	Provident fund (funded)		Gratuity-office staff (funded)		Gratuity-off shore officers (non-funded)		CA- paid leave (non- funded)	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Present value of defined benefit obligations as at the end of the year	29.63	24.77	1.85	2.00	2.64	3.51	1.84	1.98
Fair value of plan assets as at end of the year	29.63	24.77	1.40	1.09	-	-	-	-
Liability recognised in the Balance Sheet (included in provisions) (note 10)	-	-	0.45	0.91	2.64	3.51	1.84	1.98

(D) Expenses recognised in the Statement of Profit and Loss:

₹ in Crore

Particulars	Provident fund (funded)		Gratuity-office staff (funded)		Gratuity-off shore officers (non-funded)		CA- paid leave (non- funded)	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Current service cost	1.26	1.53	0.15	0.14	0.35	0.58	0.17	0.18
Interest cost	0.91	1.85	0.15	0.14	0.25	0.25	0.16	0.14
Expected return on plan assets	(0.91)	(1.85)	(0.10)	(0.09)	-	-	-	-
Net actuarial (gain)/ loss recognised in the year	-	-	(0.42)	0.16	-	(0.24)	(0.40)	0.06
Total expenses recognised in the Statement of Profit and Loss (Included in Contribution to provident and other funds (note no. 20))	1.26	1.53	(0.22)	0.35	0.60	0.59	(0.07)	0.38

(E) Experience history:

₹ in Crore

Particulars	Provident fund (funded)					Gratuity-office staff (funded)					Gratuity-off shore officers (non-funded)					CA- paid leave (non- funded)				
	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
Defined benefit obligations at the end of the year	(29.63)	(24.77)	(22.29)	(19.53)	-	(1.85)	(1.99)	(1.79)	(1.64)	-	(2.63)	(3.51)	(2.98)	(2.52)	-	(1.84)	(1.98)	(1.68)	(1.43)	-
Plan assets at the end of the period	29.63	24.77	22.29	19.53	-	1.40	1.09	1.17	1.03	-	-	-	-	0.10	-	-	-	-	-	-
Funded status	-	-	-	-	-	(0.45)	(0.91)	(0.62)	(0.61)	-	(2.63)	(3.51)	(2.98)	(2.42)	-	(1.84)	(1.98)	(1.68)	(1.43)	-
Experience gain/(loss) adjustments on plan liabilities	-	-	-	-	-	0.25	(0.02)	(0.01)	-	-	1.44	0.38	(0.03)	(0.25)	-	0.29	-	(0.06)	-	-
Experience gain/(loss) adjustments on plan assets	-	-	-	-	-	0.06	(0.10)	-	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gain/(loss) due to change on assumptions	-	-	-	-	-	0.10	(0.03)	0.04	-	-	0.24	(0.14)	0.11	0.03	-	0.11	(0.06)	0.04	-	-

(F) Category of plan assets:

Particulars	Provident fund (funded)		Gratuity-office staff (funded)		Gratuity-off shore officers (non-funded)		CA- paid leave (non- funded)	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Administered by Life Insurance Corporation of India*	-	-	100%	100%	N.A	N.A	N.A	N.A
Government of India security	25%	25%	-	-	N.A	N.A	N.A	N.A
Public sector bonds/ TDRs	60%	60%	-	-	N.A	N.A	N.A	N.A
State government securities	15%	15%	-	-	N.A	N.A	N.A	N.A

*The Company is unable to obtain the details of plan assets from the Life Insurance Corporation of India and hence the disclosure there of is not made.

(G) Actuarial assumptions

Actuarial valuations were done in respect of the aforesaid defined benefit plans based on the following assumptions:

i) General assumptions:

Particulars	Provident fund (funded)		Gratuity-office staff (funded)		Gratuity-off shore officers (non-funded)		CA- paid leave (non- funded)	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Discount rate (per annum)	9.20%	7.90%	9.20%	7.90%	9.20%	7.90%	9.20%	7.90%
Rate of return on plan assets (for funded scheme)	8.60%	8.60%	8.50%	8.50%	N.A	N.A	N.A	N.A
Expected retirement age of employees (years)	58	58	58	58	58	58	58	58
Separation rate of employees	-	-	8.00%	8.00%	7.00%	7.00%	8.00%	8.00%
Rate of increase in compensation	-	-	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%

- i) Mortality rates considered are as per the published rates in the Life Insurance Corporation (1994-96) Mortality table.
- ii) Leave policy:
 - a) Sick leave balance as at the valuation date and each subsequent year following the valuation date will be availed by the employee against future sick leave; the sick leave balance is not available for encashment.
 - b) Leave balance as at the valuation date and each subsequent year following the valuation date to the extent not availed by the employee is available for encashment on separation from the Company up to a maximum of 120 days.
- iii) The contribution to be made by the Company for funding its liability for gratuity for the financial year 2014-15 is ₹ 0.09 Crore and actual will be made as per demand raised by the fund administrator Life Insurance Corporation of India.
- iv) The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over entire life of the related obligation.
- v) The assumption of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion, supply and demand and other relevant factors.
- vi) Liability on account of long term absences has been actuarially valued as per Projected Unit Credit Method.
- vii) Short term compensated absences have been provided on actual basis.

31. Related party relationships, transactions and balances:

a) Holding companies :

- i) Essar Global Fund Limited (formerly Essar Global Limited) , Cayman Island, ultimate holding company
- ii) Essar Shipping & Logistics Limited, Cyprus, immediate holding company

b) Subsidiaries:

- i) Essar Logistics Limited, India
- ii) Energy Transportation International Limited, Bermuda
- iii) Energy II Limited, Bermuda
- iv) Essar Oilfields Services Limited, Mauritius
- v) Essar Oilfield Services India Limited, India

c) Associates

- (i) Varada Drilling One Pte. Limited (w.e.f. 19.03.14)
- (ii) Varada Drilling Two Pte. Limited (w.e.f. 19.03.14)

d) Key management personnel

- i) Mr. A. R. Ramakrishnan
- ii) Captain Anoop Kumar Sharma

e) Fellow subsidiaries where there have been transactions:

- (i) Aegis Limited
- (ii) Essar Bulk Terminal Limited
- (iii) Essar Oil Limited
- (iv) Essar Ports Limited
- (v) Essar Projects India Limited
- (vi) Essar Shipping (Cyprus) Limited
- (vii) Essar Steel India Limited
- (viii) Essar Power Gujarat Limited
- (ix) Essar Steel Logistics Limited
- (x) Vadinar Oil Terminal Limited
- (xi) Vadinar Ports & Terminals Limited

f) Details of transactions with related parties during the year

₹ in Crore

Nature of transactions	Holding Company		Subsidiaries		Other related parties		Key Management Personnel		Total	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
INCOME										
Fleet operating and chartering earnings										
Essar Steel India Limited	-	-	-	-	608.27	1,029.75	-	-	608.27	1,029.75
Essar Shipping (Cyprus) Limited	-	-	-	-	-	5.70	-	-	-	5.70
Essar Power Gujarat Limited	-	-	-	-	38.20	107.43	-	-	38.20	107.43
Essar Steel Logistics Limited	-	-	-	-	38.82	-	-	-	38.82	-
Essar Logistics Limited	-	-	12.97	17.44	-	-	-	-	12.97	17.44
Energy Transportation International Limited	-	-	1.45	-	-	-	-	-	1.45	-
Essar Shipping & Logistics Limited	1.43	1.09	-	-	-	-	-	-	1.43	1.09
Essar Ports Limited	-	-	-	-	1.19	1.31	-	-	1.19	1.31
Essar Oil Limited	-	-	-	-	-	5.90	-	-	-	5.90
Total	1.43	1.09	14.42	17.44	686.48	1,150.09	-	-	702.33	1,168.62
Equipment lease rental income										
Essar Steel India Limited	-	-	-	-	0.01	0.01	-	-	0.01	0.01
Interest income on intercorporate deposits										
Essar Steel India Limited	-	-	-	-	11.60	5.57	-	-	11.60	5.57
Energy Transportation International Limited	-	-	0.72	0.09	-	-	-	-	0.72	0.09
Essar Oilfield Services India Limited	-	-	73.98	53.97	-	-	-	-	73.98	53.97
Essar Oilfields Services Limited	-	-	-	0.53	-	-	-	-	-	0.53
Total	-	-	74.70	54.59	11.60	5.57	-	-	86.30	60.16
Guarantee commission received										
Essar Oilfields Services Limited	-	-	1.31	-	-	-	-	-	1.31	-
Interest on others										
Essar Logistics Limited	-	-	1.96	-	-	-	-	-	1.96	-
Dividend income										
Essar Oilfields Services Limited	-	-	35.31	-	-	-	-	-	35.31	-
Managerial remuneration #										
A. R. Ramakrishnan	-	-	-	-	-	-	2.40	2.36	2.40	2.36
Anoop Kumar Sharma	-	-	-	-	-	-	1.60	1.70	1.60	1.70
Total	-	-	-	-	-	-	4.00	4.06	4.00	4.06
Purchase of fuel oil										
Essar Oil Limited	-	-	-	-	63.51	70.03	-	-	63.51	70.03
Essar Shipping (Cyprus) Limited	-	-	-	-	-	0.33	-	-	-	0.33
Total	-	-	-	-	63.51	70.36	-	-	63.51	70.36
Direct Voyage expenses										
Essar Shipping (Cyprus) Limited	-	-	-	-	202.35	165.63	-	-	202.35	165.63
Essar Steel Logistics Limited	-	-	-	-	0.10	-	-	-	0.10	-
Essar Bulk Terminal Limited	-	-	-	-	0.45	25.27	-	-	0.45	25.27
Essar Logistics Limited	-	-	0.03	0.35	-	-	-	-	0.03	0.35
Total	-	-	0.03	0.35	202.90	190.90	-	-	202.93	191.25

₹ in Crore

Nature of transactions	Holding Company		Subsidiaries		Other related parties		Key Management Personnel		Total	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Rent										
Essar Oilfield Services India Limited	-	-	1.51	1.64	-	-	-	-	1.51	1.64
Reimbursement of expenses										
Essar Logistics Limited	-	-	0.81	1.28	-	-	-	-	0.81	1.28
Professional fees										
Aegis Limited	-	-	-	-	1.07	1.09	-	-	1.07	1.09
Aircraft usage charges reimbursed										
Essar Oil Limited	-	-	-	-	25.00	22.06	-	-	25.00	22.06
Essar Projects India Limited	-	-	-	-	5.00	2.94	-	-	5.00	2.94
Total	-	-	-	-	30.00	25.00	-	-	30.00	25.00
Interest on finance lease obligations										
Essar Shipping & Logistics Limited	32.00	32.85	-	-	-	-	-	-	32.00	32.85
Security deposit given										
Essar Steel India Limited	-	-	-	-	-	172.00	-	-	-	172.00
Redemption of preference shares										
Essar Oilfields Services Limited	-	-	219.67	-	-	-	-	-	219.67	-
Loans and advances given										
Energy Transportation International Limited	-	-	26.85	12.74	-	-	-	-	26.85	12.74
Essar Oilfield Services India Limited	-	-	200.88	106.54	-	-	-	-	200.88	106.54
Essar Steel India Limited	-	-	-	-	-	45.00	-	-	-	45.00
Essar Oilfields Services Limited	-	-	-	33.42	-	-	-	-	-	33.42
Total	-	-	227.73	152.70	-	45.00	-	-	227.73	197.70
Loans and advances received										
Essar Logistics Limited	-	-	29.80	-	-	-	-	-	29.80	-
Slump Sale of lighterage business										
Essar Logistics Limited	-	-	21.00	-	-	-	-	-	21.00	-
Guarantees given on behalf of others										
Essar Oilfield Services India Limited	-	-	70.00	-	-	-	-	-	70.00	-

does not include the amount payable towards gratuity and compensated absences by the company, as the same is calculated for the Company as a whole on actuarial basis.

g) Outstanding balances with related parties:

₹ in Crore

Nature of balances	Holding Companies		Subsidiary companies		Other related parties		Key Management Personnel		Total	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Trade receivables										
Essar Steel India Limited	-	-	-	-	29.15	24.64	-	-	29.15	24.64
Essar Logistics Limited	-	-	12.80	2.06	-	-	-	-	12.80	2.06
Essar Power Gujarat Limited	-	-	-	-	0.11	13.79	-	-	0.11	13.79
Essar Projects India Limited	-	-	-	-	5.42	3.30	-	-	5.42	3.30
Essar Ports Limited	-	-	-	-	0.62	2.96	-	-	0.62	2.96
Total	-	-	12.80	2.06	35.30	44.69	-	-	48.10	46.75

₹ in Crore

Nature of balances	Holding Companies		Subsidiary companies		Other related parties		Key Management Personnel		Total	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Security										
Essar Steel India Limited	-	-	-	-	19.78	123.50	-	-	19.78	123.50
Loans and advances (including interest accrued) / Other receivables										
Essar Shipping & Logistics Limited	0.65	0.33	-	-	-	-	-	-	0.65	0.33
Essar Oilfield Services India Limited	-	-	712.14	479.62	-	-	-	-	712.14	479.62
Energy Transportation International Limited	-	-	-	2.05	-	-	-	-	-	2.05
Total	0.65	0.33	712.14	481.67	-	-	-	-	712.79	482.00
Receivable on account of Slump Sale of lighterage business										
Essar Logistics Limited	-	-	21.00	-	-	-	-	-	21.00	-
Lease Finance obligation										
Essar Shipping & Logistics Limited	534.16	528.29	-	-	-	-	-	-	534.16	528.29
Trade Payables										
Essar Logistics Limited	-	-	0.49	0.63	-	-	-	-	0.49	0.63
Essar Bulk Terminal Limited	-	-	-	-	2.93	6.10	-	-	2.93	6.10
Aegis Limited	-	-	-	-	0.23	0.35	-	-	0.23	0.35
Essar Steel Logistics Limited	-	-	-	-	0.15	-	-	-	0.15	-
Essar Shipping Cyprus Limited	-	-	-	-	50.71	24.64	-	-	50.71	24.64
Essar Oil Limited	-	-	-	-	33.05	33.00	-	-	33.05	33.00
Vadinar Oil Terminal Limited	-	-	-	-	0.02	0.03	-	-	0.02	0.03
Total	-	-	0.49	0.63	87.09	64.12	-	-	87.58	64.75
Interest accrued and due on lease loan										
Essar Shipping & Logistics Limited	-	7.87	-	-	-	-	-	-	-	7.87
Interest accrued but not due on lease loan										
Essar Shipping & Logistics Limited	14.48	8.60	-	-	-	-	-	-	14.48	8.60
Security deposit received										
Essar Oil Limited	-	-	-	-	9.00	9.00	-	-	9.00	9.00
Vadinar Oil Terminal Limited	-	-	-	-	1.50	1.50	-	-	1.50	1.50
Vadinar Ports & Terminals Limited	-	-	-	-	1.50	1.50	-	-	1.50	1.50
Essar Bulk Terminal Limited	-	-	-	-	1.50	1.50	-	-	1.50	1.50
Total	-	-	-	-	13.50	13.50	-	-	13.50	13.50
Loan received including Interest accrued										
Essar Logistics Limited	-	-	2.43	-	-	-	-	-	2.43	-
Guarantees given on behalf of others										
Essar Oilfield Services India Limited	-	-	1,007.00	1,310.00	-	-	-	-	1,007.00	1,310.00
Essar Logistics Limited	-	-	89.24	119.24	-	-	-	-	89.24	119.24
Essar Oilfields Services Limited	-	-	32.50	32.50	-	-	-	-	32.50	32.50
Total	-	-	1,128.74	1,461.74	-	-	-	-	1,128.74	1,461.74

32. Employee Stock Option Scheme

- a) In the Annual general meeting held on September 9, 2011, the shareholders approved the issue of Employee Stock Options under the Scheme titled "Essar Shipping Employee Stock Options Scheme -2011" (hereafter named ESOPA).

The ESOPA allows the issue of options to employees and executive Directors of the Company and its subsidiaries (whether in India or abroad). Each option comprises one underlying equity share.

As per the Scheme, the Compensation Committee grants the options to the employees deemed eligible. The exercise price of each option shall be determined by the Compensation committee as per the said scheme. The options granted vest in a graded manner over a period of 5/4/3 years from the date of the grant in proportions specified in the Scheme. Options may be exercised within 7 years from the date of vesting. The Company has issued the said ESOP in two tranches on November 2, 2011 and February 8, 2012 at an exercise price of ₹ 22.30 each, the market price of the shares on the grant date of the ESOP was ₹ 22.30 per share and ₹31.30 per share respectively.

The difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense is expensed over the vesting period.

b) **Employee stock options details for ESOP A as on the Balance Sheet date are as follows:**

Particulars	Year ended 31 March, 2014		Year ended 31 March, 2013	
	Options (Numbers)	Weighted average exercise price per option (₹)	Options (Numbers)	Weighted average exercise price per option (₹)
Option outstanding at the beginning of the year	3,665,270	22.30	4,068,819	22.30
Granted during the year	-	22.30	-	22.30
Vested during the year	-	22.30	-	22.30
Exercised during the year	-	22.30	-	22.30
Lapsed during the year	-	22.30	403,549	22.30
Options outstanding at the end of the year	3,665,270	22.30	3,665,270	22.30

c) **The impact on Statement of Profit and Loss and Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as under:**

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
Net loss (as reported)	(229.15)	(93.25)
Add / (Less): stock based employee compensation (intrinsic value) (refer note 20)	0.48	0.47
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued	(1.01)	(1.10)
Net loss (proforma)	(227.66)	(93.88)
Basic earnings per share (as reported) (refer note 28)	(11.17)	(4.54)
Basic earnings per share (proforma)	(11.19)	(4.57)
Diluted earnings per share (as reported) (refer note 28)	(11.17)	(4.54)
Diluted earnings per share (proforma)	(11.19)	(4.57)

d) The fair value of the options granted is estimated on the date of grant using Black Scholes options pricing model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for calculating fair value:

Assumptions	
Risk free interest rate	8.36%
Expected life	58
Expected annual volatility of shares	44.5% - 58.60%
Expected dividend yield	0.00%

33. Disclosure of Loans / advances to Subsidiaries, Associates (as required by clause 32 of the listing agreement with the Stock Exchanges)

₹ in Crore

Particulars	Year ended 31 March, 2014		Year ended 31 March, 2013	
	Amount Outstanding	Maximum amount outstanding	Amount Outstanding	Maximum amount outstanding
Subsidiary companies				
a) Essar Oilfield Services India Limited	712.14	712.14	479.62	483.35
b) Energy Transportation International Limited	-	11.13	2.05	8.82

34. In view of exemption granted by the Central Government for shipping companies vide press note no.2/2011 dated 08.02.2011, information required under sub-clauses (a), (b), (c) and (e) of paragraph 5 (VIII) of part II of Revised schedule VI to the Companies Act, 1956, is not given.

35. The previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification /disclosure.

For and on behalf of the Board

A. R. Ramakrishnan **Anoop Kumar Sharma** **N. Srinivasan**
 Managing Director Chief Executive Officer Director

Mumbai
 May 20, 2014

Vikram Gupta **Vinayak Joshi**
 Chief Financial Officer Company Secretary

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF ESSAR SHIPPING LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **ESSAR SHIPPING LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualification

Attention is invited to note 37 to the financial statements regarding measurement of 'recoverable amount' of goodwill of Rs 5,492.88 Crore as at March 31, 2014 related to Oilfield Services Business (CGU, in terms of Accounting Standard (AS) 28, Impairment of Assets). We have been informed that the Management of the Company is in the process of validating various operational assumptions impacting the estimated future cash flows from the operation of the rigs and the consequent effect on recoverable amount of the CGU. Pending conclusion of the said exercise, we are unable to comment on the provision for impairment, if any, which may be required in respect of the carrying amount of the aforesaid goodwill.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above*, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;

in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the Year Ended on that date; and

in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the Year Ended on that date.

Other Matter

The consolidated financial statements include the Group's share of net profit of ₹ 0.05 Crore in respect of 2 associates for the Year Ended March 31, 2014, as considered in the consolidated financial statements, based on their unaudited financial statements/financial information. Our opinion, in so far as it relates to the amounts included in respect of these associates, is based solely on such unaudited financial statements/financial information.

Our opinion is not qualified in respect of this matter.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

Samir R. Shah
Partner

Mumbai, May 20, 2014

Membership No. 101708

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in Crore)

Particulars	Note no.	As at 31 st March, 2014	As at 31 st March, 2013
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	205.23	205.23
(b) Reserves and surplus	4	6,884.26	6,562.91
		7,089.49	6,768.14
2 Non-current liabilities			
(a) Long-term borrowings	5	4,383.11	4,668.25
(b) Deferred tax liabilities (net)	6	23.41	28.11
(c) Other long-term liabilities	7	15.20	15.42
(d) Long-term provisions	8	19.91	-
		4,441.63	4,711.78
3 Current liabilities			
(a) Short-term borrowings	9	211.75	175.24
(b) Trade payables	10	629.12	746.45
(c) Other current liabilities	11	1,536.63	906.97
(d) Short-term provisions	12	134.51	115.51
		2,512.01	1,944.17
		14,043.13	13,424.09
TOTAL EQUITY AND LIABILITIES			
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	13 (a)	4,318.73	4,403.55
(ii) Capital work-in-progress	13 (b)	227.68	1,736.28
(b) Goodwill on consolidation (refer note no 37)		5,498.19	4,976.28
(c) Non-current investments	14	62.60	*0.00
(d) Long-term loans and advances	15	179.29	233.08
(e) Other non-current assets	19	30.39	35.52
		10,316.88	11,384.71
2 Current assets			
(a) Current investments	16	0.10	0.10
(b) Inventories	17	165.26	152.82
(c) Trade receivables	18	340.41	396.14
(d) Cash and bank balances	20	92.21	67.81
(e) Short-term loans and advances	15	1,204.32	1,319.54
(f) Other current assets	19	1,923.95	102.97
		3,726.25	2,039.38
		14,043.13	13,424.09
TOTAL ASSETS			

(*amount less than ₹ 1 lakh)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Samir R. Shah

Partner

Mumbai

May 20, 2014

For and on behalf of the Board

A. R. Ramakrishnan

Managing Director

Vikram Gupta

Chief Financial Officer

Mumbai

May 20, 2014

Anoop Kumar Sharma

Chief Executive Officer

Vinayak Joshi

Company Secretary

N. Srinivasan

Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Crore)

Particulars	Note no.	Year ended 31 st March, 2014	Year ended 31 st March, 2013
Income			
1 Revenue from operations	21	1,858.54	3,209.19
2 Other income	22	148.05	88.89
Total		2,006.59	3,298.08
3 Expenses:			
Operating expenses	24	1,004.14	2,140.44
Employee benefits expense	23	220.92	222.82
Other expenses	25	103.16	69.76
Total		1,328.22	2,433.02
Profit before finance costs, depreciation, exceptional item and tax		678.37	865.06
4 Finance costs	26	399.37	365.72
5 Depreciation [including ₹ 30.23 (previous year reversal of excess depreciation of ₹19.23) Crore on account of prior period adjustments]	13 (a)	477.88	369.31
Profit / (Loss) before exceptional item		(198.88)	130.03
6 Loss on settlement of forward contracts [refer note 34(A)(a)]		-	50.20
Loss before tax		(198.88)	79.83
7 Tax expense:			
Current tax		(49.57)	(40.16)
MAT credit (utilized) /entitlement		(0.03)	(3.06)
Deferred tax (net)		4.71	(0.81)
Profit / (Loss) for the year before share in profit of associates		(243.77)	35.80
10 Share in profit of associates		0.05	-
Profit / (Loss) for the year		(243.72)	35.80
11 Earnings per equity share (face value of ₹10 each) :			
Basic and diluted (in ₹)	31	(11.88)	1.74

See accompanying notes forming part of the Consolidated Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Samir R. Shah
Partner

Mumbai
May 20, 2014

For and on behalf of the Board

A. R. Ramakrishnan
Managing Director

Vikram Gupta
Chief Financial Officer

Mumbai
May 20, 2014

Anoop Kumar Sharma
Chief Executive Officer

Vinayak Joshi
Company Secretary

N. Srinivasan
Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

(₹ in Crore)

Particulars	Year ended 31 st March, 2014	Year ended 31 st March, 2013
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	(198.88)	79.83
Adjustments for :		
Depreciation	477.88	369.31
Finance costs	399.37	365.72
Loss on settlement of forward contracts	-	50.20
Interest income	(117.46)	(83.50)
Loss / (profit) on sale of tangible assets	19.86	(20.77)
Miscellaneous expenditure written off	0.89	0.90
Amortisation of stock based employee compensation	0.48	0.47
Bad debts written off	26.82	5.85
Unrealised foreign exchange (gain) / loss	10.15	2.26
Operating profit before working capital changes	619.11	770.27
Changes in working capital:		
Decrease / (Increase) in inventories	(0.62)	4.29
Decrease / (Increase) in trade receivables, loans and advances and other assets	74.00	65.94
Increase in trade payables, other liabilities and short term provisions	(261.86)	403.22
Cash generated from operations	430.63	1,243.72
Income taxes paid, (net)	(34.79)	(38.58)
Net cash generated from operating activities	395.84	1,205.14
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress and advance	(23.42)	(263.60)
Proceeds from sale of fixed assets	71.76	123.07
Advance received against novation of jack up rigs	197.86	-
Purchase of investments in associates	(62.55)	-
Purchase of current investments	-	(0.10)
Fixed deposits matured for a period of more than three months	21.57	143.55
Fixed deposits placed for a period of more than three months	(12.95)	(7.64)
Loans and advances given to body corporate	(399.75)	(383.53)
Loans and advances received / repaid by body corporate	423.29	199.38
Interest received	18.41	29.72
Net cash used in investing activities	234.22	(159.15)

(₹ in Crore)

Particulars	Year ended 31 st March, 2014	Year ended 31 st March, 2013
C CASH FLOW FROM FINANCING ACTIVITIES		
Finance costs paid	(574.26)	(451.97)
Settlement of forward contracts	-	(50.20)
Proceeds from debentures	-	39.50
Proceeds from long term loans	595.77	4.76
Proceeds from short term loans	12.57	292.45
Proceeds from commercial papers	-	435.00
Proceeds from unsecured loans	107.00	73.13
Repayment of long term loans	(547.98)	(410.95)
Repayment of short term loans	-	(310.83)
Repayment of finance lease obligations	(114.40)	(83.62)
Repayment of commercial papers	(60.00)	(535.00)
Repayment of unsecured loan	(25.03)	(77.32)
Net cash used for financing activities	(606.33)	(1,075.05)
DECREASE IN CASH AND CASH EQUIVALENTS	23.73	(29.06)
Cash and cash equivalents at the beginning of the year	9.14	35.35
Foreign currency translation reserve	4.85	2.85
Cash and cash equivalents at the end of the year (refer note 20)	37.72	9.14
See accompanying notes forming part of the consolidated financial statements		

Note:

Reconciliation between cash and cash equivalents and cash and bank balances:

(₹ in Crore)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Cash and cash equivalents as per cash flow statement	37.72	9.14
Add: margin money deposits not considered as cash and cash equivalents	54.49	58.67
Cash and bank balances (refer note 20)	92.21	67.81

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Samir R. Shah

Partner

Mumbai

May 20, 2014

For and on behalf of the Board

A. R. Ramakrishnan

Managing Director

Vikram Gupta

Chief Financial Officer

Mumbai

May 20, 2014

Anoop Kumar Sharma

Chief Executive Officer

Vinayak Joshi

Company Secretary

N. Srinivasan

Director

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT

1. CORPORATE INFORMATION

A. GENERAL INFORMATION

Essar Shipping Limited (the 'Company') was incorporated in September 2010 and is listed on Bombay Stock Exchange and National Stock Exchange in India. The Company is mainly engaged in fleet operating and chartering activities and operates in international and coastal voyages. The Company has also directly and/or through its subsidiaries invested in diverse business verticals viz. Fleet operating and chartering (tankers and dry bulkers), oilfields services (land rigs and semi-submersible rig) and logistics services (trucks, trailers and tippers). The place of business of the Company is in Mumbai, India.

2. SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF PREPARATION

The consolidated financial statements of the Company and its subsidiaries (together 'the Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The consolidated financial statements have been prepared on an accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

B. USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

C. BASIS OF CONSOLIDATION

The consolidated financial statements relate to the Company, its subsidiary companies and Group's share of profit or loss in its associates. The Consolidated financial statements have been prepared on the following basis:

a) The consolidated financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after

eliminating all material intra-group balances, intra-group transactions and resulting unrealised profits or loss unless cost cannot be recovered in accordance with AS-21 "Consolidated Financial Statements".

- b) The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements.
- c) Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.
- d) The consolidated financial statements include the share of profit / loss of the associate companies which have been accounted for using equity method as per AS 23 Accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit/ loss of each of the associate companies (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.
- e) The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the consolidated financial statements as Goodwill or capital reserve as the case may be.
- f) Goodwill arising on consolidation is not amortised but tested for impairment.
- g) The accounts of overseas subsidiaries denominated in foreign currency are converted as explained in note 2 (S) below.
- h) The financial statements of all the subsidiaries and associates used in the consolidation are drawn upto the same reporting date as that of the Company i.e. 31st March 2014
- i) Following subsidiary companies and associates have been considered for in the preparation of the consolidated financial statements.

Name of companies	Country of incorporation	Ownership held by	Relationship	% of Holding and voting power either directly or indirectly through subsidiary as at	
				31 st March 2014	31 st March 2013
Essar Logistics Limited ("ELL")	India	ESL	Subsidiary	100%	100%
Essar Oilfields Services Limited ("EOSL")	Mauritius	ESL	Subsidiary	100%	100%
Essar Oilfield Services India Limited ("EOSIL")	India	EOSL	Subsidiary	100%	100%
Energy Transportation International Limited ("ETIL")	Bermuda	ESL	Subsidiary	100%	100%
Energy II Limited ("EII")	Bermuda	ESL	Subsidiary	100%	100%
Varada Drilling One Pte Limited	Singapore	EOSIL	Associate	28.57%*	NA
Varada Drilling Two Pte Limited	Singapore	EOSIL	Associate	28.57%*	NA

* with effect from March 19, 2014

D. TANGIBLE ASSETS

Tangible assets are recorded at cost or at revalued amounts less accumulated depreciation and impairment loss, if any. Cost is inclusive of non-refundable duties and taxes, cost of construction including erection, installation and commissioning expenses, brokerage, startup costs, cost of major improvements /up gradations, borrowing costs, expenditure during construction, inseparable know how costs, gains or loss earned / incurred during the trial run and other incidental costs, where applicable.

E. INTANGIBLE ASSETS

Intangible assets are recognised only when it is probable that future economic benefits attributable to the asset will flow to the Group and the cost of such assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. All costs relating to the acquisition are capitalised. Intangible assets are amortised over the useful life of the asset, subject to a rebuttable presumption that such useful lives will not exceed ten years.

F. CAPITAL WORK-IN-PROGRESS AND EXPENDITURE DURING CONSTRUCTION

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Direct expenditure on assets under construction/development is shown under capital work in progress.

Expenditure incidental to the assets under construction or redevelopment that take substantial period of time to get ready for their intended use is accumulated as expenditure during construction, pending allocation to fixed assets and other accounts, as applicable, on completion of construction.

G. DEPRECIATION

Depreciation is computed at the rates based on the estimated useful lives of the assets or at the rates provided under Schedule XIV of the Companies Act, 1956, whichever is higher. Depreciation on additions/deductions to fixed assets made during the year is provided on a pro-rata basis from/up to the date of such additions/ deductions, as the case may be. Assets costing less than ₹ 5,000/- are fully depreciated in the year of capitalization.

Depreciation on fleet including second hand fleet and rigs is provided as per straight-line method. The details of estimated useful life of each type of fleet and rigs are as under:

Type	Estimated useful life
I) Fleet	
- tankers	14-25 years
- bulk carriers	3- 26 years
- mini bulk carriers	20 years
- tugs and barges	20 years
II) Rigs	
- semi submersible rig	15 years
- land rigs	9-10 years

Depreciation on water circulation treatment plant, aircraft, forklifts, cranes, vehicles (other than motor car and two wheelers) and other heavy plant and equipment is provided on straight line method and other assets on written down value method, at the rates prescribed in Schedule XIV to the Companies Act, 1956.

H. IMPAIRMENT OF ASSETS

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount (higher of net selling price and value in use) of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Consolidated Statement of Profit and Loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount but limited to the carrying amount that would have been determined (net of depreciation / amortisation) had no impairment loss been recognised in prior accounting periods.

I. BORROWING COSTS

Borrowing costs that are attributable to the acquisition, construction or development of qualifying assets (i.e. the assets that takes substantial period of time to get ready for its intended use) are capitalized as a part of cost of such asset. Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Consolidated Statement of Profit and Loss

over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Consolidated Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

J. INVESTMENTS

Investments are classified into long-term and current investments. Investments which are readily realisable and intended to be held for not more than 12 months are classified as current investments. All other investments are classified as long-term investments. Long term investments are carried at cost. Diminution in the value of long term investments is provided for when it is considered as being other than temporary in nature. Current investments are carried at lower of cost of acquisition including incidental / related expenses and fair value and the resultant decline, if any, is charged to Consolidated Statement of Profit and Loss.

Cost of investment includes acquisition charges such as brokerage, fees and duties.

K. VALAUATION OF INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is determined on first-in-first-out basis.

L. REVENUE RECOGNITION

Operating and chartering earnings represent the value of charter hire earnings, demurrage, freight earnings, fleet management fees, road freight income and stevedoring and lighterage earnings, and are accounted on accrual basis.

Freight earnings, stevedoring and lighterage are recognised on a pro-rata basis for voyages in progress at balance sheet date after loading / unloading of the cargo is completed; revenues and related expenses for voyages where cargo has not been loaded / unloaded as on the balance sheet date are deferred and recognised in the following year.

Income from drilling and production services is recognized as earned, based on contractual daily rates billed on monthly basis. Mobilization / demobilization fees received, if any, is recognized as earned in the year of mobilization/ demobilization.

Revenue on transactions of rendering other services is recognised under the completed service contract method. Performance is regarded as achieved when the services are rendered and no significant uncertainty exists regarding the amount of consideration that will be derived from rendering of services.

M. OTHER INCOME

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. Dividend income is accounted for when the right to receive it is established.

N. INSURANCE CLAIMS

Insurance claims are recorded based on reasonable certainty of their settlement.

O. OPERATING EXPENSES

All expenses relating to road freight, intercarting and the operation of fleet, including crewing, insurance, stores, bunkers, charter hire, special survey costs and other expenses are expensed under operating expenses on accrual basis.

Dry-docking expenses are recognised under operating expenses in the period to which it relates.

P. LEASES

Assets leased by the Group in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Consolidated Statement of Profit and Loss on a straight-line basis.

Q. HEDGE ACCOUNTING

The Group uses contracts to hedge risks associated with foreign currency fluctuations relating to highly probable forecast transactions. Such contracts are designated in a cash flow hedging relationship by applying the hedge accounting principles set out in Accounting Standard 30- Financial Instruments: Recognition and Measurement issued by the Institute of Chartered accountants of India.

These contracts are stated at fair value at each reporting date. Changes in the fair value of these contracts that are designated and effective as hedges of future cash flows are recognised directly in Hedging reserve account under Reserves and surplus and the ineffective portion is recognized immediately in the Consolidated Statement of Profit and Loss.

Amounts accumulated in Hedging reserve account are reclassified to the Consolidated Statement of Profit and Loss in the same period during which the forecasted transaction affects profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in Hedging Reserve Account is retained there until the forecasted transaction occurs.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in Hedging reserve account is immediately transferred to the Consolidated Statement of Profit and Loss.

R. EMPLOYEE BENEFITS

a) The Company (employer) and the employees contribute a specified percentage of eligible employees' salary, to the employer established provident fund "Essar Shipping Limited Employees Provident Fund" set up

as an irrevocable trust by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on government specified minimum rates of return, and recognises such provident fund liability, considering fund as the defined benefit plan, based on an independent actuarial valuation carried out at every statutory year end using the Projected Unit Credit Method.

b) Provision for gratuity for floating staff is made as under:

- i) For officers on actuarial valuation.
- ii) For crew on accrual basis as per rules of the National Maritime Board and is charged to the Consolidated Statement of Profit and Loss.

c) Post-employment benefit plan:

Contribution to defined contribution retirement benefit schemes are recognised as expense in the Consolidated Statement of Profit and Loss / expenditure during construction, as applicable, when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the Consolidated Statement of Profit and Loss / expenditure during construction, as applicable, for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and is otherwise amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the present value of the defined benefit obligation and is adjusted both for unrecognised past service cost, and for the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme, if lower.

d) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits include compensated absences such as paid annual leaves, and performance incentives.

e) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation determined actuarially by using Projected Unit Credit Method at the balance sheet date.

f) Employee Stock Option Scheme:

Stock options granted under the employee's stock option schemes (ESOSs) are accounted by adopting

the intrinsic value method in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on accounting for employee share based payments issued by ICAI. Accordingly, the excess of market price of the shares over the exercise price is recognised as deferred employee compensation and is charged to the Consolidated Statement of Profit and Loss on a straight line basis over the vesting period.

The number of options expected to vest is based on the best available estimate and are revised, if necessary, if subsequent information indicates that the number of stock options expected to vest differs from previous estimates.

S. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are accounted at the exchange rate normally prevailing on the transaction date. Monetary items denominated in foreign currency are translated at the exchange rate prevailing as at the balance sheet date. Exchange differences arising on settlement or conversion of short term foreign currency monetary items are recognised in the Consolidated Statement of Profit and Loss / capital work in progress / expenditure during construction, as applicable. Exchange differences relating to long term foreign currency monetary items are accounted as under:

- (i) in so far as they relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of such capital asset and depreciated over the balance useful life of the asset;
- (ii) in other cases such differences are accumulated in "Foreign Currency Monetary Items Translation Difference Account" and amortised in the Consolidated Statement of Profit and Loss over the balance life of the long term foreign currency monetary item or 31st March 2020, whichever is earlier.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates ruling on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. The resultant exchange differences are classified as foreign currency translation reserve under reserves and surplus.

The exchange difference arising on account of investments made during the year in foreign subsidiaries by holding company compared with related share capital of subsidiaries is adjusted in foreign currency translation reserve.

T. TAXES ON INCOME

Tax expenses comprise of current tax and deferred taxes. Current taxes on income from qualifying fleet are provided as per special provisions relating to income of shipping companies under the Income Tax Act, 1961 on the basis of deemed tonnage income of the Company whereas current tax on non-tonnage income and other income of each taxable entity are provided in accordance with the relevant tax rules applicable for respective tax jurisdictions.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as

an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Consolidated Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Group.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there is unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

U. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised when there is a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, the existence of which will be confirmed by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because a reliable estimate of the liability cannot be made or the likelihood of an outflow of economic resources is remote.

Contingent assets are neither recognised nor disclosed in the consolidated financial statements.

V. CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

W. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

X. EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

Y. OPERATING CYCLE

Based on the nature of activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Z. SEGMENT ACCOUNTING POLICIES:

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

3. Share capital

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Number	₹ in Crore	Number	₹ in Crore
(a) Authorised				
Equity shares of ₹ 10/- each	500,000,000	500.00	500,000,000	500.00
	<u>500,000,000</u>	<u>500.00</u>	<u>500,000,000</u>	<u>500.00</u>
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each	205,227,768	205.23	205,227,768	205.23
	<u>205,227,768</u>	<u>205.23</u>	<u>205,227,768</u>	<u>205.23</u>
(b) Reconciliation of shares outstanding at the beginning and at the end of the reporting period				
Equity shares of ₹ 10/- each				
At the beginning of the year	205,227,768	205.23	205,227,768	205.23
Add: Issue of shares during the year	-	-	-	-
At the end of the year	<u>205,227,768</u>	<u>205.23</u>	<u>205,227,768</u>	<u>205.23</u>

(c) Terms of / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10/- per share. Each holder of the equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

(d) Shares held by holding company / ultimate holding company, their subsidiaries and associates.

	As at 31 st March, 2014			As at 31 st March, 2013		
	Number	₹ in Crore	%	Number	₹ in Crore	%
Equity shares of ₹ 10/- each						
Essar Shipping & Logistics Limited, the holding company	145,768,773	145.77	71.03	163,641,524	163.64	79.73
Essar Global Fund Limited, the ultimate holding company	33	0.00	0.00	33	0.00	0.00
Essar Steel India Limited, subsidiary of the ultimate holding company	1,273,611	1.27	0.62	1,273,611	1.27	0.60
	<u>147,042,417</u>	<u>147.04</u>	<u>71.65</u>	<u>164,915,168</u>	<u>164.91</u>	<u>80.33</u>

There are no other shareholders holding more than 5% shares in the Company except as disclosed above.

(e) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the date of the Balance Sheet.

	Year (Aggregate no. of shares)				
	2013-14	2012-13	2011-12	2010-11	2009-10
Equity shares issued for consideration other than cash					
Issued as fully paid up pursuant to the Scheme of arrangement	-	-	205,227,768	-	-

(f) Share reserve for issue under options

- (i) For the details of shares reserved for issue under the employee stock option (ESOP) plan of the Company. (refer note 35).
(ii) For the details of 2,400 FCCB's convertible into 122,852,787 equity shares (as at March, 2013, 122,852,787 shares) of ₹ 10/- each. (refer foot note i (f) to note 5).

4. Reserves and surplus

Particulars	As at 31st March, 2014	As at 31st March, 2013
	₹ in Crore	₹ in Crore
a. Debenture redemption reserve (refer foot note below)		
Opening balance	55.00	55.00
Add: Transferred from the Consolidated Statement of Profit and Loss	-	-
Closing balance	55.00	55.00
b. Share options outstanding account		
Opening balance	0.54	0.07
Additions during the year (refer note 23)	0.48	0.47
Closing balance	1.02	0.54
c. Tonnage tax (utilised) reserve		
Opening balance	-	-
Add: Transferred from tonnage tax reserve	20.00	-
	20.00	-
d. Tonnage tax reserve		
Opening balance	65.00	65.00
Less: Transferred to tonnage tax (utilised) reserve	(20.00)	-
Closing balance	45.00	65.00
e. Hedging reserve account		
Opening balance	-	(31.59)
Add: Additions during the year [refer note 34 (A) (b)]	(18.54)	(18.61)
Less: Transferred to the Consolidated Statement of Profit and Loss [refer note 34 (A)(a)]	-	50.20
Closing balance	(18.54)	-
f. General reserves		
As per last balance sheet	4,835.22	4,835.22
g. Foreign currency translation reserve		
Opening balance	1,509.95	306.89
Add: Additions during the year	613.47	1,203.06
Closing balance	2,123.42	1,509.95
h. Foreign currency monetary items translation difference account (FCMITDA)		
Opening balance	1.51	-
Add: Exchange (loss) / gain during the year (net)	(2.61)	1.81
Less: Amortisation during the year (net)	(27.73)	(0.30)
Closing balance	(28.83)	1.51
i. (Deficit) / Surplus in the Consolidated Statement of Profit and Loss		
Opening balance	95.69	59.89
Add: Net (loss) / profit for the year	(243.72)	35.80
Closing balance	(148.03)	95.69
Total	6,884.26	6,562.91

Foot note: In terms of Section 117C of the Companies Act, 1956, the Company is required to create a Debenture Redemption Reserve (DRR) of ₹198 (previous year ₹157) Crore in respect of Debentures issued and outstanding as of 31 st March, 2014. However in view of losses the Company has not created such DRR. The shortfall of ₹ 143 (previous year ₹102) Crore in DRR would be made good in the future years when the Company has adequate profits.

5. Long-term borrowings

Particulars	Non current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
Secured				
(a) Debentures				
11.35%, 7,000 non convertible debentures of ₹ 1,000,000 each, secured by mortgage on immovable property, first charge on one bulk carrier of the Company, immovable property, eight barges, six land rigs of the subsidiaries, two tugs of Essar Ports Limited and pledge of 49% of investment in equity shares of Essar Logistics Limited. (refer foot note i(a))	700.00	700.00	-	-
13.10 %, 395 non convertible debentures of ₹ 10,00,000 each, secured by mortgage of immovable property, repayable in single bullet instalment.(refer foot note i(b))	39.50	-	-	-
(A)	739.50	700.00	-	-
(b) Secured term loans (refer foot note i (c) and (d))				
(i) from banks				
Rupee term loans [converted into foreign currency non resident (Bank) facility] (secured by first charge on a very large crude carrier and its receivables)	287.53	287.70	30.39	33.48
Rupee term loans (secured by extended charge on six tugs and barges of a subsidiary company)	118.50	112.50	50.00	37.50
Rupee term loan (secured by pari-passu first charge on a bulk carrier and its receivables)	-	1.41	-	1.13
Rupee term loan (secured by first charge on a very large crude carrier and its receivables)	11.47	12.69	1.21	1.21
Rupee term loan (secured by first charge against cargo handling equipment)	-	2.41	2.41	4.49
Rupee term loan (secured by first charge against trailers and diesel generator)	-	-	-	5.88
Rupee term loan (secured by first charge against the trailers)	1.02	2.14	1.20	1.00
Rupee term loan (secured by corporate guarantee issued by the holding company)	11.67	18.33	6.66	6.66
Rupee term loan (secured by charge on six land rigs and receivable thereon and corporate guarantee by the Company.)	31.65	39.15	7.50	7.50
Rupee term loan (secured by charge on Jack up rigs and receivable thereon and corporate guarantee by the Company.)	-	573.25	464.05	27.74
Foreign currency term loans (secured by first charge on four bulk carriers and its receivables)	176.32	205.26	26.91	55.78
Foreign currency term loan (secured by first charge on a semi submersible rig and corporate guarantee by the Company and Essar Shipping & Logistics Limited.)	703.92	574.35	136.88	107.69
(B)	1,342.08	1,829.19	727.21	290.06

Particulars	Non current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
(ii) from financial institutions				
Rupee term loan (secured by corporate guarantee by a subsidiary)	50.00	60.60	50.00	3.24
Rupee term loan (secured by first pari passu charge by way of hypothecation on three mobile rigs and receivables there on and corporate guarantee by the Company).	69.20	-	-	-
(C)	119.20	60.60	50.00	3.24
(iii) from others				
Rupee term loan (secured by first charge on three mini bulkers and four tugs of a subsidiary company)	114.38	59.38	85.00	15.00
(D)	114.38	59.38	85.00	15.00
Total secured loans [E = A+B+C+D]	2,315.16	2,649.17	862.21	308.30
Unsecured loans				
(a) Debentures	-	39.50	-	-
Unsecured, 13.10%, 395 non convertible debentures of ₹1,000,000 each.				
(b) Foreign currency convertible bonds (FCCBs) (refer note (i) (f) below)	1,442.40	1,305.34	-	-
(c) Finance lease obligations (refer foot note i (e) and refer note 28 (a))	625.55	674.24	167.62	143.71
Total unsecured loans [F]	2,067.95	2,019.08	167.62	143.71
Total [E+F]	4,383.11	4,668.25	1,029.83	452.01
Less: Amount disclosed under the head 'other current liabilities' (refer note 11)	-	-	(1,029.83)	(452.01)
Long-term borrowings	4,383.11	4,668.25	-	-

Foot notes:-

i) Repayment terms:

- a) **Secured debentures:** 2,000 debentures issued on 25th March 2010 and 5,000 debentures issued on 22nd June 2009 are redeemable at the expiry of 10 years with put and call option exercisable after five years from their respective dates of issue. The management of the Company does not expect the debenture holders to exercise put option as per the terms of the debentures during the financial year 2014-15. Accordingly the debentures continue to be classified as 'Non-current liabilities.
- b) Of the above, 205 debentures issued on 01st February 2013 are redeemable at the expiry of 10 years from the date of issue and the holder of the debentures have the option to call after 5 years from the date of issue. 40 debentures issued on 12th October 2012, 50 debentures issued on 28th June 2012 and 100 debentures issued on 22nd June 2012 are redeemable at the expiry of 5 years from their respective date of issue.
- c) **Secured rupee term loans from banks, financial institutions and others:** Repayable in quarterly/ monthly instalment starting from October, 2010 to October, 2015.
- d) **Secured foreign currency term loans from banks:** Repayable in quarterly/monthly instalments starting from March 2006 to July, 2019.
- e) **Finance lease obligations:** Repayable in monthly instalment starting from May, 2006 to September, 2018.
- f) Foreign currency convertible bonds: FCCBs of US\$ 111,428,571 (Series B) due on 24th August 2017 and US\$ 128,571,429 (Series A) due on 24th August 2015 carry interest @5% per annum payable semi annually. The FCCBs are convertible into 122,852,787 fully-paid equity shares of ₹ 10 each of the Company, any time upto the date of maturity, at an option of the FCCB holders at conversion price of ₹ 91.70 per share at a predetermined exchange rate of ₹ 46.94 per US\$. The FCCBs, if not converted, till the maturity date will be redeemed at par.
- ii) The classification of loans between current liabilities and non -current liabilities continues based on repayment schedule under respective agreements as no loans have been recalled due to non compliance of conditions under any of the loan agreements. This is in accordance with the guidance issued by the Institute of Chartered Accountants of India on revised Schedule VI to the Companies Act, 1956.

6. Deferred tax liabilities (net)

The components of net deferred tax liability/assets are as follows:-

Particulars	As at 31st March, 2014 ₹ in Crore	As at 31st March, 2013 ₹ in Crore
The effect of items constituting deferred tax liabilities		
on difference between book balance and tax balance of fixed assets	36.37	38.71
(A)	36.37	38.71
The effect of items constituting deferred tax assets		
Disallowance u/s 40(a) of the Income Tax Act, 1961	-	0.37
Unabsorbed depreciation carried forward	12.39	9.73
Provision for compensated absences, gratuity and other employee benefits	0.57	0.50
(B)	12.96	10.60
Total	23.41	28.11

Entities in the Group have recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding reversible deferred tax liability on the difference between the book balance and the written down value of fixed assets under income tax.

7. Other long-term liabilities

Particulars	As at 31st March, 2014 ₹ in Crore	As at 31st March, 2013 ₹ in Crore
Security deposits (from a related party ₹ 14.00 (previous year ₹ 14.00) Crore) (refer note 33)	15.20	15.42
Total	15.20	15.42
8. Long-term provisions		
Provisions for estimated losses on derivative contracts (refer note 34 (A) (b))	19.91	-
	19.91	-
9. Short-term borrowings		
Secured		
Loans repayable on demand		
from banks		
Cash credit facility from bank (secured by first pari passu charge on a very large crude carrier)	50.69	75.72
Rupee short term loan (secured by first charge on six land rigs and receivables thereon, corporate guarantee of the Company)	27.65	20.48
from others		
Short term loan (secured by subservient charge on present and future surplus cash flows of the Company)	100.00	-
	178.34	96.20
Unsecured		
(a) Loans repayable on demand		
from others	12.40	-
(b) Loans and advances from related parties (refer note 33)		
	21.01	19.04
(c) Commercial papers		
	-	60.00
	33.41	79.04
Total	211.75	175.24
10. Trade payables:		
Dues to micro and small enterprises (refer note below)	0.38	0.02
Other than acceptances	628.74	746.43
Total	629.12	746.45

Note: Dues to micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

11. Other current liabilities

Particulars	As at 31st March, 2014	As at 31st March, 2013
	₹ in Crore	₹ in Crore
Unearned revenue on services	11.20	9.07
Current maturities of long-term borrowings (including instalments due at the year end ₹1.83 (previous year ₹ 20.73) Crore (refer footnote (ii) to note 5)	862.21	308.30
Current maturities of finance lease obligations (including instalments due at the year end ₹ Nil (previous year ₹ 0.76) Crore (refer footnote (ii) to note 5)	167.62	143.71
Interest accrued but not due on borrowings	62.57	29.17
Interest accrued and due on borrowings (refer footnote (ii) to note 5)	7.46	70.01
Other payables		
Temporary overdrawn bank balances as per books	69.12	241.22
Security deposits [from related parties ₹ 4.50 (previous year ₹ 4.50) Crore] (refer note 33)	4.53	4.50
Advances from customers	37.09	20.30
Statutory and other related dues	52.87	34.44
Payables in respect of capital goods	61.48	42.62
Advances received against novation of Jack up rigs	197.86	-
Deferred profit on sale and lease back	2.62	3.63
Total	1,536.63	906.97

12. Short-term provisions

(a) Provisions for employee benefits

Superannuation	0.09	0.01
Gratuity (refer note 32)	3.47	4.63
Compensated absences (refer note 32)	6.56	7.18

(b) Others

Provisions for taxation (net of advance tax ₹ Nil (previous year ₹ 62.12) Crore)	34.81	22.62
Other provisions (refer note below)	89.58	81.07
Total	134.51	115.51

Note:-

One of the customer is holding back on its dues to the subsidiary on account of its claim towards supply of equipment and other support services during the trial run period of Wildcat Rig. The Group has provided ₹ 89.58 (previous year ₹ 81.07) Crore against such claim expecting its settlement in the near future and the trade receivables of ₹ 89.58 (previous year ₹ 86.49) Crore from that customer towards provision of subsequent oilfield drilling services is considered to be fully realisable.

Particulars	Tangible assets						Accumulated depreciation				Net Block As at 31st March, 2014	
	As at 1st April, 2013	Additions	Disposals	Exchange differences (refer note 27)	Foreign currency translation reserve	As at 31st March, 2014	As at 1st April, 2013	Charge for the year (refer note (iv) below)	Disposals	Foreign currency translation reserve		As at 31st March, 2014
Land	0.07 (0.02)	0.11 (0.05)	-	-	-	0.18 (0.07)	-	-	-	-	-	0.18 (0.07)
Buildings	6.43 (6.43)	-	-	-	-	6.43 (6.43)	3.41 (3.08)	0.30 (0.33)	-	-	3.71 (3.41)	2.72 (3.02)
Fleet	1,696.23 (1,825.63)	19.42	185.69 (175.24)	61.86 (45.84)	-	1,591.79 (1,696.23)	539.10 (533.45)	127.19 (123.46)	100.04 (117.81)	-	566.25 (539.10)	1,025.54 (1,157.13)
Fleet (taken on lease)	1,151.83 (1,103.50)	* (0.00)	-	58.25 (34.26)	28.40 (14.07)	1,238.48 (1,151.83)	301.10 (258.36)	89.92 (41.20)	-	4.92 (1.54)	395.94 (301.10)	842.54 (850.73)
Plant and equipment (refer note (i) and (ii) below)	3,117.29	113.84	0.16	-	267.57	3,498.54	821.21	243.11	0.15	69.17	1,133.34	2,365.20
Aircraft (taken on lease)	(2,787.56)	(248.11)	-	(-67.99)	(149.61)	(3,117.29)	(601.10)	(189.86)	-	(30.25)	(821.21)	(2,296.08)
Furniture and fixtures	92.18 (89.28)	-	-	4.22 (2.90)	-	96.40 (92.18)	29.89 (26.19)	8.36 (3.70)	-	-	38.25 (29.89)	58.15 (62.29)
Office equipment	2.87 (2.45)	0.03 (0.34)	1.44	-	0.15 (0.08)	1.61 (2.87)	1.96 (1.68)	0.17 (0.25)	0.94 (0.01)	0.09 (0.04)	1.28 (1.96)	0.33 (0.91)
Vehicles (refer note (iii) below)	7.40 (6.95)	0.24 (0.39)	2.74	-	0.12 (0.06)	5.02 (7.40)	5.31 (4.64)	0.56 (0.63)	2.54	0.08 (0.04)	3.41 (5.31)	1.61 (2.09)
	64.53 (64.78)	0.33 (0.31)	2.64 (0.56)	-	-	62.22 (64.53)	33.30 (23.93)	8.27 (9.88)	1.72 (0.51)	(0.09)	39.76 (33.30)	22.46 (31.23)
Total as at 31st March, 2014	6,138.83	133.97	192.67	124.33	296.24	6,500.67	1,735.28	477.88	105.41	74.17	2,181.94	4,318.73
Total as at 31st March, 2013	(5,886.60)	(249.20)	(175.80)	(15.01)	(163.82)	(6,138.83)	(1,452.43)	(369.31)	(118.33)	(31.87)	(1,735.28)	(4,403.55)

(* Amount less than ₹ 1 lakh)

Notes:

- (i) Gross block of plant and equipment includes a water treatment plant of ₹ 38.84 (previous year ₹38.84) Crore given on lease. The net book value is ₹ Nil (previous year ₹ Nil).
- (ii) Plant and equipment includes a semi submergible rig, secured against the syndicated term loan ₹ 753.65 (previous year ₹ 682.04) Crore availed by a subsidiary and also carries second preferred mortgage against the loan availed by Essar Shipping & Logistics Limited, parent Company.
- (iii) Vehicles with gross book value of ₹ Nil (previous year ₹ 7.11) Crore have been taken under hire purchase agreement from India Securities Limited and are hypothecated to it.
- (iv) Depreciation for the year includes ₹ 30.23 (previous year ₹ Nil) Crore on account of prior period adjustments.
- (v) Previous year figures are disclosed in bracket.

13. (b) Capital work-in-progress

Particulars	As at	As at
	31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore
Capital work in progress	1,209.84	1,209.84
Expenditure during construction (see details below)	613.22	526.44
	1,823.06	1,736.28
Less: Transferred to asset held for sale (refer foot note (ii) below)	(1,595.38)	-
Total	227.68	1,736.28

Expenditure during construction	As at	Incurred	Capitalised	As at
	31st March, 2013	during the year	during the year	31st March, 2014
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
Equipment and materials	138.93	34.57	(97.58)	75.92
Interest and finance costs	360.41	144.98	-	505.39
Other finance costs	7.81	8.83	-	16.64
Repairs and maintenance	17.68	5.14	(16.26)	6.56
Others	1.61	7.10	-	8.71
Total	526.44	200.62	(113.84)	613.22

Foot notes:

- (i) During previous year, Essar Oilfield Services India Limited entered into a novation deed for novation of the agreement with contractor for construction of two jack up rigs in favour of Varada Drilling One Pte Ltd (VDOPL) and Varada Drilling Two Pte Ltd (VDTPL) for each of the rigs. As per addendum 3 dated 27-March-2014, the last date for complying with the conditions spelt out in Clause 1.1(b) has been extended up to 28-Jun-2014.
- (ii) In view of the certainty in fulfilling conditions of the novation deed and completing the transfer of Jack-up rigs to VDOPL & VDTPL within one year, the capital work in progress of ₹1,595.38 Crore has been classified as asset held for sale and shown under other current assets (refer schedule 19). Accordingly, the corresponding term loans have also been classified as current.

14. Non-current Investments

Particulars	As at	As at
	31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore
Non trade investments (At cost)		
Investments in equity shares (unquoted, fully paid up)		
440 equity shares of ₹ 10/- each of Essar Bulk Terminal Paradip Limited *	*0.00	*0.00
Trade investments (At cost)		
Investments in equity shares of associates (unquoted, fully paid up)		
50,00,000 (previous year Nil) ordinary shares of USD.1/- each of Varada Drilling One Pte Limited	31.27	-
Add: Share of profit	0.03	-
Sub total	31.30	-
50,00,000 (previous year Nil) ordinary shares of USD.1/- each of Varada Drilling Two Pte Limited	31.27	-
Add: Share of profit	0.03	-
Sub total	31.30	-
Total	62.60	*0.00
Note :		
Aggregate amount of unquoted non- current investments	62.60	-

* Amount is less than ₹ 1 lakh

15. Long-term /short-term loans and advances (unsecured and considered good)

Particulars	Non-current		Current	
	As at	As at	As at	As at
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
a. Capital advances	120.28	153.73	-	-
b. Security deposits [to a related party ₹19.78 (previous year ₹ 123.50) Crore]	29.92	34.54	20.58	123.81
c. Loans and advances to related parties (refer note 33)	-	-	988.96	1,012.18
d. Loans and advances to others	-	-	80.00	80.00
e. Advances recoverable in cash or in kind or for value to be received	-	0.10	46.45	58.15
f. Other loans and advances				
Advance income-tax and tax deducted at source [net of provision for taxation ₹ 66.75 (previous year ₹ 91.09) Crore]	28.91	44.42	23.77	13.12
MAT credit entitlement	-	0.03	-	-
Prepaid expenses	0.18	0.26	16.37	6.37
Loans to employees	-	-	0.41	0.48
Cenvat credit / service tax receivable	-	-	27.78	24.43
Bills receivable	-	-	-	1.00
Total	179.29	233.08	1,204.32	1,319.54

16. Current investments

Particulars	As at	As at
	31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore
Investments in mutual funds (Unquoted, fully paid up) (At lower of cost and net realisable value)		
100,000 units of ₹ 10 each of Union KBC Capital Protection Oriented Fund (NAV as on 31 st March, 2014 ₹ 11.45 (previous year ₹ 9.98 each))	0.10	0.10
Total	0.10	0.10
Aggregate amount of unquoted current investments	0.10	0.10

17. Inventories (at lower of cost and net realisable value)

Particulars	As at	As at
	31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore
Stores and spares	139.16	106.97
Fuel, oil and lubricants	26.10	45.85
Total	165.26	152.82

18. Trade receivables

Particulars	As at	As at
	31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore
(i) Outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good (refer foot note to note 12)	156.05	122.90
Doubtful	27.18	0.51
Less: Provision for doubtful trade receivables	(27.18)	(0.51)
	156.05	122.90
(ii) Other trade receivables	184.36	273.24
Total	340.41	396.14

19. Other non-current / current assets (unsecured, considered good)

Particulars	Non-current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
Bank deposit held as margin money	-	0.02	-	-
Unbilled revenue	-	-	9.49	32.11
Receivables on sale of fixed assets	-	-	0.20	5.67
Unamortised operating lease expenses	-	-	100.37	41.01
Unamortised upfront fee and other ancillary borrowing costs	29.98	34.33	12.51	7.41
Unamortised share issue expenses	0.41	1.17	0.76	0.90
Insurance claims receivable	-	-	11.57	2.05

19. Other non-current / current assets (unsecured, considered good)

Particulars	Non-current		Current	
	As at 31st March, 2014 ₹ in Crore	As at 31st March, 2013 ₹ in Crore	As at 31st March, 2014 ₹ in Crore	As at 31st March, 2013 ₹ in Crore
Interest accrued on fixed deposits	-	-	1.16	1.54
Interest accrued on Inter corporate deposits with related parties	-	-	168.56	12.28
Interest accrued on Inter corporate deposits with others	-	-	23.95	-
Fixed assets held for sale [refer foot note (ii) of note 13(b)]	-	-	1,595.38	-
Total	30.39	35.52	1,923.95	102.97

20. Cash and bank balances

Particulars	As at 31st March, 2014 ₹ in Crore	As at 31st March, 2013 ₹ in Crore
A. Cash and cash equivalents		
Balances with banks		
- In current accounts	37.20	8.90
- Deposits with original maturity of less than three months	0.45	0.19
Cash on hand	0.07	0.05
	37.72	9.14
B. Other bank balances		
Bank deposits held as margin money (lien marked against bank guarantees and acceptances)	54.49	58.67
Total	92.21	67.81

21. Revenue from operations

Particulars	For the Year Ended 31st March, 2014 ₹ in Crore	For the Year Ended 31st March, 2013 ₹ in Crore
Sale of services		
Fleet operating and chartering earnings	967.09	1,531.55
Logistics services	230.59	1,011.49
Rig operating and chartering earnings	657.79	633.60
	1,855.47	3,176.64
Other operating income		
Scrap sales	0.29	-
Profit on sale of vessels	-	20.77
Supervision/ management fees	2.78	8.05
Others	-	3.73
	3.07	32.55
Total	1,858.54	3,209.19

22. Other income

Particulars	For the Year Ended	For the Year Ended
	31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore
Interest income		
- from banks on deposits	2.32	4.27
- from related parties on intercorporate deposits (refer note no 33)	102.32	71.16
- from others	12.83	8.07
Net gain on foreign currency translation and transactions	21.78	2.98
Other non operating income	8.80	2.41
Total	148.05	88.89

23. Employee benefits expense

Particulars	For the Year Ended	For the Year Ended
	31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore
Offshore staff		
Salaries, wages and bonus	166.82	163.42
Contribution to staff provident and other funds (refer note 32)	1.38	2.46
Staff welfare	15.30	14.23
Office staff		
Salaries, wages and bonus	31.40	35.33
Contribution to staff provident and other funds (refer note 32)	2.00	2.65
Staff welfare	3.54	4.26
Employee stock option scheme (refer note 4 and 35)	0.48	0.47
Total	220.92	222.82

24. Operating expenses

Particulars	For the Year Ended	For the Year Ended
	31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore
Consumption of stores and spares	69.80	87.66
Consumption of fuel, oil and water	290.52	395.17
Direct voyage and operating expense	487.94	1,498.61
Commission, brokerage and agency fees	19.82	18.66
Standing costs	66.05	73.23
Dry docking	20.78	24.30
Insurance, protection and indemnity club fees	49.23	42.81
Total	1,004.14	2,140.44

25. Other expenses

Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
	₹ in Crore	₹ in Crore
Rent	13.06	10.70
Rates and taxes	2.92	2.74
Repairs and maintenance		
- buildings	0.79	0.83
- others	2.65	4.98
Legal and professional fees	28.28	31.28
Travelling and conveyance	2.74	4.54
Auditor's remuneration	1.02	1.21
Net loss on foreign currency translation and transactions	-	2.18
Net loss on sale of assets	19.86	-
Other establishment expenses	5.02	5.45
Bad debts written off	0.15	5.85
Provision for doubtful trade receivables	26.67	-
Total	103.16	69.76

Payments to statutory auditors comprises (net of service tax)	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
	₹ in Crore	₹ in Crore
As auditor	0.55	0.54
Reimbursement of out of pocket expenses	0.01	0.01
For other services	0.08	0.25
For audit of subsidiaries	0.38	0.41
Total	1.02	1.21

26. Finance costs

Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
	₹ in Crore	₹ in Crore
Interest expense		
- on bank loans	136.55	131.03
- on loans from financial Institutions	36.32	22.71
- on finance lease obligations	47.32	57.56
- on foreign currency convertible bonds	35.17	29.31
- on debentures	87.31	70.15
- on others	37.32	32.89
Loan commitment / processing charges, guarantee fees and other charges	19.38	22.07
Total	399.37	365.72

27. Deferral / capitalisation of exchange difference

Pursuant to Notification issued by the Central Government under Companies / (Accounting Standards) Amendment Rules, 2009 dated 29th December, 2011; the exchange differences arising on conversion / translation/settlement of long-term foreign currency monetary items in so far as they relate to the acquisition of a depreciable capital asset, has been added to or deducted from the cost of the respective asset and has been depreciated over the remaining balance useful life of the asset. In case of exchange difference related to any other long-term foreign currency monetary item, the exchange difference has been accumulated in "Foreign Currency Monetary Items Translation Difference Account", which has been amortised over the period till the date of maturity of such monetary item or 31st March 2020, whichever is earlier. The following is the effect of the option exercised:-

Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
	₹ in Crore	₹ in Crore
a) Net exchange loss capitalised to the cost of the fixed assets	124.33	15.01
b) Depreciation on the above net exchange loss for the year in which exchange difference has been capitalised	8.68	7.13
c) Net exchange (gain)/ loss transferred to Foreign Currency Monetary Items Translation Difference Account (FCMITDA) for the year (net)	2.61	(1.81)
d) Amortisation of exchange differences for the year from FCMITDA (net)	(27.73)	0.30

28. Details of leasing arrangements

a) Finance leases : Group as a lessee

The Group has entered into finance lease arrangements for three vessels and an aircraft which provide the option to buy the assets at the end of the lease period. The lease period ranges from 5 to 11 years having monthly lease payment terms. The future minimum lease payments (MLP) together with the present value of the MLP payable by the Group are as follows:

₹ in Crore

Particulars	As at 31st March, 2014			As at 31st March, 2013		
	Future minimum lease payments	Unmatured finance charges	Present value of minimum lease payments	Future minimum lease payments	Unmatured finance charges	Present value of minimum lease payments
Future lease rental obligation payable by the Group:						
- not later than one year	207.05	39.43	167.62	192.03	48.32	143.71
- later than one year but not later than five years	697.53	71.98	625.55	700.67	98.37	602.30
- later than five years	-	-	-	73.45	1.51	71.94
Present value of minimum lease payments	904.58	111.41	793.17	966.15	148.20	817.95

b) Operating leases : Group as a lessee

The Group has entered into non-cancellable operating lease arrangements for six vessels for a period of 13 years and office premises for a period of five years, having monthly lease payment terms. The future minimum lease rentals are as follows:-

₹ in Crore

Particulars	As at 31st March, 2014	As at 31st March, 2013
Future minimum lease payments:		
- not later than one year	229.60	260.54
- later than one year but not later than five years	817.96	937.10
- later than five years	1,079.58	1,379.96
Total	2,127.14	2,577.60
c) Lease payments recognised in the Consolidated Statement of Profit and Loss under direct voyage expenses (refer note 24)	202.35	158.08

29. (A) Contingent liabilities

₹ in Crore

Particulars	As at 31st March, 2014	As at 31st March, 2013
i) Guarantees given by banks	22.19	35.35
ii) Guarantees given by bank against disputed custom duty demand of ₹ 27.40 Crore by DGFT	30.00	30.00
iii) Bills discounted with banks	108.00	247.00
iv) Disputed services tax demand	61.34	61.34
v) Income tax demand - appeal filed by the Income tax department in the High court of Bombay against the order of Appellate Tribunal in favour of the Company	7.29	7.29
vi) Claim against the Group entities not acknowledged as debt	14.69	13.29
(B) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for.	0.46	19.28

30. Segment reporting**a) Business segment**

₹ in Crore

Particulars	As at 31st March, 2014	As at 31st March, 2013
Segment revenue		
Operating Income		
Fleet operating and chartering	989.73	1,576.81
Logistics services	230.77	1,014.43
Oilfields services	713.63	676.35
Total	1,934.13	3,267.59
Less : Inter segment revenue	(75.59)	(58.40)
Net operating income (A)	1,858.54	3,209.19
Other income		
Unallocated (B)	148.05	88.89
Total income (A + B)	2,006.59	3,298.08

₹ in Crore

Particulars	As at 31st March, 2014	As at 31st March, 2013
Segment results		
Fleet operating and chartering	(65.74)	167.40
Logistic services	(14.50)	24.54
Oilfields services	132.68	214.92
Unallocated	148.05	88.89
Profit from operation before interest and finance charges	200.49	495.75
Less: Unallocable interest and finance expense	(399.37)	(365.72)
(Loss) / Profit before exceptional item and tax	(198.88)	130.03
Exceptional item	-	(50.20)
(Loss) / Profit before tax	(198.88)	79.83
Less: Income tax	(44.89)	(44.03)
(Loss) / Profit after tax for the year before share in profit of associates	(243.77)	35.80
Share in profit of associates	0.05	-
(Loss) / Profit for the year	(243.72)	35.80
Segment assets		
Fleet operating and chartering	2,136.84	2,384.91
Logistics services	412.40	454.31
Oilfields services	10,283.53	9,539.79
Unallocable	1,210.36	1,045.08
Total assets	14,043.13	13,424.09
Segment liabilities		
Fleet operating and chartering	384.67	327.73
Logistics services	364.88	425.97
Oilfields services	485.97	479.47
Unallocable	93.42	127.29
Total segment liabilities	1,328.94	1,360.46
Add: Total borrowings	5,624.69	5,295.50
Total Liabilities	6,953.63	6,655.96
Fixed assets acquired during the year		
Fleet operating and chartering	7.72	0.02
Logistics services	12.20	3.64
Oilfields services	114.05	245.54
Total	133.97	249.20
Depreciation		
Fleet operating and chartering	207.76	161.20
Logistics services	30.39	33.85
Oilfields services	239.73	174.26
Total	477.88	369.31

Notes:

- 1) The Group has disclosed Business segment as primary segment. Segments have been identified taking in to account the organisational structure, nature of services, different risks and internal reporting system. The Group's operations include fleet operating and chartering, logistics services and oilfields services.
- 2) Additions to the fixed assets shown above are excluding exchange difference, capital work in progress and expenditure during construction.

b) Geographical segment

The Group's operations are managed on a worldwide basis from India. The revenue from operations are identified as geographical segment based on location of customers:

₹ in Crore		
Revenue from operations	Year ended 31st March, 2014	Year ended 31st March, 2013
India	1,100.70	2,368.52
Indonesia	581.04	569.99
China	42.48	93.28
U.S.A	10.45	5.48
South Korea	29.81	22.23
Brazil	-	11.78
Singapore	29.30	25.39
Germany	7.38	5.26
Cyprus	2.54	6.79
U. K	1.24	51.00
UAE	16.88	14.96
Thailand	-	33.19
Switzerland	14.87	-
Panama	12.42	-
Rest of the world	9.43	1.32
TOTAL	1,858.54	3,209.19

The main operating assets represent floating fleet, rigs and logistics equipment which are not identifiable to any geographical location.

31. Earnings per share:

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

₹ in Crore		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
(Loss) / profit for the year (₹ in Crore)	(243.72)	35.80
Equity shares at the beginning of the year (nos.)	205,227,768	205,227,768
Equity shares at the end of the year (nos.)	205,227,768	205,227,768
Weighted average equity shares for the purpose of calculating basic earnings per share (nos.)	205,227,768	205,227,768
Weighted average equity shares for the purpose of calculating diluted earnings per share (nos.)	205,227,768	205,227,768
Earnings per share-basic (face value of ₹10/- each) (₹)	(11.88)	1.74
Earnings per share-diluted (face value of ₹10/- each) (₹)	(11.88)	1.74

Note:

Equity shares to be issued upon conversion of FCCB and exercise of Employee Stock Option Plan have not been considered for the purpose of calculation of diluted earning per share as they are not dilutive.

32. Employee benefits :

The Group has classified the various benefits provided to employees (office staff and offshore staff) as under:

I. Defined contribution plans:

The Group has recognised the following amounts in the Consolidated Statement of Profit and Loss during the year under 'Contribution to staff provident and other funds (refer note no. 23)

Particulars	₹ in Crore	
	Year ended 31st March, 2014	Year ended 31st March, 2013
a) Employer's contribution to gratuity fund (offshore crew staff)	0.23	0.23
b) Group accident policy premium (all employees)	0.32	0.03
c) Employer's contribution to pension fund (offshore crew staff)	0.37	0.38
d) Employer's contribution to superannuation fund (office staff)	0.01	0.02
e) Employer's contribution to provident fund (offshore crew staff)	1.05	1.44
	1.98	2.10

II. Defined benefit plans

- Contribution to provident fund (office staff and offshore officers)
- Contribution to gratuity fund (office staff)
- Provision for gratuity (offshore officers)
- Provision for compensated absences (CA) (office staff)

In accordance with AS-15, relevant disclosures are as under:

(A) Changes in present value of defined benefit obligations:

Particulars	₹ in Crore							
	Provident fund		Gratuity-office staff		Gratuity-off shore officers		CA- paid leave	
	(funded)	(funded)	(funded)	(funded)	(non- funded)	(non- funded)	(non- funded)	(non- funded)
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Present value of defined benefit obligations as at the beginning of the year	24.77	22.29	4.21	3.62	3.51	2.97	3.63	3.10
Current service cost	1.26	1.53	0.37	0.36	0.53	0.58	0.40	0.40
Current service contribution-employee	1.37	1.61	-	-	-	-	-	-
Interest cost	0.91	1.85	0.31	0.29	0.28	0.25	0.29	0.25
Transfer in	-	3.27	-	(0.03)	-	-	-	-
Benefits paid	(1.99)	-	(0.21)	(0.31)	-	(0.23)	(0.14)	(0.19)
Actuarial (gain)/loss on obligations	3.31	1.62	(0.59)	0.36	-	-	(0.77)	0.07
Plan amendment	-	(7.40)	-	(0.08)	(1.68)	(0.06)	-	-
Acquisitions	-	-	0.42	-	-	-	0.18	-
Present value of defined benefit obligations as at the end of the year	29.63	24.77	4.51	4.21	2.64	3.51	3.57	3.63

(B) Changes in the fair value of plan assets:

₹ in Crore

Particulars	Provident fund		Gratuity-office staff		Gratuity-off shore officers		CA- paid leave	
	(funded)		(funded)		(non- funded)		(non- funded)	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Fair value of plan assets as at the beginning of the year	24.77	22.29	3.09	3.14	-	-	-	-
Expected return on plan assets	-	-	0.26	0.26	-	-	-	-
Actual return on plan assets	4.22	3.47	0.10	(0.08)	-	-	-	-
Acquisitions/ Transfers	-	-	0.24	-	-	-	-	-
Contributions by the employer/ employees	2.63	6.41	0.11	0.23	-	-	-	-
Benefits paid	(1.99)	(7.40)	(0.12)	(0.46)	-	-	-	-
Actuarial Gain / (loss)	-	-	-	-	-	-	-	-
Fair value of plan assets as at the end of the year	29.63	24.77	3.68	3.09	-	-	-	-

Amount is less than ₹ 1 lakh

(C) Amount recognised in consolidated balance sheet:

₹ in Crore

Particulars	Provident fund		Gratuity-office staff		Gratuity-off shore officers		CA- paid leave	
	(funded)		(funded)		(non- funded)		(non- funded)	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Present value of defined benefit obligations as at the end of the year	29.63	24.77	4.51	4.21	2.64	3.51	3.57	3.63
Fair value of plan assets as at end of the year	29.63	24.77	3.68	3.09	-	-	-	-
Liability/(asset) recognised in the Consolidated Balance Sheet (included in provisions) (note12)	-	-	0.83	1.12	2.64	3.51	3.57	3.63

(D) Expenses recognised in the Consolidated Statement of Profit and Loss:

₹ in Crore

Particulars	Provident fund		Gratuity-office staff		Gratuity-off shore officers		CA- paid leave	
	(funded)		(funded)		(non- funded)		(non- funded)	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Current service cost	1.26	1.53	0.37	0.36	0.53	0.58	0.40	0.40
Interest cost	0.91	1.85	0.31	0.25	0.28	0.25	0.29	0.25
Expected return on plan assets	(0.91)	(1.85)	(0.26)	(0.24)	-	-	-	-
Past service cost	-	-	-	-	(1.68)	(0.24)	-	0.06
Net actuarial (gain)/loss recognised in the period	-	-	(0.68)	0.51	-	-	(0.77)	0.07
Total expenses recognised in the Consolidated Statement of Profit and Loss (Included in Contribution to provident and other funds (note 23))	1.26	1.53	(0.26)	0.89	(0.87)	0.59	(0.08)	0.79

(E) Experience history:

Particulars	Provident fund				
	(funded)				
	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
Defined benefit obligations at the end of the year	(29.63)	(24.77)	(22.29)	(19.53)	-
Plan assets at the end of the period	29.63	24.77	22.29	19.53	-
Funded status	-	-	-	-	-
Experience gain /(loss) adjustments on plan liabilities	-	-	-	-	-
Experience gain /(loss) adjustments on plan assets	-	-	-	-	-
Actuarial gain/(loss) due to change on assumptions	-	-	-	-	-

Particulars	Gratuity-office staff				
	(funded)				
	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
Defined benefit obligations at the end of the year	(4.51)	(4.21)	(3.83)	(3.57)	-
Plan assets at the end of the period	3.68	3.09	3.14	1.90	-
Funded status	(0.83)	(1.12)	(0.69)	(1.67)	-
Experience gain /(loss) adjustments on plan liabilities	0.23	(0.29)	0.29	0.28	-
Experience gain /(loss) adjustments on plan assets	0.09	(0.08)	0.01	-	-
Actuarial gain/(loss) due to change on assumptions	0.36	(0.14)	0.07	0.03	-

Particulars	Gratuity -Offshore officers				
	(non-funded)				
	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
Defined benefit obligations at the end of the year	(2.63)	(3.51)	(2.97)	2.52	-
Plan assets at the end of the period	-	-	-	-	-
Funded status	(2.63)	(3.51)	(2.97)	(2.52)	-
Experience gain /(loss) adjustments on plan liabilities	1.44	-	(0.03)	(0.25)	-
Experience gain /(loss) adjustments on plan assets	-	0.38	-	-	-
Actuarial gain/(loss) due to change on assumptions	0.24	(0.14)	-	0.03	-

Particulars	CA- paid leave				
	(non-funded)				
	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
Defined benefit obligations at the end of the year	(3.58)	(3.63)	(3.10)	(2.85)	-
Plan assets at the end of the period	-	-	-	-	-
Funded status	(3.58)	(3.63)	(3.10)	(2.85)	-
Experience gain /(loss) adjustments on plan liabilities	0.48	0.03	0.07	(0.21)	-
Experience gain /(loss) adjustments on plan assets	-	0.04	-	0.16	-
Actuarial gain/(loss) due to change on assumptions	0.29	(0.14)	0.06	0.02	-

(F) Category of plan assets:

₹ in Crore

Particulars	Provident fund		Gratuity-office staff		Gratuity-off shore officers		CA- paid leave	
	(funded)		(funded)		(non-funded)		(non- funded)	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Administered by Life Insurance Corporation of India *	-	-	100%	100%	-	-	-	-
SBI Life Insurance	-	-	100%	100%	-	-	-	-
Government of India security	25%	25%	-	-	-	-	-	-
Public sector bonds/ TDRs	60%	60%	-	-	-	-	-	-
State government securities	15%	15%	-	-	-	-	-	-

* The Group is unable to obtain the details of plan assets from the Life Insurance Corporation of India and hence the disclosure there of is not made.

(G) Actuarial assumptions

Actuarial valuations were done in respect of the aforesaid defined benefit plans based on the following assumptions:

i) General assumptions:

₹ in Crore

Particulars	Provident fund		Gratuity-office staff		Gratuity-off shore officers		CA- paid leave	
	(funded)		(funded)		(non-funded)		(non- funded)	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Discount rate (per annum)	9.20%	7.90%	9.20%	7.90%	9.20%	7.90%	9.20%	7.90%
Rate of return on plan assets (for funded scheme)	8.60%	8.60%	8.50%	8.50%	N.A	N.A	N.A	N.A
Expected retirement age of employees (years)	58	58	58	58	58	58	58	58
Separation rate of employees	-	-	10.00%	10.00%	7.00%	7.00%	10.00%	10.00%
Rate of increase in compensation	-	-	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%

ii) Mortality rates considered are as per the published rates in the India Assured Lives Mortality (2006-08) (modified) ultimate (the Life Insurance Corporation (1994-96) Mortality table for the Year Ended on 31st March, 2013).

iii) Leave policy:

- Sick leave balance as at the valuation date and each subsequent year following the valuation date will be availed by the employee against future sick leave; the sick leave balance is not available for encashment.
- Leave balance as at the valuation date and each subsequent year following the valuation date to the extent not availed by the employee is available for encashment on separation from the Group entities up to a maximum of 120 days.

iv) The expected contribution to be made by the Group for funding its liability for gratuity during the financial year 2014-15 will be ₹ 0.09 Crore and actual will be made as per demand raised by the fund administrator Life Insurance Corporation of India.

v) The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over entire life of the related obligation.

vi) The assumption of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion, supply and demand and other relevant factors.

vii) The employees gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value obligation is determined based on actuarial valuation using Projected Unit Credit Method.

viii) The employer managed provident fund is considered as defined benefit plan.

ix) Liability on account of long term compensated absences has been actuarially valued as per Projected Unit Credit Method.

x) Short term compensated absences have been provided on actual basis.

33. Related party relationships, transactions and balances

- a) Holding companies :
- Essar Global Fund Limited (formerly Essar Global Limited) , Cayman Island, ultimate holding company
 - Essar Shipping & Logistics Limited, Cyprus, immediate holding company
- b) Associates
- Varada Drilling One Pte. Limited (w.e.f. 19.03.14)
 - Varada Drilling Two Pte. Limited (w.e.f. 19.03.14)
- c) Key management personnel
- Mr. A. R. Ramakrishnan
 - Captain Anoop Kumar Sharma
 - Mr. Ankur Gupta
 - Mr. A. K. Mussady
 - Mr. Rahul Himatsingka
- d) Fellow subsidiaries where there have been transactions:
- | | |
|---|--|
| (i) Aegis Limited | (xi) Essar Power M. P. Limited |
| (ii) Essar Bulk Terminal Limited | (xii) Essar Projects (India) Limited |
| (iii) Essar Bulk Terminal Paradip Limited | (xiii) Essar Shipping (Cyprus) Limited |
| (iv) Essar Bulk Terminal (Salaya) Limited | (xiv) Essar Steel India Limited |
| (v) Essar Offshore Subsea Limited | (xv) Essar Steel Limited (Indonesia) |
| (vi) Essar Oil Limited | (xvi) Essar Steel Minnesota LLC. |
| (vii) Essar Ports Limited | (xvii) Essar Steel Logistics Limited |
| (viii) Essar Power Gujarat Limited | (xviii) Vadinar Oil Terminal Limited |
| (ix) Essar Power Jharkand Limited | (xix) Vadinar Power Company Limited |
| (x) Essar Power Limited | |
- e) Details of transactions with related parties during the year

₹ in Crore

Nature of transactions	Holding Companies		Fellow Subsidiaries		Key Management Personnel		Total	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
INCOME								
Revenue from operations								
Essar Steel India Limited	-	-	829.04	1,801.68	-	-	829.04	1,801.68
Essar Shipping (Cyprus) Limited	-	-	-	5.70	-	-	-	5.70
Essar Power Gujarat Limited	-	-	38.31	128.75	-	-	38.31	128.75
Essar Power M. P. Limited	-	-	-	16.72	-	-	-	16.72
Essar Power Limited	-	-	-	5.05	-	-	-	5.05
Essar Power Jharkand Limited	-	-	1.44	49.10	-	-	1.44	49.10
Essar Shipping & Logistics Limited	1.91	1.70	-	-	-	-	1.91	1.70
Essar Bulk Terminal (Salaya) Limited	-	-	0.20	0.61	-	-	0.20	0.61
Essar steel Logistics Limited	-	-	38.82	-	-	-	38.82	-
Essar Ports Limited	-	-	1.19	1.31	-	-	1.19	1.31
Essar Oil Limited	-	-	68.93	79.72	-	-	68.93	79.72
Essar Bulk Terminal Limited	-	-	0.02	0.84	-	-	0.02	0.84
Essar Projects (India) Limited	-	-	5.57	65.61	-	-	5.57	65.61

₹ in Crore

Nature of transactions	Holding Companies		Fellow Subsidiaries		Key Management Personnel		Total	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Vadinar Power Company Limited	-	-	0.22	-	-	-	0.22	-
Vadinar Oil Terminal Limited	-	-	0.02	0.03	-	-	0.02	0.03
Essar Steel Minnesota LLC	-	-	2.09	29.18	-	-	2.09	29.18
Essar Offshore Subsea Limited	-	-	-	1.49	-	-	-	1.49
Total	1.91	1.70	985.85	2,185.79			987.76	2,187.49
Equipment lease rental income								
Essar Steel India Limited	-	-	0.01	0.01	-	-	0.01	0.01
Essar Oil Limited	-	-	0.32	-	-	-	0.32	-
Total	-	-	0.33	0.01	-	-	0.33	0.01
Interest income on intercorporate deposits								
Essar Shipping & Logistics Limited	55.63	51.13	-	-	-	-	55.63	51.13
Essar Shipping Cyprus Limited	-	-	0.77	0.30	-	-	0.77	0.30
Essar Global Limited	6.72	7.30	-	-	-	-	6.72	7.30
Essar Steel Minnesota LLC	-	-	3.26	0.53	-	-	3.26	0.53
Essar Steel India Limited	-	-	35.94	11.90	-	-	35.94	11.90
Total	62.35	58.43	39.97	12.73	-	-	102.32	71.16
Managerial remuneration #								
A. R. Ramakrishnan	-	-	-	-	2.40	2.36	2.40	2.36
Anoop Kumar Sharma	-	-	-	-	1.60	1.70	1.60	1.70
Ankur Gupta	-	-	-	-	2.67	2.19	2.67	2.19
A. K. Musaddy	-	-	-	-	1.15	0.62	1.15	0.62
Rahul Himatsingka	-	-	-	-	0.72	1.15	0.72	1.15
Total	-	-	-	-	8.54	8.02	8.54	8.02
Purchase of fuel oil								
Essar Oil Limited	-	-	65.18	70.16	-	-	65.18	70.16
Essar Shipping (Cyprus) Limited	-	-	-	0.33	-	-	-	0.33
Essar Projects (India) Limited	-	-	-	0.39	-	-	-	0.39
Total	-	-	65.18	70.88	-	-	65.18	70.89
Purchase of stores and spares								
Essar Oil Limited	-	-	-	0.25	-	-	-	0.25
Essar Steel India Limited	-	-	-	2.24	-	-	-	2.24
Total	-	-	-	2.49	-	-	-	2.49
Direct Voyage expenses								
Essar Bulk Terminal Limited	-	-	0.10	25.27	-	-	0.10	25.27
Essar Steel Logistics Limited	-	-	0.45	-	-	-	0.45	-
Total	-	-	0.55	25.27	-	-	0.55	25.27
Freight/ hire charges								
Essar Steel Logistics Limited	-	-	0.13	-	-	-	0.13	-
Essar Projects (India) Limited	-	-	0.01	0.14	-	-	0.01	0.14

Nature of transactions	Holding Companies		Fellow Subsidiaries		Key Management Personnel		Total	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Essar Shipping (Cyprus) Limited	-	-	202.35	165.63	-	-	202.35	165.63
Total	-	-	202.49	165.77	-	-	202.49	165.77
Cargo Handling expenses								
Essar Bulk Terminal Limited	-	-	5.34	26.34	-	-	5.34	26.34
Essar Steel Logistics Limited	-	-	1.50	-	-	-	1.50	-
Essar Projects (India) Limited	-	-	-	0.43	-	-	-	0.43
Total	-	-	6.84	26.77	-	-	6.84	26.77
Rent								
Equinox Business Parks Pvt. Ltd	-	-	4.34	3.96	-	-	4.34	3.96
Essar Steel India Limited	-	-	-	0.08	-	-	-	0.08
Total	-	-	4.34	4.04	-	-	4.34	4.04
Repair and maintenance								
Aegis Limited	-	-	-	0.54	-	-	-	0.54
Essar Oil Limited	-	-	-	0.80	-	-	-	0.80
Essar Projects (India) Limited	-	-	1.74	0.67	-	-	1.74	0.67
Total	-	-	1.74	2.01	-	-	1.74	2.01
Reimbursement of expenses								
Essar Steel India Limited	-	-	0.04	0.09	-	-	0.04	0.09
P.T. Essar Indonesia	-	-	0.09	0.15	-	-	0.09	0.15
Total	-	-	0.13	0.24	-	-	0.13	0.24
Professional / Management fees								
Aegis Limited	-	-	2.20	4.18	-	-	2.20	4.18
Essar steel Logistics Limited	-	-	0.27	-	-	-	0.27	-
Essar Global Services Limited	-	-	0.33	-	-	-	0.33	-
Total	-	-	2.80	4.18	-	-	2.80	4.18
Aircraft usage charges reimbursed								
Essar Oil Limited	-	-	25.00	22.06	-	-	25.00	22.06
Essar Projects (India) Limited	-	-	5.00	2.94	-	-	5.00	2.94
Total	-	-	30.00	25.00	-	-	30.00	25.00
Interest on intercorporate deposits								
Essar Shipping & Logistics Limited	1.42	0.38	-	-	-	-	1.42	0.38
Essar Steel Minnesota LLC	-	-	1.60	-	-	-	1.60	-
Essar Oil Limited	-	-	-	0.23	-	-	-	0.23
Total	1.42	0.38	1.60	0.23	-	-	3.02	0.61
Interest on finance lease obligations								
Essar Shipping & Logistics Limited	32.00	32.85	-	-	-	-	32.00	32.85
Security deposit given								
Essar Steel India Limited	-	-	-	172.00	-	-	-	172.00

₹ in Crore

Nature of transactions	Holding Companies		Fellow Subsidiaries		Key Management Personnel		Total	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Advance received from customers								
Essar Oil Limited	-	-	-	16.31	-	-	-	16.31
Loans and advances given								
Essar Shipping Cyprus Limited	-	-	9.95	54.93	-	-	9.95	54.93
Essar Steel India Limited	-	-	352.67	45.00	-	-	352.67	45.00
Essar Global Limited	0.79	75.42	-	-	-	-	0.79	75.42
Essar Offshore Subsea Limited	-	-	7.35	-	-	-	7.35	-
Essar Shipping & Logistics Limited	7.03	22.35	-	-	-	-	7.03	22.35
Total	7.82	97.77	369.97	99.93	-	-	377.77	197.70
Loans and advances received								
Essar Shipping & Logistics Limited	-	33.04	-	-	-	-	-	33.04
Essar Steel Minnesota LLC	-	-	-	19.04	-	-	-	19.04
Total	-	33.04	-	19.04	-	-	-	52.08

Does not include the amount payable towards gratuity and compensated absences by the Company as the same is calculated for the Company as a whole on actuarial basis.

f) **Outstanding balances with related parties**

₹ in Crore

Nature of balances	Holding and Subsidiary Companies		Other Related Parties		Key Management Personnel		Total	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Trade receivables								
Essar Steel India Limited	-	-	72.01	49.78	-	-	72.01	49.78
Essar Oil Limited	-	-	2.12	18.75	-	-	2.12	18.75
Essar Steel Minnesota LLC	-	-	24.30	18.88	-	-	24.30	18.88
Essar Projects (India) Limited	-	-	33.09	43.10	-	-	33.09	43.10
Vadinar Oil Terminal Limited	-	-	0.02	0.03	-	-	0.02	0.03
Essar Bulk Terminal (Salaya) Limited	-	-	0.17	0.10	-	-	0.17	0.10
Essar Offshore Subsea Limited	-	-	1.14	1.57	-	-	1.14	1.57
Vadinar Power Company Limited	-	-	0.21	1.90	-	-	0.21	1.90
Essar Shipping & Logistics Limited	1.59	3.48	-	-	-	-	1.59	3.48
Essar Ports Limited	-	-	1.47	8.63	-	-	1.47	8.63
Essar Power Jharkhand Limited	-	-	6.44	21.08	-	-	6.44	21.08
Essar Power Gujarat Limited	-	-	0.24	19.06	-	-	0.24	19.06
Essar Power M. P. Limited	-	-	0.32	10.24	-	-	0.32	10.24
Total	1.59	3.48	141.53	193.12	-	-	143.12	196.60
Security deposit given								
Essar Steel India Limited	-	-	19.78	123.50	-	-	19.78	123.50
Loans and advances (including interest accrued) / Other receivables								
Essar Steel India Limited	-	-	175.81	174.00	-	-	175.81	174.00
Essar Global Fund Limited	91.17	89.32	-	-	-	-	91.17	89.32
Essar Shipping & Logistics Limited	875.01	743.84	-	-	-	-	875.01	743.84
Essar Offshore Subsea Limited	-	-	2.42	-	-	-	2.42	-

Nature of balances	Holding and Subsidiary Companies		Other Related Parties		Key Management Personnel		Total	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Essar Shipping (Cyprus) Limited	-	-	13.11	5.02	-	-	13.11	5.02
Total	966.18	833.16	191.34	179.02	-	-	1,157.52	1,012.18
Advance received from Customers								
Essar Oil Limited	-	-	14.69	16.31	-	-	14.69	16.31
Lease loan obligation								
Essar Shipping & Logistics Limited	534.16	528.29	-	-	-	-	534.16	528.29
Trade payables								
Essar Bulk Terminal Limited	-	-	13.95	23.82	-	-	13.95	23.82
Aegis Limited	-	-	0.86	1.11	-	-	0.86	1.11
Essar Projects (India) Limited	-	-	16.49	19.29	-	-	16.49	19.29
Essar Constructions Limited	-	-	2.99	-	-	-	2.99	-
Equinox Business Parks Pvt. Limited	-	-	-	1.07	-	-	-	1.07
Essar Oil Limited	-	-	33.05	33.00	-	-	33.05	33.00
Essar Shipping (Cyprus) Limited	-	-	50.71	24.64	-	-	50.71	24.64
Essar Global services Limited	-	-	0.19	-	-	-	0.19	-
Essar Steel Logistics Limited	-	-	207.06	-	-	-	207.06	-
Vadinar Oil Terminal Limited	-	-	0.02	0.03	-	-	0.02	0.03
Total	-	-	325.32	102.96	-	-	325.32	102.96
Interest accrued and due on lease loan								
Essar Shipping & Logistics Limited	-	7.87	-	-	-	-	-	7.87
Interest accrued but not due on lease loan								
Essar Shipping & Logistics Limited	14.48	8.60	-	-	-	-	14.48	8.60
Security deposit received								
Essar Oil Limited	-	-	9.00	9.00	-	-	9.00	9.00
Essar Steel India Limited	-	-	5.00	5.00	-	-	5.00	5.00
Vadinar Oil Terminal Limited	-	-	1.50	1.50	-	-	1.50	1.50
Vadinar Ports & Terminals Limited	-	-	1.50	1.50	-	-	1.50	1.50
Essar Bulk Terminal Limited	-	-	1.50	1.50	-	-	1.50	1.50
Total	-	-	18.50	18.50	-	-	18.50	18.50
Loans and advances received (including interest accrued)								
Essar Steel Minnesota LLC	-	-	23.02	19.04	-	-	23.02	19.04

34. Derivative instruments and unhedged foreign currency exposure :**A) Derivative contracts outstanding as at the balance sheet are as follows:**

- (a) Effective 1st July, 2011, the Company applied hedge accounting principles (in respect of forward exchange contracts) as set out in Accounting Standard (AS) 30 - Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India. During the previous year, on occurrence of the designated highly probable forecasted transactions and expiry of such forward contracts, foreign exchange loss of ₹ 50.20 Crore has been transferred from the Hedging Reserve Account to the Statement of Profit and Loss.
- (b) The Group has entered into Interest Rate Swaps (IRS) on a loan in order to reduce the impact of potential increases in the interest rate on its floating-rate loans. Under the Interest Rate Swaps agreement, the Company agrees to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated in reference to agreed notional amounts, which approximate, the principal amount of the syndicated loans. The provision for mark to market losses on these IRS pertains to the outstanding Interest Rate Swaps agreement whose notional principal amount as on March 31, 2014 is ₹ 417.54 Crore.

B) Unhedged foreign currency exposure

The outstanding foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

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

Particulars	As at	As at	Currency	As at	As at
	31st March, 2014	31st March, 2013		31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore		FC in million	FC in million
i) Export of goods and services	46.96	42.09	USD	7.81	5.92
	0.17	0.03	AED	0.10	0.02
	0.18	0.14	IDR	344.12	243.53
ii) Advances to vendors	4.86	14.25	USD	0.81	1.83
	7.47	0.13	SGD	1.56	0.03
	0.47	0.06	AED	0.08	0.00
	0.32	0.83	GBP	0.03	-
	0.45	0.38	EUR	0.06	0.05
	0.33	0.19	NOK	0.33	0.00
	3.95	1.74	IDR	7,470.95	3,110.77
iii) Receivable from holding company	0.65	0.33	USD	0.11	0.06
iv) Bank balances	0.02	0.23	USD	0.00	0.04
	0.63	-	IDR	1,188.39	-

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

Particulars	As at	As at	Currency	As at	As at
	31st March, 2014	31st March, 2013		31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore		FC in million	FC in million
i) Import of goods and services	120.46	161.73	USD	20.04	26.32
	0.71	0.25	GBP	0.07	0.03
	4.10	1.89	EUR	0.49	0.27
	1.20	1.57	JPY	20.60	27.27
	14.48	7.82	SGD	3.01	1.64
	0.09	0.08	SAR	0.06	0.06
	0.47	-	KWD	0.02	-
	-	0.01	NOK	-	0.01
	0.07	0.18	DKK	0.06	0.19
	10.73	8.38	IDR	20,275.70	14,994.37
	8.24	4.46	AED	2.58	1.45
ii) Secured and unsecured borrowings (including interest accrued and due and not due)	522.77	590.04	USD	86.98	108.50
iii) Advances received from customers	-	0.55	USD	-	0.10

Particulars	As at	As at	Currency	As at	As at
	31st March, 2014	31st March, 2013		31st March, 2014	31st March, 2013
	₹ in Crore	₹ in Crore		FC in million	FC in million
iv) Foreign currency convertible bonds (including interest accrued and due and not due)	1,474.45	1,328.03	USD	245.33	244.17
v) Finance lease obligations (including interest accrued and due and not due)	548.72	584.94	USD	91.30	107.54

35. Employee Stock Option Scheme

- a) In the Annual general meeting held on September 9, 2011, the shareholders approved the issue of Employee Stock Options under the Scheme titled "Essar Shipping Employee Stock Options Scheme -2011" (hereafter named ESOP A).

The ESOP A allows the issue of options to employees and Executive Directors of the Company and its subsidiaries (whether in India or abroad). Each option comprises one underlying equity share.

As per the Scheme, the Compensation Committee grants the options to the eligible employees. The exercise price of each option shall be determined by the Compensation Committee as per the said Scheme. The options granted vest in a graded manner over a period of 5/4/3 years from the date of the grant in proportions specified in the Scheme. Options may be exercised within 7 years from the date of vesting. The Company has issued the said ESOP in two tranches on November 2, 2011 and February 8, 2012 at an exercise price of ₹ 22.30 each, the market price of the shares on the grant date of the ESOP was ₹ 22.30 per share and ₹ 31.30 per share respectively.

The difference between the fair price of the share underlying the Options granted on the date of grant of Option and the exercise price of the Option (being the intrinsic value of the Option) representing stock compensation expense is expensed over the vesting period.

- b) Employee stock options details for ESOP as on the Balance Sheet date are as follows:

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
	Options (Numbers)	Weighted average exercise price per option (₹ in Crore)	Options (Numbers)	Weighted average exercise price per option (₹ in Crore)
Option outstanding at the beginning of the year	3,665,270	22.30	4,068,819	22.30
Granted during the year	-	22.30	-	22.30
Vested during the year	-	22.30	-	22.30
Exercised during the year	-	22.30	-	22.30
Lapsed during the year	-	22.30	403,549	22.30
Options outstanding at the end of the year	3,665,270	22.30	3,665,270	22.30

- c) The impact on the Consolidated Statement of Profit and Loss and Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as under:

Particulars	₹ in Crore	
	Year ended 31st March, 2014	Year ended 31st March, 2013
Net Profit / (Loss) (as reported)	(243.72)	35.80
Add / (Less): stock based employee compensation (intrinsic value) (refer note 23)	0.48	0.47
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued (See note (d) below)	(1.01)	(1.10)
Net Profit / (Loss) (proforma)	(244.25)	35.17
Basic earnings per share (as reported) (refer note 31) (₹)	(11.88)	1.79
Basic earnings per share (proforma) (₹)	(11.80)	1.78
Diluted earnings per share (as reported) (refer note 31) (₹)	(11.88)	1.79
Diluted earnings per share (proforma) (₹)	(11.82)	1.78

- d) The fair value of the Options granted is estimated on the date of grant using Black and Scholes Options pricing model taking into account the terms and conditions upon which the Options were granted. The following table lists the inputs to the model used for calculating fair value:

Assumptions	
Risk free interest rate	8.36%
Expected life	58
Expected annual volatility of shares	44.5% - 58.60%
Expected dividend yield	0.00%

36. In view of exemption granted by The Central Government for shipping companies vide press note no.2/2011 dated 08.02.2011, information required under sub-clauses (a), (b), (c) and (e) of paragraph 5 (VIII) of part II of Revised Schedule VI to the Companies Act, 1956, is not given.
37. The Goodwill on consolidation in the financial statements of the Group (carrying amount of ₹ 5,492.88 Crore as at March 31, 2014) pertains to the Oilfields Services Business (CGU). Having regard to the changes in the off-shore drilling markets worldwide and the expected impact of the same on the possible business scenarios applicable to the Group's Oilfields Services Business, the Management of the Company has initiated an exercise of assessing the carrying amount of the goodwill in terms of Accounting Standard (AS) 28 - Impairment of Assets, engaging independent valuers to assess the carrying amount of the Oilfields Services Business. Pending conclusion of the aforesaid exercise, no provision for impairment of the goodwill, if any, has been recognised.
38. The Company has reduced its logistics services operations and hence the financials of the current year are not fully comparable with the previous year.
39. The previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
40. **Financial information of subsidiary companies:**

Statement of information relating to subsidiaries including subsidiaries of subsidiaries (In terms of Government of India, Ministry of Corporate Affairs General Circular No: 2/2011, No: 5/12/2007-CL-III dated 8 February, 2011) in compliance with section 212 of the Companies Act, 1956 for the Year Ended 31 March, 2014 are as follows:

Particulars	₹ in Crore				
	Essar Logistics Limited, Mumbai	Energy Transportation International Limited, Bermuda	Energy II Limited, Bermuda	Essar Oilfields Services Limited, Mauritius	Essar Oilfield Services India Limited, Mumbai
For the Year Ended	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014
Capital (including share application money pending allotment)	73.00	79.49	315.74	1,094.68	912.02
Reserves	145.39	(105.39)	53.87	263.60	(344.38)
Total Assets (excluding current and non current investments)	665.34	285.12	381.66	4,072.61	2,391.91
Total Liabilities	665.34	285.12	381.66	4,072.61	2,391.91
Details of investments (except investments in subsidiaries)	-	-	-	-	62.54
Turnover	282.47	108.81	23.51	623.87	135.34
Profit / (loss) before taxation	3.27	(4.79)	12.17	121.11	(121.07)
Provision for taxation	1.11	-	-	34.86	-
Profit / (loss) after taxation	2.16	(4.79)	12.17	86.25	(121.07)
Proposed Dividend	-	-	-	-	-

For and on behalf of the Board

A. R. Ramakrishnan
Managing Director

Anoop Kumar Sharma
Chief Executive Officer

N. Srinivasan
Director

Mumbai
May 20, 2014

Vikram Gupta
Chief Financial Officer

Vinayak Joshi
Company Secretary

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

PARTICULARS	Essar Logistics Limited India	Energy Transportation International Limited Bermuda	Energy II Limited Bermuda	Essar Oilfields Services Limited Mauritius	Essar Oilfield Services India Limited India
1 The relevant financial year of the subsidiary ended on	31.03.14	31.03.14	31.03.14	31.03.14	31.03.14
2 No of shares in the subsidiary company held by Essar Shipping Limited as on 31 st March 2014	73,000,000	13,227,000	52,536,660	246,600,001	* 912,017,293
3 Extent of holding by Essar Shipping Limited as at the end of the financial period	100%	100%	100%	100%	* 100%
4 The net aggregate amount of the Subsidiary Companies Profit / (Loss) so far as it concerns the Members of the Holding Company.					
a) Not dealt with in the Holding Company's Accounts :					
i) For the financial period ended 31 st March, 2014	₹ 2.15 Crore	(\$ 0.796) million	\$ 2.025 million	\$ 0.720 million	(₹ 121.07) Crore
ii) For the previous financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	₹ 11.11 Crore	(\$ 0.090) million	\$ 3.739 million	\$ 8.659 million	(₹ 56.66) Crore
b) Dealt with in Holding Company's accounts:					
i) For the Financial period ended 31 st March, 2014	NIL	NIL	NIL	NIL	NIL
ii) For the previous Financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	NIL	NIL	NIL	NIL	NIL
5 Change of interest of Essar Shipping Limited in the subsidiary between the end of the financial year of subsidiary and that of Essar Shipping Limited	NIL	NIL	NIL	NIL	NIL
6 Material changes between the end of the financial year of the subsidiary and the end of the financial year to Essar Shipping Limited in respect of subsidiary's fixed assets, investments, monies lent and borrowed					
a) Fixed Assets	NIL	NIL	NIL	NIL	NIL
b) Investments	NIL	NIL	NIL	NIL	NIL
c) Money lent by the subsidiary	NIL	NIL	NIL	NIL	NIL
d) Money borrowed by the subsidiary company other than for meeting current Liabilities (Net)	NIL	NIL	NIL	NIL	NIL

*100% shares are held by Essar Oilfields Services Limited, Mauritius, subsidiary of the company

For and on behalf of the Board

A. R. Ramakrishnan
Managing Director

Anoop Kumar Sharma
Chief Executive Officer

N. Srinivasan
Director

Mumbai
May 20, 2014

Vikram Gupta
Chief Financial Officer

Vinayak Joshi
Company Secretary

GREEN INITIATIVE

The Ministry of Corporate Affairs taken a Green Initiative in Corporate Governance by allowing paperless Compliance by Companies Accordingly, Companies can now send various documents electronically to those shareholders who register their email addresses. To receive all communications including Annual Report by e-mail:

- Holders of shares in physical form are requested to fill up the postage pre-paid e-mail registration form setout below and send it to the Share transfer agents, M/s Data Software Research Company Private Limited.
- Members holding shares in demat form may register their e-mail IDs with the Company or their Depository Participant.

E-MAIL REGISTRATION

To

Data Software Research Company Private Limited

Unit: ESSAR SHIPPING LIMITED

19, Pycrofts Garden Road,

Off Haddows Road

Nungambakkam, Chennai - 600 006

Dear Sir/s,

Re: Registration of e-mail ID for receiving communications in electronic form

In order to receive all communications from the Company including the documents relating to Annual and other General meetings of the Company, such as Notices, Explanatory Statement(s) thereto, Financial Statements, Directors' Reports, Auditor's Reports etc. through e-mail, please register my e-mail ID, set-out below, in your records for sending communication through e-mail:

Folio No* :
Name of 1st Registered Holder* :
Name of Joint Holder(s) :
Address :
Pin Code :
E-mail ID (to be registered) :
Contact Tel. Nos. : Mobile.
Landline.

Date: Signature of first holder*

Important Notes:

- 1) Fields marked * are mandatory for registration of the e-mail ID
- 2) On registration, all the communications will be sent to the e-mail ID registered in the folio
- 3) The form is also available on the website of the Company www.essar.com
- 4) Any change in e-mail ID, from time to time, may please be registered in the records of the Company.

Demat of shares: I would like to know the procedure to demat my physically held shares of Essar Shipping Limited. Please contact at my above contact number.	Yes	No
---	-----	----

BUSINESS REPLY INLAND LETTER

Postage
will be
paid by the
Addressee

Business Reply Permit No.
TN/CH/(C)/BRP/996
Greams Road P.O.
Chennai - 600 006

No postage
stamp
necessary 'if'
posted in
INDIA

To,
**Data Software Research Company
Private Limited**
Unit: **Essar Shipping Limited**
19, Pycrofts Garden Road
Off Haddows Road
Nungambakkam, Chennai - 600 006

1st Fold

2st Fold



ESSAR SHIPPING LIMITED

Registered Office: Administrative Building, Essar Refinery Complex, Okha Highway (SH – 25), Taluka Khambalia, District Jamnagar, Gujarat - 361 305
CIN: L61200GJ2010PLC060285

Attendance Slip

Member's Folio No.	:	_____
and/or		
DP ID No./Client ID No.*	:	_____

4 th Annual General Meeting
Time : 10:00 a.m.
Date : Friday, September 26, 2014
Vanue : Administrative Building Essar Refinery Complex Okha Highway (SH-25) Taluka khambalia, District Jamnagar Gujarat - 361 305

NOTE:

- Admission restricted to Members/Proxies only.
 - Please avoid bringing children/non-Members with you.
- * Applicable for Investors holding share(s) in electronic form.

Member

Proxy

I hereby record my presence at the 4th AGM of the Company

Signature of Member/Proxy



ESSAR SHIPPING LIMITED

Registered Office: Administration Building, Essar Refinery Complex, Okha Highway (SH – 25), Taluka Khambalia, District Jamnagar, Gujarat 361 305
E-mail: esl.secretarial@essar.com, Website: www.essar.com CIN: L61200GJ2010PLC060285

FORM MGT 11 Proxy Form

[Pursuant to Section 105 (6) of the Companies Act, 2013 and
Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)	
Registered Address	
Email ID	
Folio No. / DP ID No. & Client ID	

I/We, being the Member(s), holding..... Shares of the above named Company, hereby appoint.

1. Name.....Address.....

Email id.....Signature.....
or failing him

2. Name.....Address.....

Email id.....Signature.....
or failing him

3. Name.....Address.....

Email id.....Signature.....

As my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 4th Annual General Meeting of the Company, to be held on Friday,

(Cont.....)

September 26, 2014 at 10:00 a.m. at the Registered Office of the Company, Administration Building, Essar Refinery Complex, Okha Highway (SH – 25), Taluka Khambalia, District Jamnagar, Gujarat 361 305 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Type of Resolution	Optional*	
			For	Against
1	To adopt Statement of Profit and Loss, Balance Sheet for the financial Year Ended March 31, 2014 and Reports of the Board and Auditors thereon.	Ordinary		
2	To appoint a Director in place of Mr. P.K. Srivastava (DIN: 00843258), who retires by rotation and being eligible offers himself for re-appointment.	Ordinary		
3	To re-appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Registration No. 117365W)	Ordinary		
4	To appoint Mr. N. Srinivasan (DIN: 00004195) as an Independent Director.	Ordinary		
5	To appoint Mr. N. C. Singhal (DIN: 00004916) as an Independent Director.	Ordinary		
6	To appoint Captain Bhupinder Singh Kumar (DIN: 00284649) as an Independent Director.	Ordinary		
7	To appoint Mr. Michael P. Pinto (DIN: 00021565) as an Independent Director.	Ordinary		
8	To approve appointment of Mr. A. R. Ramakrishnan (DIN: 00583765) as Managing Director and his Remuneration.	Special		
9	To approve appointment of Captain Anoop Kumar Sharma (DIN: 03531392) as a Wholetime Director (designated as Chief Executive Officer) and his Remuneration.	Special		
10	To approve borrowing by the Company not exceeding ₹ 5000 Crore over and above the aggregate of paid up share capital and free reserves of the Company.	Special		
11	To approve creating mortgages and/or charges, hypothecation, pledge and/or any other encumbrances on all or any of the present or future property of the Company.	Special		

Signed this day of 2014.

Signature of the Member

Signature of the Proxy Holder

Affix Re. 1
Revenue
Stamp

Notes:

- * This is only optional. Please put '✓' in the Box in the appropriate column against the respective resolution. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

If undelivered, please return to:

Data Software Research Company Private Limited

Unit : **Essar Shipping Limited**

19, Pycroft Garden Road

Off Haddows Road

Nungambakkam, Chennai 600 006

Tel: (044) 2821 3738, 2821 4487

Fax: (044) 2821 4636

Email: essar.shipping@dsrc-cid.in