
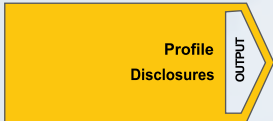

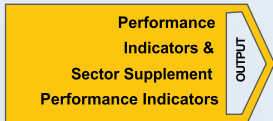




ESSAR SHIPPING LIMITED

SUSTAINABILITY REPORT
APRIL 2014 - MARCH 2015

SUSTAINABILITY - A PROCESS FOR  VE CHANGE

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



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MESSAGE FROM THE MANAGING DIRECTOR

I am pleased to present to you Essar Shipping Limited's fifth Sustainability Report covering FY 2014 - 15. We are committed to sustainable development of our business, not only from an economic standpoint but equally from a social and environmental perspective.

Essar Shipping Limited believes that to create a successful long-term business, a strong focus on sustainability is vital, with a particular emphasis on the communities in which we operate.

We believe that acting ethically and responsibly is the key to creating long-term value for all of our stakeholders. We are committed to minimizing pollution, reducing our environmental footprint and optimising resource consumption by planning and carrying out operations through environmentally responsible, internationally approved practices.

Shipping business continues to experience a difficult freight market and it is not possible to see an immediate or quick improvement to the situation. The supply and demand equation for ships militates against a speedy resolution of the problem. Pressure on Ship owners is expected to continue, until greater balance is achieved between the supply and demand followed with an improved market condition.

Global growth remains moderate, with uneven prospects across the main countries and regions. Growth rate is expected to be 3.5 percent in 2015, as estimated by International Monetary Fund. Relative to last year, the outlook for advanced economies is improving, while growth in emerging market and

developing economies is projected to be lower, primarily reflecting weaker prospects for some large emerging market economies and oil exporting countries.

The International Monetary Fund (IMF) and the Moody's Investors Service have forecasted that India will witness a gross domestic product (GDP) growth rate of 7.5 per cent in 2016, due to improved investor confidence, lower food prices and better policy reforms. Besides, according to mid-year update of United Nations World Economic Situation and Prospects, India is expected to grow at 7.6 per cent in 2015 and at 7.7 per cent in 2016.

Company's revenue have declined in the recent past due to reduction in number of vessels and decline in charters rates due to continuous slowdown in the Shipping industry. Shipping market is currently subdued due to both demand side constraints and oversupply of tonnage. While in the near term recovery is expected to remain subdued and uneven with freight rates likely to remain under pressure particularly in dry bulk segment. As per the report by Clarksons ("Dry Bulk Trade Outlook", April 2015), current downtrend in Shipping Industry is expected to offset by uptrend in commodities like coal and iron ore and supplemented by limited net addition of vessels due to scrapping of old fleet.

Company is taking a series of initiatives to weather the difficult market conditions on the operational front as well as on the financing end to make a sustainable business model for its shipping business. The



initiative includes entering into long term contracts for deployment of vessels for ensuring assured returns.

In the oilfields services business the Company owns and operates a fleet of one semi-submersible Rig and 15 land Rigs. Oil prices fell sharply from the second half of 2014, bringing to an end a long period of stability around \$105 per barrel, and since then the prices have been ranging between \$50 and \$60 per barrel. This sharp price decline has put severe economic stress on oil producers and the oil services industry around the world. While there is a growing concern that further steep declines in the prices of oil may threaten the economic and political stability of oil-producing countries, there is also hope that lower oil prices may add the much needed strength to the global economy. The decline has been welcomed by many in India as it is helping to reduce inflation, the fiscal deficit and the import bill. But the oil companies, be they in refining or exploration, or both, are suffering

Given this stressed situation, ESSAR has effectively implemented slow steaming, Ship Energy Efficiency Management Plan and on time arrival, with cost saving and reduced environmental pollution. I am glad to announce that, the GHG (t Co2 Equivalent) emission on a tonnage basis has not significantly changed in the FY 2014-15 as against 2013-14.

Health & Safety has been our topmost priority and we have zero tolerance towards unsafe behaviour. It is our constant endeavour to strengthen existing safety

systems, thereby ensuring safety of our people and make sure that safety forms a part of everyone's life. It makes us proud to announce fatality free operation since 2012.

Community engagement projects have continued to be a key priority for us over the past year and these are undertaken through the Essar Foundation.

we will continue to integrate sustainability in our operations, mitigating risks and raising performance levels.

At Essar Shipping, we believe in positive action and are committed to corporate social responsibilities. We wish to grow an extended family and enrich the lives of our employees, community, partners and customers.

Capt. Anoop Kumar Sharma

Mumbai,
10th November. 2015

ABOUT THE REPORT

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

1. GRI G3.1 Guidelines for an application level A, considering material aspects for shipping business.
2. Accountability as per AA1000APS – 2008. These principles are Inclusivity, Materiality and Responsiveness

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

However, this report discloses sustainability performance of our shipping business covering VLCC & Bulk carriers.

This report for the year 2014-15 is an update on the fourth report and includes data highlighting our performance in the reporting period i.e. April 1, 2014 to March 31, 2015.

Hence, qualitative information related to policy statements and briefings about the internal processes in place, which were part of our first report and can be accessed at www.essar.com. The policy statement and internal process have remained largely unchanged and is in line with the best practices of shipping industry. Further the Qualitative information in this report will include case studies and new initiatives taken during the reporting period. Wherever applicable, quantitative data/performance indicators are included to

substantiate our management approach & related information. Standard data measurement techniques are used for data collection, collation and analysis. References to standard protocols are included in the relevant sections. There were no significant changes to the assumptions, calculation methodology and standard, the report brings out the data that has been estimated. We planned to transition GRI G4 "in-accordance" -Core option of reporting and shall include the supply chain disclosures in our next report.

This report includes, strategy management approach, performance indicators & related information on our principle business namely Sea Transportation. The assets owned by the Sea Transportation and that are directly under its operational and management control are included in the report boundary. We have discontinued reporting information on our other principle business, namely Logistics and Oil Field Services due to scaled - down operations and regard to materiality of aspects.

The compiled data includes information from 15 vessels that are part of Sea Transportation business.

The report excludes information on:

Wild cat and Land rigs owned and operated by EOSL/EOSIL

Arkay Logistics Limited (formerly known as Essar Logistics Limited)

- One of our owned ships as it is outsourced for technical management.



- Joint ventures, subsidiaries, leased facilities, out sourced operations and other entities as these do not significantly affect comparability from period to period and/or between organizations.

Awards and milestones:

Essar Shipping (ESL) has won the prestigious Gateway Bulk Operator of the Year Award, for the fourth consecutive year. Vikram Gupta, CFO, & Capt. Rahul Bhargava, Head-Chartering & Operations, ESL, received the trophy at the 8th Annual Maritime Gateway Awards 2014-15 held in Mumbai on 21st August, 2015, in the presence of dignitaries of the Indian Shipping Industry.

The Gateway Awards is one of the most coveted awards in the maritime industry honouring individuals, organizations and companies from across India's maritime industry. The awards promote best practices, innovation and motivation encompassed in the performance of such companies that have contributed to the Indian maritime industry.

ESL was recognized for its impressive performance in the Dry Bulk Shipping segment for the year 2014-15. Its initiatives in the areas of safety, environment, technological innovation for fleet operations, and sustainability reporting, were particularly appreciated by the Awards Jury.

Data Measurement techniques and basis of calculations:

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

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

HOW WE APPROACHED THE REPORTING PRINCIPLES

Materiality and Sustainability context

Whilst there has not been much change in the material issues this year, however, we reviewed our material aspects to reconfirm they are still significant material aspect and decided to report on the same aspect/issues which continued to be of high material importance to the sector, the company and its key

stakeholders. These aspects have been reported in the respective sections of the report. The review of material was done with the senior leadership during the reporting year.

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

Stakeholder Inclusiveness

The stakeholder identification and engagement is an ongoing process and during the reporting year, there were no significant changes in the stakeholder groups with whom we interacted to identify the stakeholder concerns. The stakeholder details are detailed in our first sustainability report (refer influence dependency matrix mentioned in pages 14 and 15 of the first sustainability report.)

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

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

Completeness

The information in this report covers significant economic, environment and social impact of our business. We have considered, reporting significant sustainability impacts of our business in areas of operational control and influence. The report addresses 55 Core Indicators of which 39 have been fully reported, 12 partially reported and 4 not reported. The report also addresses additional indicators that are material. A reasonable explanation has been provided in line with the GRI guidelines, against all those indicators that are not reported or partially reported.

APPLICATION OF THE REPORTING

PRINCIPLES FOR DEFINING QUALITY

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

Balance

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

Comparability

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

Accuracy

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

Timeliness

Essar shipping discloses its sustainability performance on an annual basis i.e., within 10 months of close of the accounting year.

Essar Shipping (ESL) released its fourth Sustainability Report - titled 'Strengthening and Creating a Sustainable Maritime Industry' – on April 24, 2015. We aim to publish the report within six to eight months of each fiscal year.

Clarity

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

Reliability

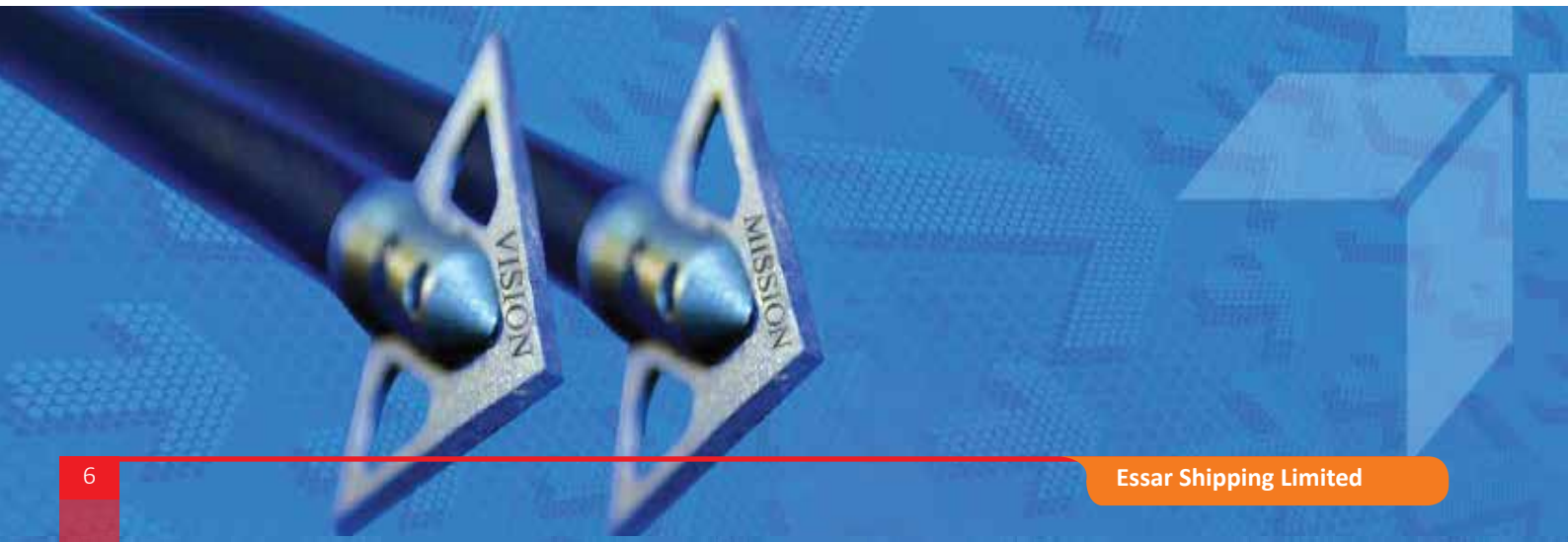
As an organization we are convinced that our system are robust to capture sustainability performance. However, we believe assurance brings credibility to the report and helps in enhancing the quality and reliability of information provided therein, also gives us feedback from a different perspective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

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

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

Mr. Ranjit Singh

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





SUSTAINABILITY DISCLOSURE

Based on vision and mission of Essar group and to constantly understand risk, opportunity and challenges Essar Shipping embarked on the journey to understand material aspects based on stakeholder engagement and disclose our sustainability performances in a transparent way. Shipping community has recognised the importance of sustainable practices and several key nodal agencies for the shipping sector have been urging the shipping community to undertake Sustainability Reporting as crucial to a sustainable future. This will help community to learn and understand sustainability challenges for the shipping sector and come out with appropriate strategies and approaches to remain sustainable and share the sustainable practices of individual shipping business. Essar Shipping Limited commenced this journey in FY 2010 -11 and we have been reporting our sustainability performances on annual basis. The shipping sector has been facing severe challenges and the key impact risks and opportunities remain unchanged. (Refer Sustainability Report 2011 for identified key risks and opportunities)

We have further reviewed and following additional key impact risks have been identified as below:

1. Excessive tonnage availability in market and Economic slowdown resulting in reduced freight rates.
2. Attrition of qualified personnel.
3. Regulatory compliance and climate change.
4. Fuel efficiency of Three aging ships and operational expenses & cost of fuel.
5. Global Political unrest, terrorism and Piracy threats
6. Availability of low sulphur fuels.
7. Reduction in long term charter.

Impact of key risks on sustainability:

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

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

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

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

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



ABOUT THE COMPANY

Essar Shipping Limited is an integrated logistics solution provider with investments in logistics services, sea transportation together with oilfield drilling services covering offshore industry. However, considering the economic scenario of oil and gas business, we are primarily focusing on sea transportation business, till the turnaround of oil and gas sector.

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

The sea transportation business has a diversified fleet of 15 vessels including VLCCs, bulk carriers (Cape-size, Mini cape size and Supramax) and tugs to provide shipment of bulk, liquid and finished goods cargo transportation services. We have more than 248 ship years, serving leading Indian and global oil majors and commodity traders and a combined tonnage of over 1.8 million. We currently have an order book of 4 new building supramax vessels.

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

Our integrated business model provides opportunities to cater to the complete supply chain management services to clients in oil and gas, steel, and power generation industries, and focuses on the intrinsic and captive demand for transportation services, logistics and cargo handling infrastructure. With interests in crude and dry bulk carriers, port-to-plant logistics and oilfield services, the company continues to provide end-to-end logistics solutions to its customers in a very cost-effective manner.

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

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

External charters or principles:

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



Left: **Rajeev Nayyar**, Director & CEO, Oilfield Services
Center: **Capt. Anoop Sharma**, MD, ESL
Right: **Musaddy A. K.**, MD Arkay Logistics Ltd.



PROGRESS MODE

Aspect	Our approach	What we will do	Status as on March 31, 2013	Status as on March 31, 2014	Status as on March 31, 2015
		Short-term (1-2 years)			
Cost of operation	Continuously monitor our costs and seek opportunities to reduce the same without compromising safety or quality.	Aim to reduce cost by 3% after allowing for inflation	Reduced by 8%	Reduced by 9%	Reduced by 11%
Freight rates	Ensure that undue risks in the market are avoided by fixing most vessels on long term charters to secure revenue streams whilst some vessels on spot to take advantage of market opportunities. Rig to be fixed with reputed operator.	Ensure steady revenue through judicious mix of long term and spot fixtures 60:40	Achieved 60:40	Achieved 50:50 due to external scenario	Present mix about 40:60 due to external scenario
Asset value	Ensure that proper maintenance and repairs keep asset value high	Strengthen preventive maintenance through Planned Maintenance Systems	Achieved . PMS checked on monthly basis	Achieved. Same is made available online for continuous tracking.	Achieved. Same available online for continuous tracking of maintenance, repairs and supply.
Seafarer Taxation policies	To retain the best talent in the industry whilst keeping the costs low. Seafarers on foreign flag ships have NRI status with tax benefits	Continue lobbying for sector friendly policies	Talks in progress through INSA	Talks in progress through INSA	Talks in progress through INSA with positive outcome in the FY 2015-16.



Aspect	Our approach	What we will do	Status as on March 31, 2013	Status as on March 31, 2014	Status as on March 31, 2015
		Short-term (1-2 years)			
Fleet Expansion	Expand the fleet to meet the tonnage requirements of our group companies and third party contracts	Take delivery of 6 mini-capes, 4 Supramax and 2 jack-up rigs. Acquire other tonnage should business opportunities arise	2 mini-capes joined the fleet. Take delivery of 2 mini-capes in FY2013-14	Took delivery of all mini-capes. Currently have an order book of 4 new building Supramax vessels.	Currently have an order book of four new building supramax vessel and 2 jack up rigs.
Availability & Cost of Finance	Firm contracts to be used to secure finance.	Continue to maintain 70:30 Debt: Equity ratio.	Maintained 70:30	Maintained 70:30	Maintained 70:30
Modal shift	Move greater volumes of cargo by sea that were handled by trucks on the road	Increase modal shift by 5%	Reduced by 10% due to increase in rail freights which diverted rail cargo to trucks.	Maintained same as year 2012-13	Maintained same as 2013-14 working towards achieving nodal shift to sea transportation
CO ₂ emissions	Reduce our carbon footprint by deploying carbon emission reduction measures.	Monitor emissions and introduce initiatives such as such as voyage management, weather routing, trim, speed reduction for STB, EOSL – renewal of motors to energy efficient type.	SEEMP implemented and monitored	SEEMP implemented and ships are certified with International Energy Efficiency certificate.	Slow steaming, power management, on time arrival and weather routing implemented.
Ballast water management	Comply with existing Ballast water requirements	Implement Ballast Water management as per class approved plans.	All vessels compliant	All vessels compliant	All vessels compliant
Fuel Sulphur content	Comply with existing Sulphur requirements around the globe	Efficient monitoring of purchase of fuel to comply with lower limits	All vessels compliant. Low Sulphur fuel being purchased with an average sulphur content of 2.7%	All vessels compliant. Low Sulphur fuel being purchased with an average sulphur content of 2.8%	All vessels compliant. Low Sulphur fuel being purchased with an average sulphur content of 2.98%.
Age of Ships / Rigs.	Invest in younger ships, rigs and trucks which will be more efficient and environmentally friendly	Take delivery of all assets ordered. Phase out of older assets	Average age of shipping fleet reduced to 10.6 yrs. Scrapped 2 older vessels.	Average age of shipping fleet reduced to 10.3 yrs. Scrapped 1 older vessel.	Average age of shipping fleet is 11.4 yrs. The plan to replace aging vessel put on hold due to market scenario
Regulation	Prepare for emerging regulations and comply with current regulations in all areas of operations.	Implement emerging regulations ahead of time, as far as possible.	Complied with. All vessels issued with International Energy Efficiency Certificate	Complied.	Complied. New regulation regarding reduction of sulphur to 0.1% in SECA
Spills and Detentions	Strive to achieve zero spills and nil detentions.	Continue further training and management.	One detention. Zero spills.	Three detentions. Zero spills.	One detention. Zero spills.

Aspect	Our approach	What we will do	Status as on March 31, 2013	Status as on March 31, 2014	Status as on March 31, 2015
		Short-term (1-2 years)			
Certification to ISO 14001:2008	Follow a proactive approach to adopt new mandatory and voluntary requirements	Maintain certification of STB and ELL - Hazira. Revise Rig Operating Management System to include the requirements of ISO 14001:2008	Fleet training officer trains floating staff regularly. Masters also advised to impart training. The requirements of ISO 14001:2008 included in the rig operating management system.	On board training by Fleet training officer. Training program on board monitored from ashore.	Fleet training officer trains floating staff regularly. Masters also advised to impart training. EIS has been modified to include training details for online monitoring.
Material consumption	Optimize consumption of materials for minimum environmental impact, reduced emissions and waste generation.	Monitor consumption of materials including those that are not part of data collection system in the reporting period.	Being monitored.	Closely monitored.	Being monitored.
Waste management	Reduce waste generation	Implementation of data capturing, analysis and reduction	Data captured and analyzed.	Data captured and analyzed. New reporting form being designed to capture and monitor waste generation and disposal.	New module in EIS incorporated to record and monitor data related to waste on board.
Employee engagement	Create a highly engaged workforce that is committed to organization's journey of value creation	Achieve 70% score	Pending.	Pending. As a group policy, same is postponed to FY 2015-16.	Pending. As a group policy, same is postponed to FY 2015-16.
Employee training	Invest in the future development of the employees whilst equipping them with the skills required in their present roles.	3.5 days of training per employee	Completed	3.1 days of training per office employee achieved.	3.5 days of training per office employee achieved.
Reward and recognition	Create a performance driven culture and reward sustained performance of the employees.	Re-launch the recognition scheme – ESL Star in conjunction with the new performance management system e-Compass. Introduce innovative schemes to increase employee motivation.	To be Implemented by April 2014	E compass implemented.	E compass implemented.
Cost of manpower	Optimization of manpower relative to asset size through process automation and newer technologies.	Reduce the cost by 5% accounting for inflation	Achieved.	Achieved. All appointments are done through Local hire	Achieved. Substantial savings through local hiring



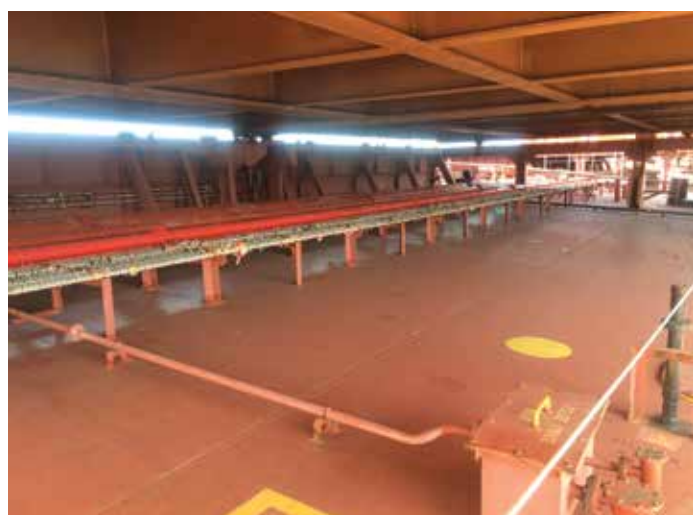
Aspect	Our approach	What we will do	Status as on March 31, 2013	Status as on March 31, 2014	Status as on March 31, 2015
		Short-term (1-2 years)			
Contractor training	Given the nature of the business, competent and well- trained workforce will ensure safe & efficient operation.	2 training days per contractor	Achieved	Achieved	Hired dedicated trainer and adequate training conducted for floating and fixed term contract employees. Training details in the Health & Safety section
	Ensure that contractors deployed are suitably trained.	Provide additional infrastructure and resources for contractor training at logistics locations			
Manpower availability and competence	Recruit, train and retain a pool of competent manpower	Strengthen the recruitment process. Increase competence through identified training programs and retain the talent pool through engagement programs	E-compass appraisal being carried out bi-annually	E compass used for monitoring manpower availability and competence level.	Competency card for each employee made and maintained in E Compass.
Attrition	Prevent attrition through various strategies in order to retain our talent pipeline and enable succession planning.	Maintain the rate of attrition below the industry average.	Achieved	Increased to 14.13. this include retirements, dismissal, voluntary retirements. Regrettable is 5.5% Non Regrettable is 8.63%	Increased to 17.3. this include retirements, dismissal, voluntary retirements. Regrettable is 9.61% Non Regrettable is 7.69%
Rest hours	Monitoring of rest hours through proper planning and co- ordination to avoid any violation against the norms	Zero vialation against the norms	Monitored & complied	Monitored & complied	Monitored & complied
Compensation	Fitment of right compensation in comparison with the industry, region and minimum wages criteria	Keep abreast of market trends in compensation to ensure our employees are adequately compensated	-----	-----	Participated in Hewit Salary survey. We have been placed an average pay master as per industry.
Welfare	To maintain a healthy work environment with engagement activity through employee connect initiatives	Have frequent employee connect programs so that employee satisfaction is maintained at a high level.	Welfare programs planned and implemented during the year.	Welfare programs planned and implemented during the year.	Celebrations, off-site get together and knowledge sharing frequency increased.

Aspect	Our approach	What we will do	Status as on March 31, 2013	Status as on March 31, 2014	Status as on March 31, 2015
		Short-term (1-2 years)			
Amenities	Provide amenities for the workforce at our sites that make the atmosphere conducive to a healthy work environment	Ensure that all locations have suitable facilities	Regular checks on water/air quality and sanitation facilities carried out	Regular checks on water/air quality and sanitation facilities carried out	Regular checks on water/air quality and sanitation facilities carried out
Overtime	Strive towards optimum utilization of available human resources.	Comply with work/rest hour requirements of MLC.	Complied	Complied	Tracking mechanism introduced. Rules followed as per the statute
Grievance Redressal	In order to have better engagement at all levels, grievance redressal plays crucial role towards engagement	Reduction in 5% of the number of complaints received and redressed in the same category.	Grievance redressal mechanism in place	Grievance redressal mechanism in place. No complaint received. Committee formed to address sexual harassment complaint against women. Shareholder's/Investor's grievances are handled by grievance and shareholder's transfer committee.	Grievance redressal mechanism in place. No complaint received. Committee formed to address sexual harassment complaint against women. Shareholder's/Investor's grievances are handled by grievance and shareholder's transfer committee.
Health and Safety					
Piracy	Ensure safety of ships and crews from the menace of piracy	Training to crews on piracy. Install citadels and procure proven anti-piracy equipment	Citadels installed. Armed guards placed on board where required	No action	Armed guards placed on board where required
Employee training	Improve safety culture through training	Increase training sessions by 50%. All new employees to undergo induction in HSE. All newly promoted staff to undergo HSE training as identified for their new role	Safety Seminar, Safety magazines and fleet training officer deployed to enhance safety awareness both at sea and ashore	Fleet training officer deployed to enhance safety awareness both at sea and ashore. Knowledge sharing sessions and popcorn time arranged for office employees.	Fleet training officer deployed to enhance safety awareness both at sea and ashore. Knowledge sharing sessions and popcorn time arranged for office employees.
Safety performance	Reduction in LTIFR by 10% over previous years target	A further reduction of 10% each year	78% reduction over last year's performance.	Total of two LTIs reported as against one in 2012-13	Total of two LTIs reported.



Aspect	Our approach	What we will do	Status as on March 31, 2013	Status as on March 31, 2014	Status as on March 31, 2015
		Short-term (1-2 years)			
Certification to OHSAS 18001:2007	Companies to incorporate OHSAS 18001:2007 in their Management systems and attain certification	Continual improvement. EOSL to review EROMS and incorporate OHSAS elements in the Safety Management System	OHSAS elements in the Safety Management System incorporated	Certification maintained.	OHSAS elements monitored both on shore and off shore.
Health Monitoring	Periodic health monitoring and workplace health and wellness programs to achieve our goal of a healthy workplace.	Continue health checkup and monitoring of industrial hygiene aspects.	Mandatory health checkups for all employees. Awareness programs conducted for floating personnel	Mandatory health checkups for all employees. Awareness programs conducted for floating personnel	Mandatory health checkups for all employees. Awareness programs conducted for floating personnel. EIS is capturing and monitoring health check up data.
Product Responsibility					
Procurement cost of goods & services	To procure goods and services and the most competitive price without compromise on safety and quality	Upgrade IT based systems to create database for vendor selection and rejection	IT based systems for vendor selection and rejection	Planned maintenance and purchase management system of all the vessels are now being integrated with SAP in order to have uniform platform.	Planned maintenance and purchase management system of all the vessels are now being integrated with SAP in order to have uniform platform.
Quality of services received	To ensure that all services are as per specifications	Capture quality of services remarks against vendors in the database	Feedback received and quality assured prior payment	Feedback received and quality assured prior payment	Feedback received and quality assured.
Voyage management	Reduce fuel consumption and emissions through voyage management	Use other means such as Just in time arrival and slow steaming where applicable to reduce fuel and emissions	Incorporated via SEEMP and being monitored	Incorporated and monitored. Weather routing is also followed where possible.	In addition to SEEMP, measures such as slow speed, weather routing, power management, on time arrival, implemented.
Vessel Performance	Avoid performance claims from charterers	Develop IT systems to accurately analyze performance against contracted targets	IT systems in place	IT systems in place	IT systems in place
Route planning	To use optimal routes to save fuel and time	Vessels to be provided with Software for better route planning.	SPOS in use for route planning	SPOS in use for route planning	SPOS is in use for route planning
Backhaul cargo	Actively pursue backhaul cargo to increase carbon efficiency	Actively pursue backhaul cargo to increase carbon efficiency	Active chartering in place to source backhaul cargo	Active chartering in place to source backhaul cargo	Active chartering in place to source backhaul cargo

Aspect	Our approach	What we will do	Status as on March 31, 2013	Status as on March 31, 2014	Status as on March 31, 2015
		Short-term (1-2 years)			
Safe handling and on-time delivery	To ensure that cargo claims are minimized		In place	In place	In place and monitored from office.
Customer feedback	Encourage customer feedback as a tool to improve the quality of service	Develop IT system to track feedback and implementation	IT system not yet developed. Expected to be complete by April 2014	IT system being developed.	IT system being developed.
Community Engagement					
Education	Identify and support educational programs to benefit stakeholders in and around our work locations	Organize health awareness campaigns at site. Initiate mentoring program for adolescents in partnership with an NGO.	Awareness lecture carried out during safety seminar and included in MLC2006 requirements	Awareness lecture carried out during various CSR activities.	Awareness program carried out.
Environment	Minimize the environmental impact	Continue to support International Coastal Clean Up. Organize environmental awareness campaigns for maximum employee participation	Supported International Coastal cleanup.	Supported international Coastal cleanup. Celebrating World Environment Day by engaging in Green activity through 'Tree Plantation Drive', planted 1000 saplings in Kamshet, Lonavala on July 6, 2013.	Supported international Coastal cleanup. Environmental management program(EMP) is covered in SMS and is part of onboard training syllabus.
Coastal Community	Identify and support worthy causes that benefit the marine and coastal communities	Continue to support worthy causes. Increase employee participation through awareness.	Coast guard and fishing community supported via recognition awards	Coast guard and fishing community supported via recognition awards	Coast guard and fishing community supported via recognition awards.





CORPORATE GOVERNANCE

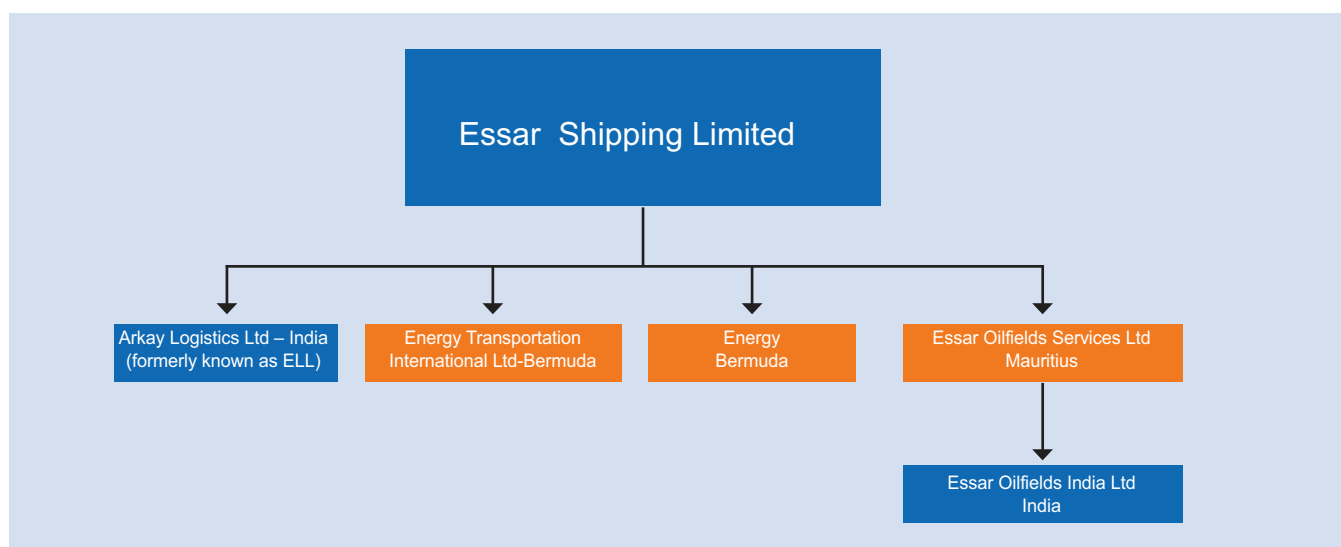
Essar shipping Limited is listed at Bombay stock exchange (BSE) and National stock Exchange (NSE) of India and is committed to maintain highest standard of corporate governance as required under listing agreement with stock exchange.

Sustainability has been adopted as an agenda by the Board of Essar Shipping Limited. Whilst the Board will provide the oversight and guidance on sustainability issues, the ownership of sustainability performance lies with the respective business CEOs who are also part of the Board. The structure of the Company as at March 31, 2015 is as below.

1. The governance structure and composition

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

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



7 out of 8 Directors are above the age of 50 and 1 Directors are in the age group of 30 to 50. There is one women Director on the Board

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

* Ceased as Managing Director wef 31.03.2015

^ ceased as Director wef 28.01.15

` Appointed as Director wef 30.03.15

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

Statistics of the Composition of the Board:

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

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

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

Audit Committee

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

The Managing Director, Wholetime Director, Chief Financial Officer, Head – Accounts, Financial Controller, Statutory Auditors and Internal Auditors attend the Audit Committee meetings. The Company Secretary is the Secretary to the Committee.

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

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

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



Shareholders can provide recommendations to the Board during the Annual General Meeting or can write to the Company. For details on the role and charter of all the committees of the Board, please refer to the Annual Report FY2014-15 page 29-30.

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

There is no formal policy on performance evaluation of the Board of Directors of the Company. Refer Annual Report

2014 - 15. The company would be developing processes for evaluating performance of highest governing body with respect to economic, environmental and social performance in near future. It will be reported accordingly in future.

Criteria for evaluation

Evaluation of Board as a whole

The Independent Directors and the Nomination and Remuneration Committee while undertaking board evaluation decide on the criteria of evaluation of the Board and its Committees which among others include:

- the extent to which the Board and its Committees are successful in fulfilling their key roles and responsibilities.
- the extent to which individual directors contribute to the achievement of these objectives.
- the extent to which the Board and its Committees adhere to best practices in structure and procedure.
- the Committee will consider the balance of skills, experience, independence and knowledge requirements at Essar Shipping Limited. Board and the diversity representation of the Board, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness.

Non Executive Directors

The criteria for evaluation of Non-executive Directors are determined by the Nomination and Remuneration Committee. However, the actual evaluation process remains confidential and shall be a constructive mechanism to improve the effectiveness of the Board/Committees. An indicative list of factors that may be evaluated as part of this exercise is:

- Participation in meetings and contribution by director
- Commitment including guidance provided to

senior management executives outside of Board / Committee meetings

- Effective deployment of expertise and knowledge
- Effective management of relationship with stakeholders
- Integrity and maintenance of confidentiality
- Independence of behavior and judgement
- Impact and influence.

Executive Directors/ Managing Director

Balance Score Card is derived from Annual Business

Plan and goals are aligned and cascaded across the organization, and linking to every Executive Director's performance. Assessment parameters are defined for each of the goals and performance will be measured against the goals at the end of each financial year. The compensation will be finalized by the Nomination and Remuneration Committee based on evaluation of the individual director and the performance of the Company.

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

The Company has a Risk Management Policy that outlines the framework and procedures to assess and mitigate the impact of risk, and to update the Board and the senior management on a periodical basis on the risk assessed, actions taken for mitigation and efficacy of mitigation measures. The Board has constituted Risk Management Committee comprising of two Directors of the Company and Chief Financial Officer. The Risk Management Committee has been entrusted with the responsibilities of monitoring and reviewing of the risk management plan of the Company. With efficient Risk Management Framework, our Company has been able to manage;

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

- d) Control over various OPEX cost of the organisation.

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

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

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

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

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

7. Remuneration and incentives

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

The remuneration and incentives paid to the executive Directors of the Company for the year ended March 31, 2015 are listed in page 29 and 30 of Annual Report FY 2014-15. Apart from the remuneration, Executive Directors are entitled for Stock Options as per "Essar Shipping Employees Stock Option Scheme-2011".





ECONOMIC PERFORMANCES

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

Overall, our economic performance during this reporting period as compared to the past year has been negatively impacted due to adverse market conditions. Our Total Income for the period was Rs.19106.2 Crore as against Rs. 1858.54 Crore in the past year and the increased income is mainly on account of better performance in logistics services business. Operating margins reduced by 30.76% in the reporting period.

Below given information is also available in Annual report FY 2014-15 which accessible on the website www.essar.com/investors/shipping.

Particulars	2012-13 (MINR)	2013-14 (MINR)	2014-15 (MINR)	Remarks
Revenues				
Net sales (Gross sales less returns, discounts and allowances)	32091.9	18585.4	19106.2	As per Annual Report FY 2015
Income from investments including cash received as interest, dividends, royalties and direct income generated from assets	888.9	1480.5	2426.7	As per Annual Report FY 2015
Income from sale of assets (tangible & intangible assets)	00.0	0.00	0.00	As per Annual Report FY 2015
Report FY 2015				
Total direct economic value generated	32980.1	20065.9	21532.9	
Operating costs	22102.0	13283.3	16836.0	Annexure 1
Employee wages & benefits - Offshore	1801.1	1835	1578	As per Annual Report FY 2015
Report FY 2015				
Employee wages & benefits - Onshore	427.1	374.2	456.0	As per Annual Report FY 2015
Report FY 2015				
Payment to Govt. (by country) (India)	440.3	448.9	273.8	Annexure 2
Payment to providers of capital (Interest)	3657.2	3993.7	4771.3	As per Annual Report FY 2015
Report FY 2015				
Community Investments	1.530	1.126	1.481	
Economic value retained	4551.0	129.7	-2383.7	

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

Annexure 1

Operating Cost	MINR		
Particulars	2012-13	2013-14	2014-15
Cost of Sales	19152.9	10041.4	13349.8
Admin & selling	697.60	1031.6	1452.2
Foreign Exchange Gain	-21.8	0	22.15
Less: Employees wages & benefits shown separately	2228.2	2209.2	2034.4
Less: Community Investments shown separately	1.530	1.126	1.481
Operating Cost	22102.0	13283.3	16860.1

Annexure 2

Payment to Government	MINR		
Particulars	2012-13	2013-14	2014-15
ESL	32.0	89.2	45.0
Logistics	76.10	11.1	104.5
Oilfield Services	332.21	348.6	124.3
Tax Adjustment for Previous Years	-	-	-
TOTAL	440.3	448.9	273.8

Total Assets and Market capitalization			INR in Crore (cr)
	2012-13	2013-14	2014-15
TOTAL ASSETS	Total Non-current assets: 11384.71 cr. Fixed Assets Net Block: 4403.55 cr. Capital work in progress: 1736.28 cr. Goodwill: 4976.28 cr. Current Assets: 2039.38 cr.	Total Non-current assets: 10316.88 cr. Fixed Assets Net Block: 4318.73 cr. Capital work in progress: 227.68 cr. Goodwill: 5498.19 cr. Current Assets: 3726.25 cr.	Total Non-current assets: 10190.83 cr. Fixed Assets Net Block: 4088.0 cr. Capital work in progress: 78.37 cr. Goodwill: 5720.55 cr. Current Assets: 3261.42 cr.
Market Capitalisation (for listed companies)	Market Cap on BSE at close of day was Rs. 355.05* Crore (closing price : 17.30 per share on 31st March 2013)	Market Cap on BSE at close of day was Rs. 314.05 Crore (closing price : 15.30 per share on 31st March 2014)	Market Cap on BSE at close of day was Rs. 448.42 Crore (closing price : 21.85 per share on 31st March 2015)

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

List of subsidiaries are: -

Arkey Logistics Ltd (formerly know as Essar Logistics Limited, India)

Essar Oilfields Services Limited, Mauritius

Essar Oilfield Services India Limited, India

Energy Transportation International Limited, Bermuda

Energy II Limited, Bermuda

List of entities not included in the consolidated financial statement - None. All the subsidiaries have been consolidated.



Disclosure on Management approach

Economic performance

Essar Shipping Ltd achieved total revenue of 21532.9 MINR in FY 14-15 as compare to 20065.9 MINR of 2013-14.

More information is available on pages 6, 38-41, 72-75 of annual report 2014-15 which is accessible on the website www.essar.com/investors/shipping.

Market Served:

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

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

Indirect Economic Impacts

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

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

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

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



LABOUR AND HUMAN RIGHTS

Essar as an organization respects the human rights of its employees and we comply with the labor laws that are in force for the regions we operate in. The application of MLC (Maritime Labour Convention) has been implemented on our vessels ahead of time and all of our ships are MLC compliant. Non-discrimination, prohibition of child labor, prevention of forced and compulsory labor, indigenous rights, living and working conditions, training, compensation and prevention of sexual harassment at the work place are addressed in the convention and enforced on board. Additionally, an internal complaints committee has been set up at the Corporate to address the requirements of Sexual Harassment Act is functional. There was no complain received with respect to sexual harassment or discrimination during the year. Further we also did not received any grievances related to Human rights.

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

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

Essar Shipping does not engage in or support discrimination in hiring, remuneration, access to

training, promotion, termination, or retirement based on race, national or social origin, caste, birth, religion, gender, or any other condition that could give rise to discrimination. No discrimination case was reported.

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

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

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

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

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

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

The benefits provided to full-time employees are as per



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

Key Initiatives on Rewards & Recognition

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

Employee Stock Option Scheme has also been introduced

for the Senior Management with an aim to create a stronger

link between executive performance and reward and increasing the shareholder value by enabling participants to have greater involvement with, and share in, the future growth and profitability of the Company. These initiative are in force and successful.

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

Employee CONNECT – Harmony

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

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

Health Awareness:

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

Gymnasium is provided for work-out.

Return to work after parental leave (Maternity Leave) is 12 weeks. There was one case of employee going on for parental leave in financial year 2015. This information

is available under HR policies of company posted on website. We plan to introduce parental leave and condolence leave in 2015 and reduce working days per week from 6 to 5.

Minimum Notice Period : Minimum notice period is either as per management of change procedure which is part of the company management system or as specified in the bargaining agreement applicable to floating staff. Management is seriously considering to reduce the notice period on resignation, for level M5 and below, from 3 months to one month in 2015-16.

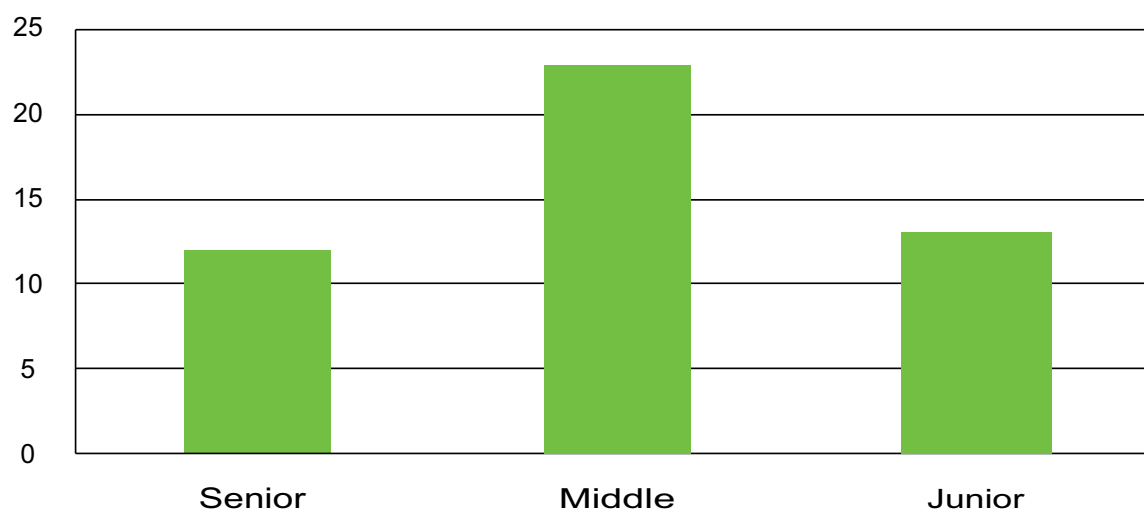
Corruption:

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

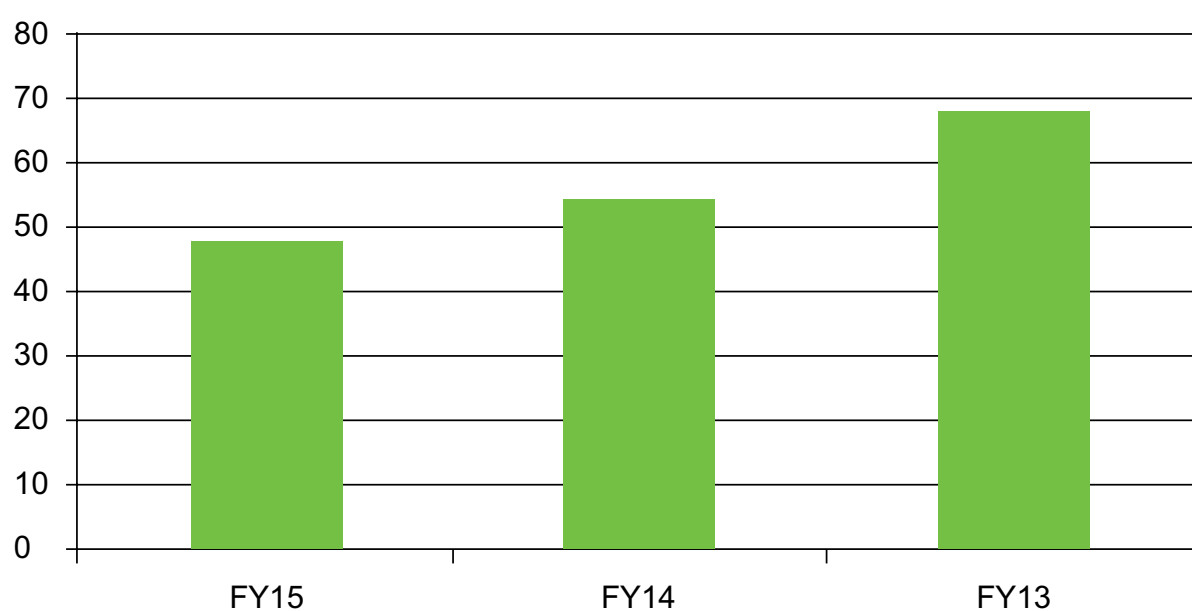
Employee's benefit plan :

OFFSHORE STAFF	In Cr FY 12-13	In Cr FY 13-14	In Cr FY14-15
Salaries, wages and bonus	163.42	166.82	142.83
Contribution to staff provident and other funds (refer note 32)	2.46	1.38	1.79
Staff welfare	14.23	15.30	13.18
OFFICE STAFF			
Salaries, wages and bonus	35.33	31.40	37.92
Contribution to staff provident and other funds (refer note 32)	2.65	2.00	3.16
Staff welfare	4.26	3.54	4.07
Employee stock option scheme (refer note 4 and 34)	0.47	0.48	0.45
Total	222.82	220.92	203.40

Number of employees by category STB _ FT 2014- 15



Permanent employees STB





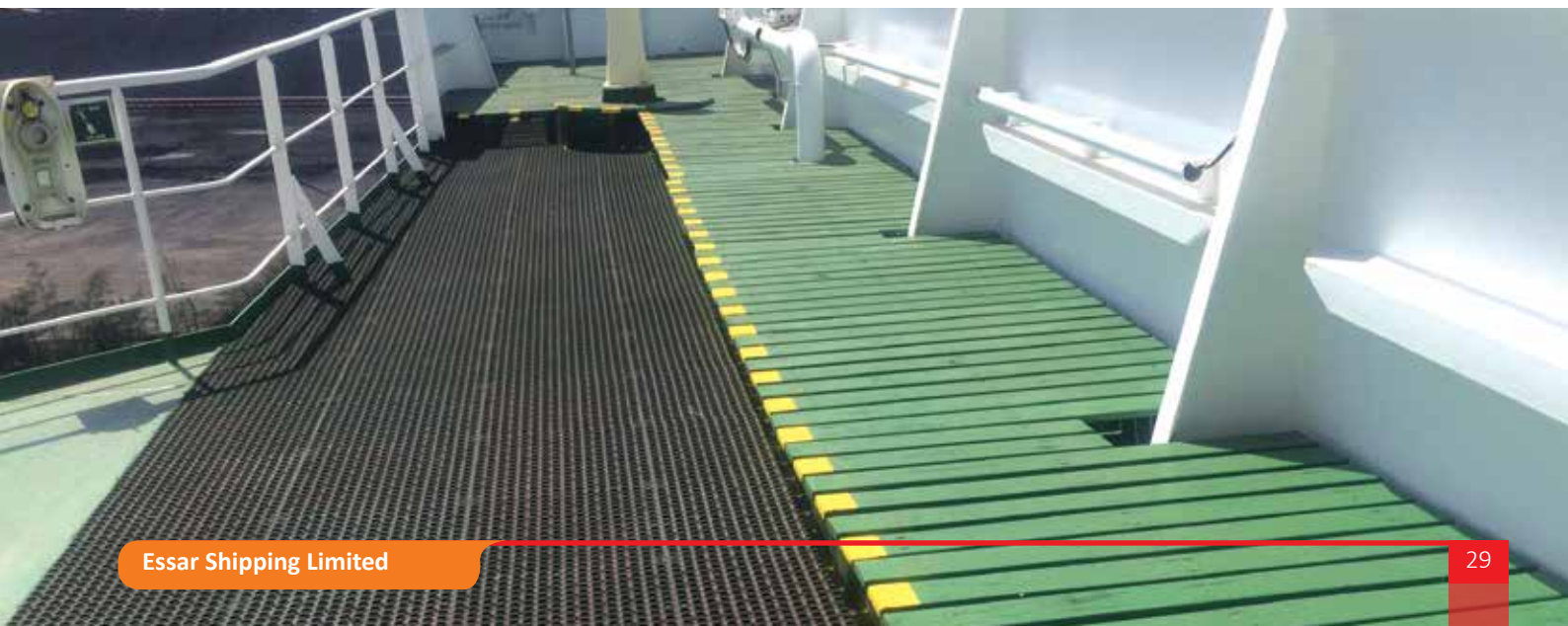
Please find Essar Shipping's performance against the targets set in base year i.e FY 2011 and progress reported in FY 14-15 in the following pages:

What we will do					
Aspect	Our approach	Target we set in FY 11	Short-term (1-2 years)	Performance in FY 15	Target FY 16
LABOR PRACTICES, DECENT WORK and HUMAN RIGHTS					
Employee engagement	Create a highly engaged workforce that is committed to organization's journey of value creation	Essar partnered with AON Hewitt in an initiative to gauge employee feedback in Nov,2010 - Jan, 2011. The study was designed to capture employee opinions and reactions from a sample set of population; hence it was named a Dipstick Study.	Achieve 70% score	No Survey undertaken.	Plan to conduct in March 2016 along with the group.
Employee training	Invest in the future development of the employees whilst equipping them with the skills required in their present roles.	Maximum utilization of Learning Management System(LMS) and its offerings. Ensured employees' participation in training programs prescribed in their Individual	Learning Plans. Achieved 2 days of training per employee.	3.5 days of training per employee	Achieved training man-days of 3.5 man- days.
Reward and recognition	Create a performance driven culture and reward sustained performance of the employees.	Short Term Incentive Plan for the middle management and Employee Stock Options Scheme for the senior management introduced. Spot recognition schemes initiated.	Re-launch the recognition scheme – ESL Star in conjunction with the new performance management system E-Compass. Introduce innovative schemes to increase employee motivation.	Formulated Policies. E compass for shore staff, implementation completed.	
Cost of manpower	Optimization of manpower relative to asset size through process automation and newer technologies.	Local hiring on semi -submersible rig.	Reduce the cost by 5% accounting for inflation	Local Hiring done and substantial cost saved on salary.	

Aspect	Our approach	Target we set in FY 11	What we will do		
			Short-term (1-2 years)	Performance in FY 15	Target FY 16
Contractor training	Given the nature of the business, competent and well-trained workforce will ensure safe & efficient operation. Ensure that contractors deployed are suitably trained.	Periodic training and communication. Hired a training officer for ship's crew. 3726 contractors trained	2 training days per contractor Provide additional infrastructure and resources for contractor training at logistics locations	Hired dedicated trainer and adequate training conducted for floating and fixed term contract employees.	
Manpower availability and competence	Recruit, train and retain a pool of competent manpower	Increased training by introducing mandatory training. Facilitated external training programs. Inducted a dedicated training officer for ships	Strengthen the recruitment process. Increase competence through identified training programs and retain the talent pool through engagement programs	Increased Engagement level. Also have developed a mechanism to check competency GAP through e-compass Performance Appraisal system this year .	To drive effective and robust
talent review program in order to retain and develop Key Critical Positions Attrition	Prevent attrition through various strategies in order to retain our talent pipeline and enable succession planning. Restrict below 10%	Initiated Stay Interview, Job rotation and Job enrichment programs.	Maintain the rate of attrition below the industry average.	Overall employee turnover is 9.61%. this include retirement, dismissal, voluntary retirements.	To restrict below 10%
Rest hours	Monitoring of rest hours through proper planning and co-ordination to avoid any violation against the norms	Regular monitoring of shift duties. Tracking of attendance and working hours system punch card .	Strengthen attendance monitoring at logistics locations.	Implemented swipe system at all locations. Onboard log maintained and monitored.	To maintain and implement as per the industry norms.
Compensation	Fitment of right compensation in comparison with the industry, region and minimum wages criteria	Compensation benchmarking survey conducted for key positions.	Keep abreast of market trends in compensation to ensure our employees are adequately compensated	Participated in Hewitt Survey.	A;s per group policy, to participate in salary survey in 2017.
Welfare	To maintain a healthy work environment with engagement activity through employee connect initiatives	EAP program – Counseling; Canteen / Rest room / Transport facility	Have frequent employee connect programs so that employee satisfaction is maintained at a high level	New online portal with new module for employee engagement and connect created.	To redesign inhouse portal 'my essar' for better employee engagement n knowledge enhancement..



Aspect	Our approach	Target we set in FY 11	What we will do		
			Short-term (1-2 years)	Performance in FY 15	Target FY 16
Amenities	Provide amenities for the workforce at our sites that make the atmosphere conducive to a healthy work environment	Extensive amenities such as cafeterias, rest rooms, wash rooms etc. upgraded.	Ensure that all locations have suitable facilities	Provided	To maintain the same standard.
Overtime	Strive towards optimum utilization of available human resources.	Dedicated resource allocation to handle contract management + C2 Software to track the OT hrs	Introduce tracking mechanism to restrict and reduce overtime.	As per the statute	To maintain same as FY15
Grievance Redressal	In order to have better engagement at all level, grievance redressal plays crucial role towards engagement	Complaint tracking system	Reduction in 5%	No complaint	To maintain same as FY 15
Talent Review	Competency Card Framework: To Maintain Individual competency Cards for each Position defining the competencies and proficiency level required for each role. Career Ladder: To define the growth and Movement of the incumbents with required Training.	Completed the exercise for all the employees in ESL Completed the exercise for all the employees in ESL	Further Fine tune it and upload the same in E-compass Portal, to ease the Next move (Internal hiring process) Further Fine tune it and upload the same in E-compass Portal, to ease the Next move (Internal hiring process) Reinforces the link between behavior and performance which can help to build a performance culture	Done	To design the Reward and Recognition Process and implement in 2016.



HEALTH & SAFETY

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

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

No case of non-compliance concerning health and regulations has been reported. This is based on the reports of external and internal audits carried out during the year

Piracy on board ships has become a major threat to vessels trading in the Arabian sea and our vessels are fully geared to meet the threat taking into account the Best management practices currently in force, which include barbed wire fencing, Citadels, use of convoys and Armed guards during each transit through a High risk area. During the year there was no reported case of piracy attack.

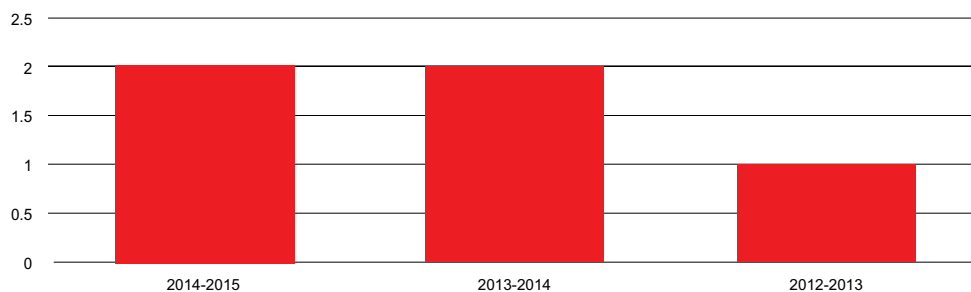
Total workforce representation on the safety committees on board the ships is 100%. Apart from monthly safety committee meetings on board the ships and regular drills between office and ships/rigs, Annual safety seminars with floating staff and senior management of company are held where experts from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

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

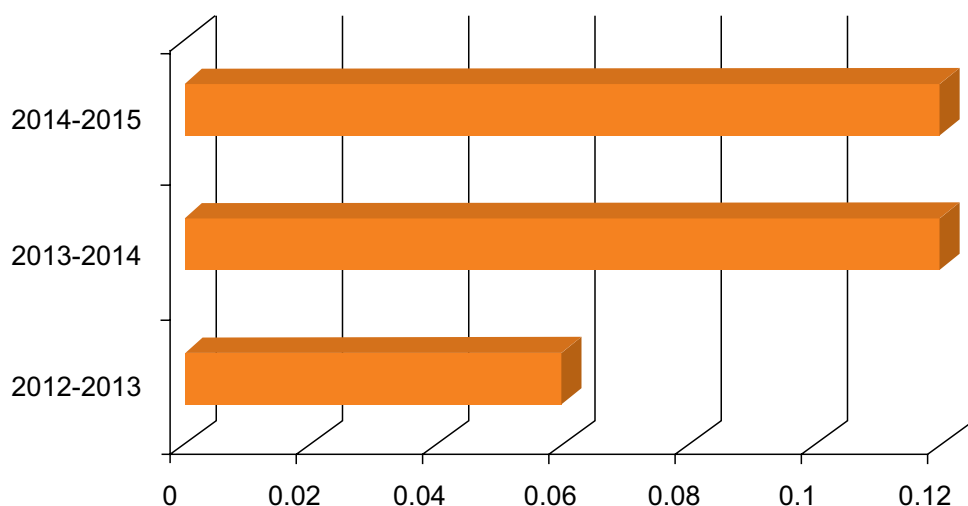




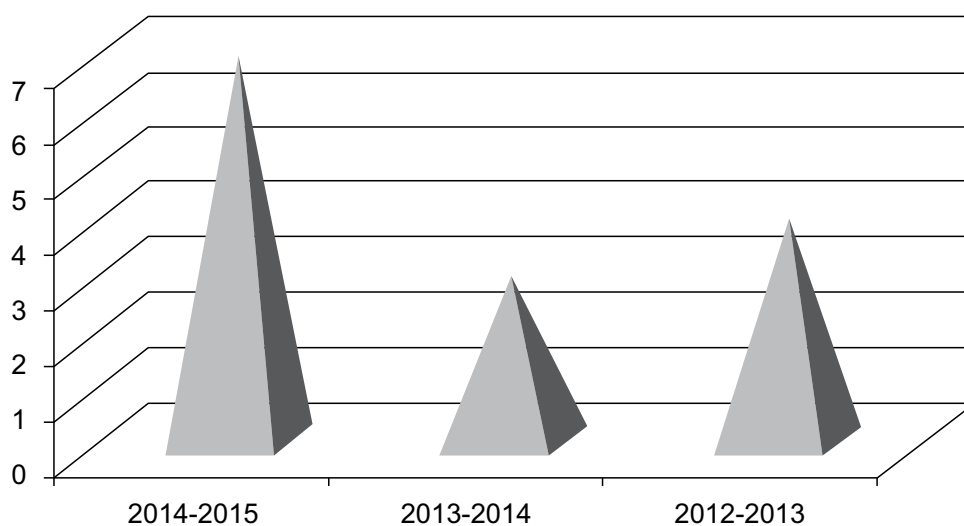
Lost Time Incident - LTI - STB



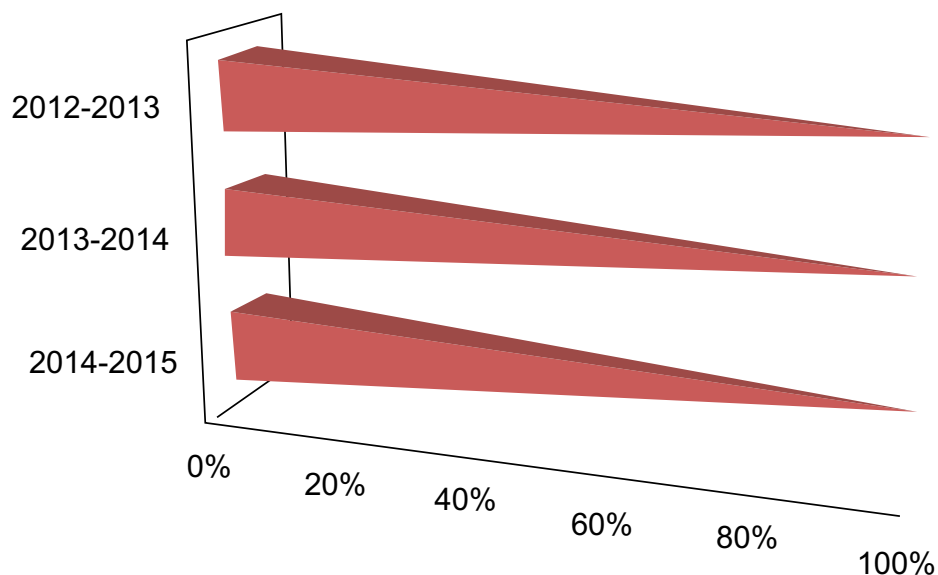
LTI/200K Manhours - STB



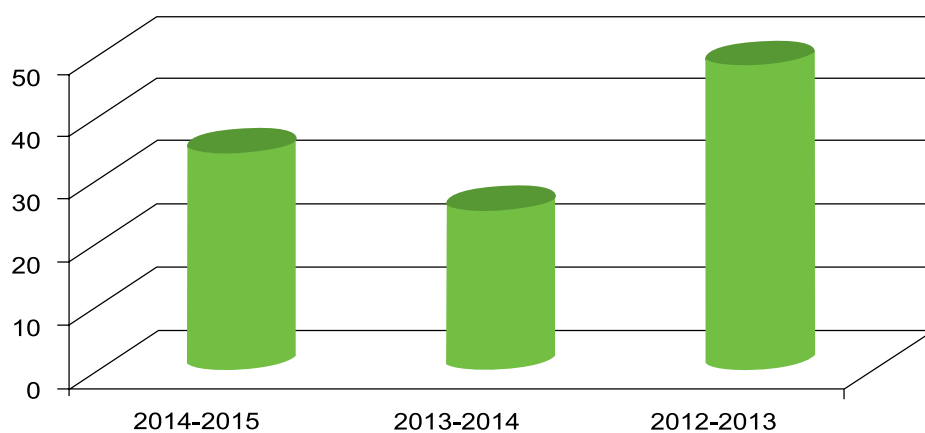
Medical Treatment Case - MTC (STB)



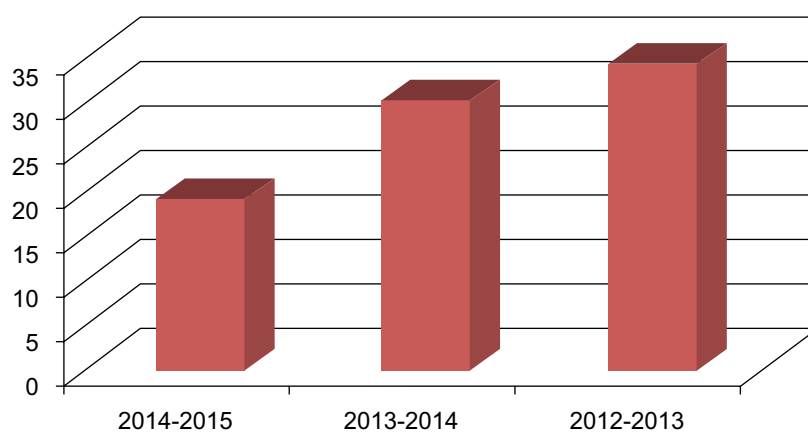
First Aid Cases - FAC(STB)



High Potential Incident - HPI (STB)

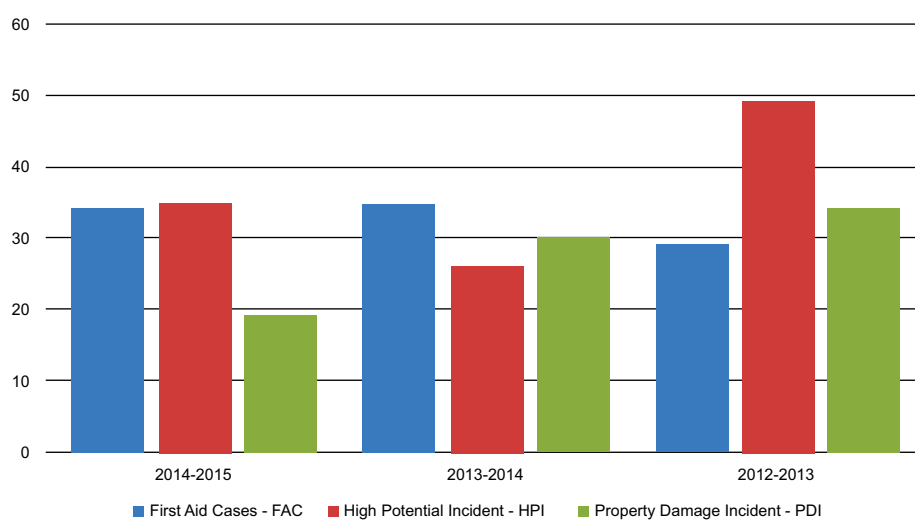


Property Damage Incident - PDI (STB)

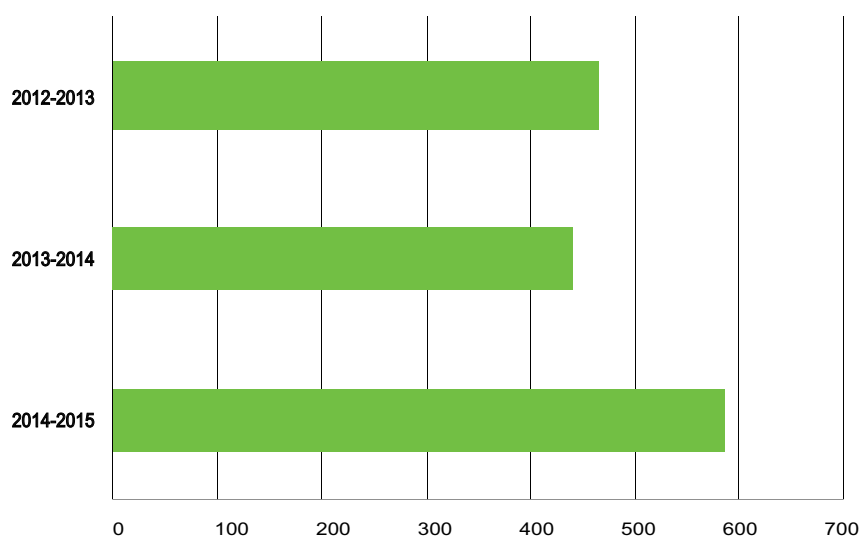




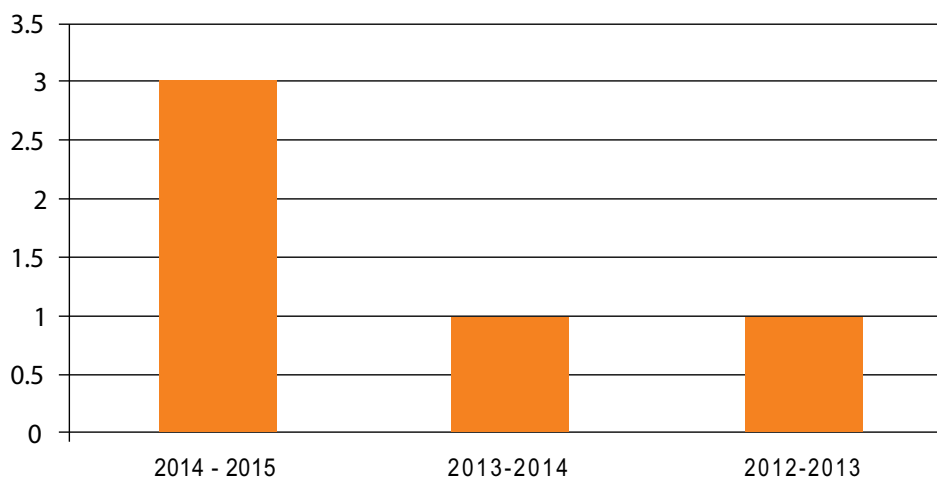
FAC/HPI/PDI - STB



Near Miss Incident - NMI - STB



Fire Incident - FRI -STB



ENVIRONMENT

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

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

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

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

We continued our focus on raising awareness about environmental issues through online and class room training. Going forward, the following will continue as our priorities in the FY14-15.

- Ensure compliance to legal and other requirements
- Minimize pollution and continually improve performance to reduce our environmental foot print

- Optimise resource consumption by planning and carrying out operations using proven resource conservation methods
- Identification of opportunities such as clean technologies, energy efficiency, water efficiency etc. with an approach that enables long term sustainability
- Increasing awareness of global as well as business specific environmental issues

Disclosure on Management Approach

Materials

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

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

Energy

Bunker fuel and lubricating fuel are the main source of energy onboard and their quality and consumptions are being monitored very closely in order to have competitive advantage in market together with compliance with regulations. All necessary precautions and procedures are being



followed as per industry guidelines to prevent any pollution and environmental damage as per MARPOL.

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

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

- **Water**

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

- **Ballast water**

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

- **Biodiversity**

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

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

- **Emissions, Effluents and Waste**

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

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

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

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

- **Product and services:**

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

- **Compliance:**

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

- **Transport:**

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

- **Overall:**

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

Climate Change

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

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

Our strategy to reduce GHG emissions was identified during the year 2013. Modal shift offered an excellent opportunity to make large reductions. Ships emit about 8-10 times less carbon per tonne-mile than trucks and given the large volumes of cargo to be moved around the country*, a conscious decision has been taken to move increasing volumes by sea where possible. Dedicated vessels have been deployed for carrying finished goods from the Hazira plant to ports around the country where cargo was delivered to serve the inland destinations by minimizing road transportation.

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

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

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

- GHG emissions in alignment with the industry
- Ozone emission – consumption and supply monitored using EIS. Reduction in consumption achieved by having non ODS equipment on the ship.

- Education of the employees on the impact of Climate change and the benefits of reduction in GHG emissions
- Benchmarking our emissions with the presently available targets keeping our unique operational requirements in mind.
- Using automation to track and monitor emissions

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

*Reference IMO GHG study 2009

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

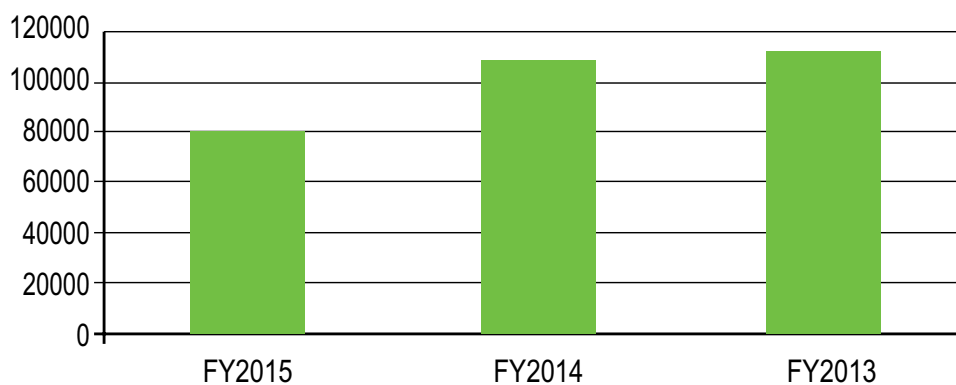
Our company is committed to reduce GHG emission and other pollutant emissions to save our climate as desired by global bodies such as UNFCCC and IMO together with national environmental agencies. Global climate change has severe impact on our business.

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

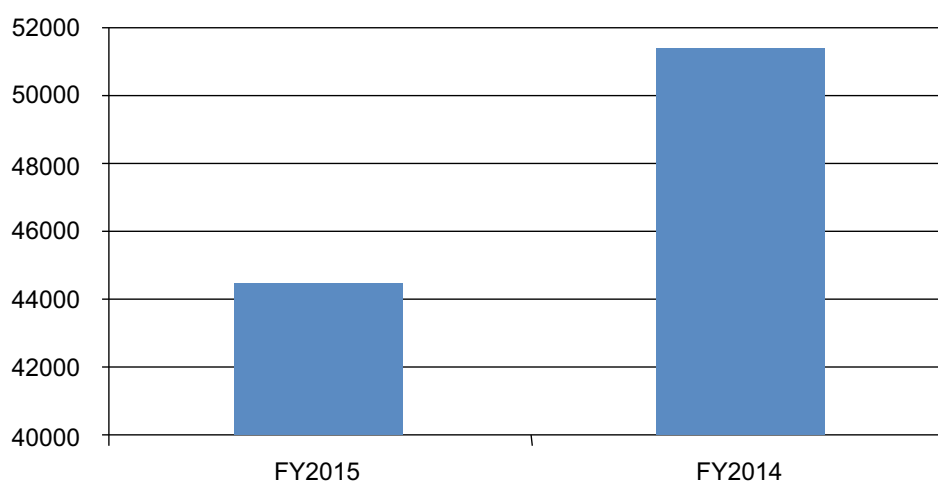
Regular monitoring of energy consumption, weather, voyage planning and up-gradation of our fleet for being more energy efficient are major steps being taken towards reducing emissions in compliance with SEEMP on board and in turn ensuring minimal impact on climate and hence on our business.



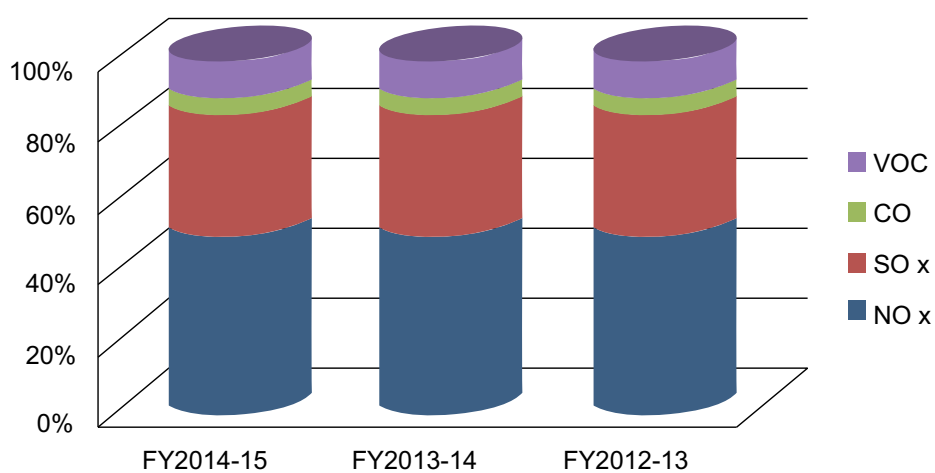
Fuel Consumption - STB



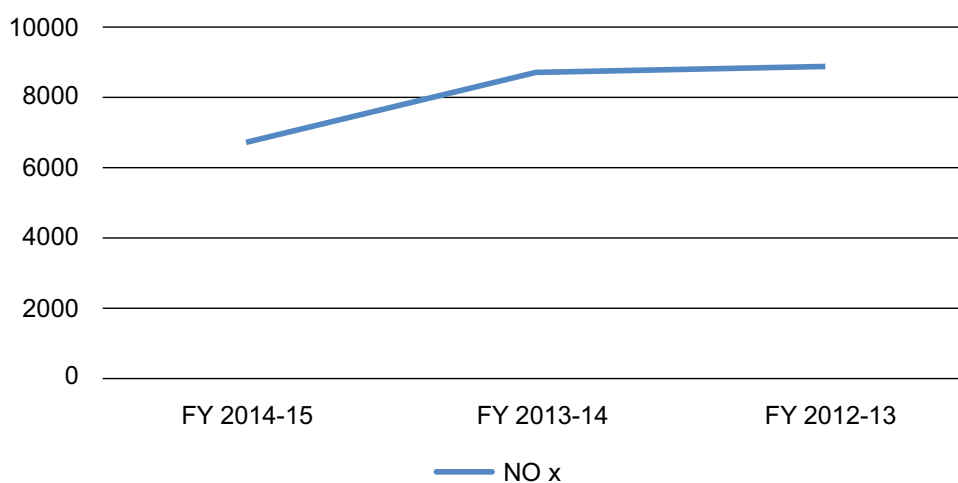
Water Consumption in MT - STB



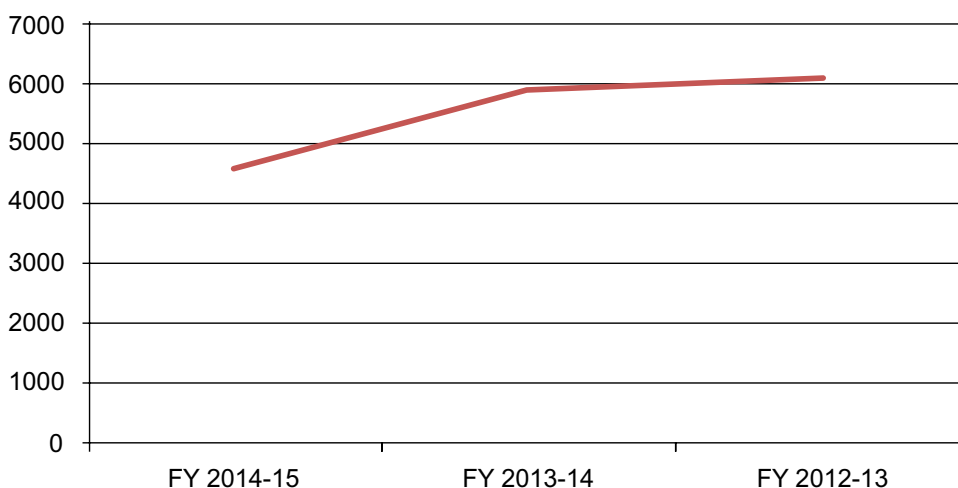
OTHER EMISSION - STB



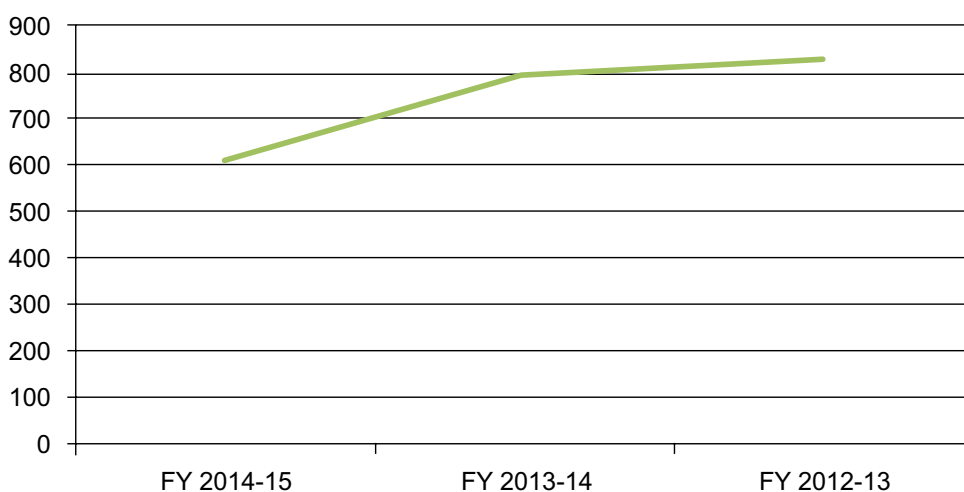
NO x (MT) - STB



SO x (MT) - STB

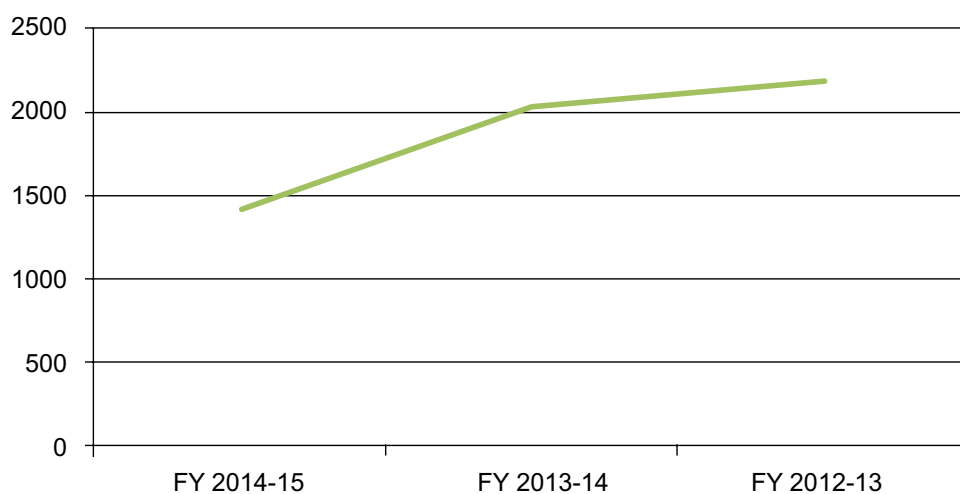


CO (MT) - STB

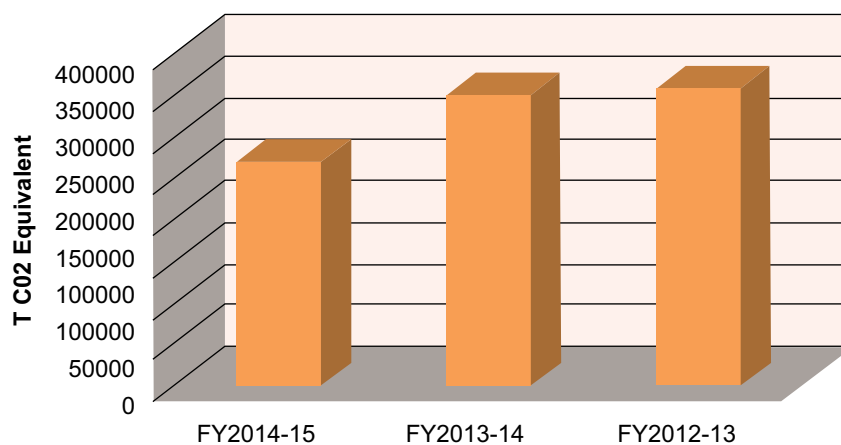




VOC (MT) - STB



GHG EMISSION - STB



Scope 1

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

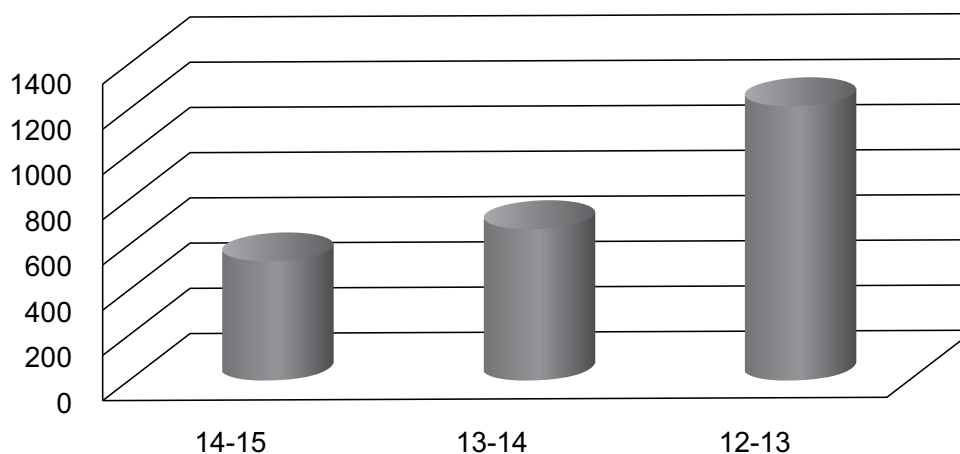
Scope 2

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

Scope 3

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

Ozone Depleting Substance - Consumption (Sea Transportation)





PRODUCT RESPONSIBILITY

Essar Shipping Ltd has been providing quality transportation solutions and oilfield solution to its customers through its wide variety of assets. Small to large parcels of cargo comprising of bulk, break-bulk and liquid cargo have been delivered with a high degree of safety and timeliness.

Operational excellence, on-time delivery and delivering consistent value are some of our key customer focus areas. We are improving our planning and logistics strategy to meet customer demands. One of the key steps that we have taken in this regard is providing customised ERP solutions to cater to specific customer requirements. This includes information visibility and interpretation through use of dashboards that facilitate slice and dice. In the last 4 years our IT approach has changed from being reactive to being proactive. and during the year we have moved more towards predictive approach. We are now moving towards a predictive approach. Our IT backbone consists of SAP / EIS applications for governance functions such as Finance and Accounts, Fund Management, Materials Management etc. The customized ERP solution caters to the core operating needs of businesses. Solutions through our EIS have already been deployed in areas such as crew management, voyage management, in-chartering management, critical certificates, activity tracking, Port State Control/Flag State Control Inspections, ISM related documentations and reports, Sustainability related reports and incident monitoring. The framework and baseline are ready to take on new challenges and we are trying to align ourselves with international benchmarks to be on a par with the best. Some of the solutions include vessel profitability, oilfield operations, consumption monitoring and crew payroll.

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

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

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

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

Areas of supplies and percentage of expenses

Since our vessels and drilling operations are worldwide, most of the spending on supplies are done in locations of manufacture of equipment or trade houses which deliver original and quality equipment while keeping in

mind cost / availability/quality including environmental friendliness. Supplies are mostly done in ports or areas of operations of vessels and drilling rigs. All supplies are arranged by headquarters.

Delivering consistent value, product and service quality

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

deliver consistent value to our customers. We have received excellent feedback from our customers.

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

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

Reach to Market and Customer :

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

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

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

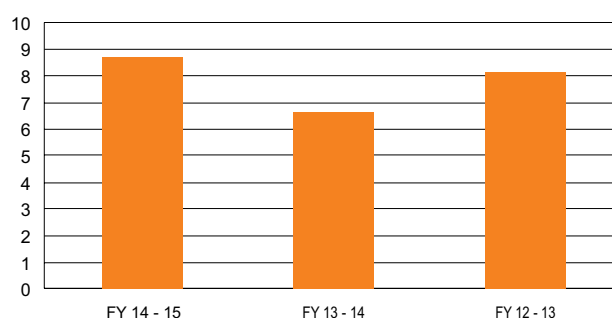
Essar shipping Limited complies with laws and regulations concerning the provision and use of products and services. There was one case of vessel grounding which is of significant monetary value. However, there was no pollution reported during this incident . Ship Kiran was detained at Piraeus,under Paris MOU on the grounds of deficiencies related to ISM. Later class IRS

boarded the Ship and conducted additional SMC audit and cleared the vessel .

There has been no significant change in the trading areas, sectors served and customers as compared to the previous year.

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

CO2 g/Ton - Mile (STB)



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

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

Countries of operations and distribution of product segments :

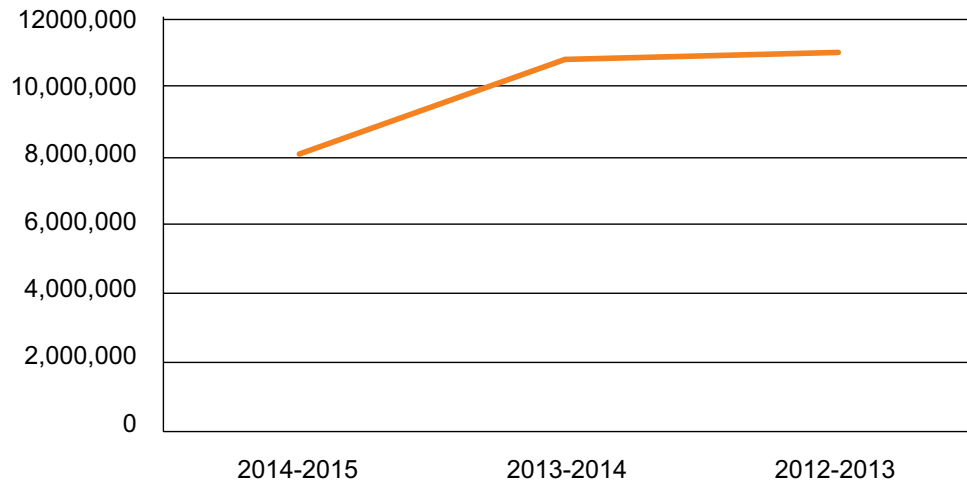
Our company is located in India with operational activities around the world. Our vessels carry cargo worldwide while our drilling activities are mainly in India, Vietnam and Indonesia. Surface transportation is within India.

Location of Company and countries of operations

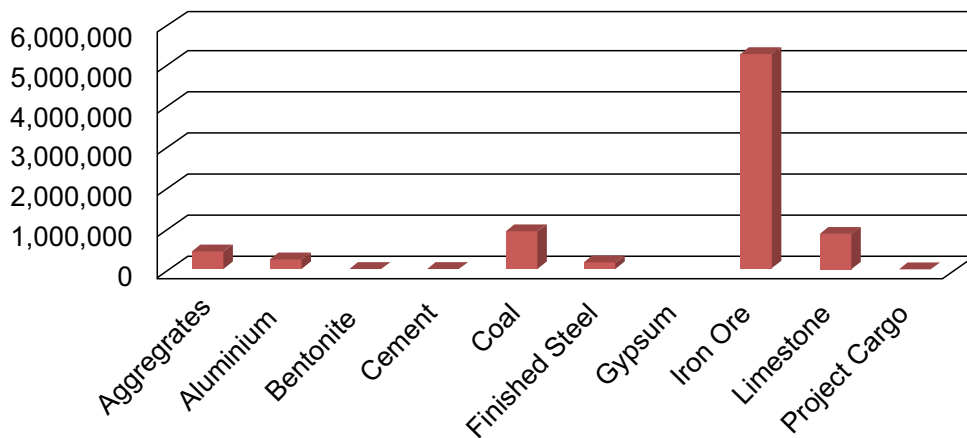
Company		
Registered office	Jamnagar, Gujarat	India
Head Office	Mumbai	India
Areas of Operations		
INDIA	BRAZIL	UAE
CHINA	SOUTH AFRICA	QATAR
INDONESIA	ANGOLA	OMAN
SRILANKA	NIGERIA	SAUDI ARABIA
AUSTRALIA	MEXICO	RUSSIA
TAIWAN	ARGENTINA	IRAQ
SINGAPORE	CHILE	UKRAINE
THAILAND	VIETNAM	PHILLIPINE



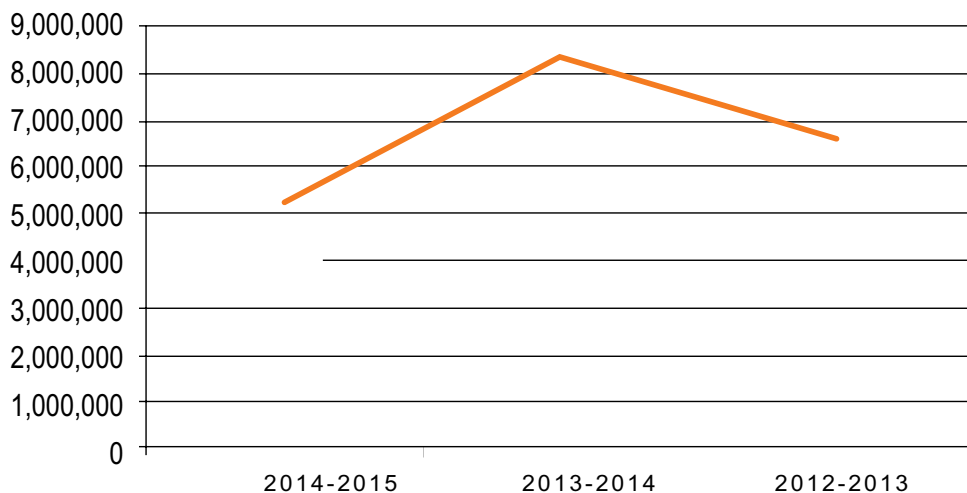
TOTAL CARGO HANDLED IN MT - STB



MAJOR GRADE OF CARGO HANDLED IN 2014-15-STB



Overseas Cargo - STB



COMMUNITY ENGAGEMENT

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

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

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

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

The following were some of the activities undertaken :-

Shipping Essarites support Home for Aged in Mumbai

On May 31, 2014, a group of Essarites from Shipping (ESL), Mumbai visited the Home for the Aged Poor, at Andheri, a suburb of 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.

The Home which was set up in 1961, had dented with





time and required restoration, all the employees ESL contributed to support the noble cause. We collected Rs 15,000/- to extend our help to the Home, and a group of 5 Essarites visited the Old Age Home on a Saturday afternoon; we donated the funds that was collected and spent some quality time interacting with the residents. Overall it was a very emotional experience; some of them could hardly see or walk. A few of them were active, and one resident sang some beautiful songs, while creating music by tapping his walking stick

Essar Shipping presents annual Search and Rescue awards - 2014 on 12th Aug 2014

The environment at sea is a dangerous and often hostile and for those who venture out to sea risk of losing their lives should an untoward incident occur always looms. Assistance and support is not readily available as the nearest assistance may be several hundred miles away. It is in these trying times of distress that the services of the Coast Guard are sought and should they not be immediately on site, the basic traditions of seafaring come to the fore, that of rendering assistance to lives at risk, even though the effort may put their own lives and assets at peril.



Every year since 2005, Essar Shipping has been recognising the brave men and women in uniform, who perform the task of Search-and-Rescue along the Indian coast. This year there were two joint winners for the award which went to ICGS (Indian Coast Guard Ship) Priyadarshini, which rescued five crew member of



MV Kornank II off Vizag on 22 July 2013. The award was received Comdt SZ Hussain, CO ICGS Priyadarshini. The second award was given to Chetak Flight Port Blair for saving eleven lives of FB Bhaskar off Port Blair on 26/27 November 2013. The award was received by Comdt (JG) R Ramesh, Flt Cdr Chetak Flight Port Blair. The rescues were conducted in very severe weather.

Capt. Anoop Sharma, CEO/Director -Essar Shipping, presented the awards at XIII National Maritime Search and Rescue (NMSAR) board meeting on 12th August at Mumbai. The meeting was presided over by Vice Admiral Anurag G Thapliyal.

Capt. Sharma also presented the crew of the fishing boat Dev Sagar, a cash award and citation for their act of valour. Essar Shipping instituted this award 2 years ago.

Shipping, Ports, join hands with Coast Guard for International Coastal Cleanup Day

Essarites and families, Essar Shipping and Essar Ports came together to lend a hand cleaning up two of the most popular and frequented beachfronts, the Juhu and Girgaum Chowpatty on September 20, 2014, International Coastal Cleanup Day, in Mumbai. "We are always there for cleaner seas and cleaner ports," said Capt Anoop Sharma, Director & CEO, Essar Shipping, "Essar is always involved with the Indian Coast Guard, as well as other NGOs, for environment activities. That is the reason we are here today (Coastal Cleanup Day), as we have been for a number of years," he added.



Essar Shipping Employees Spend a Fun-filled Afternoon with Abandoned & Destitute Street Kids on Children's Day

November 14, 2014, Mumbai

Essar Shipping Limited employees celebrated 125th Anniversary of Chaha Nehru in a special way with the Children on Vatsalya trust. Employees gathered funds, volunteered to organize games for the children and presented a delightful afternoon of magic show, games, music and dance to the street children associated with Vatsalya Foundation on Children's Day on 14th November, 2014 in Mumbai

Vatsalya Foundation is an NGO that has been working with street children in Mumbai since past many years and focuses on the holistic Development of the street children through a range of activities. Captain Anoop Kumar Sharma, CEO, Essar Shipping was also present on the occasion.



Around 15 employees from Essar Shipping and Essar Foundation employees were present at the event they also assisted in organizing games and participated in the event.

The event commenced with an alluring magic show performed by a professional magician. As the magician performed his tricks, more than 100 children sat mesmerized. Subsequently, a slew of games were organized as part of the event. These comprised handicraft making, balloon dart board game, basketball ring scoring and so on. The games were organized by Essar Shipping Limited employees, who exhibited high enthusiasm throughout the entire proceedings. After the games, a DJ group played some popular Hindi film songs for the children. Enlivened by the songs, the children and the Shipping employees took to the dance floor and danced with great energy and thrill.





The children were also given snacks and sweets. The event concluded with Shipping employees presenting sports gear to the children as a present. The Vatsalaya Foundation team and children thanked Essar for the fantastic event. The Shipping employees promised to come back again with other wonderful events in the future.

Essar Shipping organized one day Picnic for Street Children from Mother Home (Shelter Home in Malad).

Mother Foundation is working with target group for last 7 years for the Child & Youth protection, Survival & Development. The Home provides food, Education, Shelter to the Children, they have also tie ups with Government & private organization to provide training to the youth from their NGO to make them employable in future

To further our association with the Mother Home in Malad, we took 45 Children between the ages of 2 to 12 years to Chatrapati Shivaji Museum. Chhatrapati

Shivaji Maharaj Vastu Sangrahalaya (CSMVS) which was formerly known as Prince of Wales Museum it is one of the premier art and history museum in India. Situated on the southern tip of Mumbai on the 'Crescent Site', the Museum building is a fine example of the Indo-Saracenic style of architecture.



It has been awarded first place for Heritage Building Maintenance by the Indian Heritage Society. Kids got an opportunity to learn about the various Pre and Pro History moments, Animal Sculptures, ancient Paintings, Textiles, ancient currency and European Paintings etc.

They were amazed seeing animal sculptures which almost looked real and alive. After the visit to the Museum all the children were taken to the famous Girgaon Chaupati where they had a gala time enjoying the waves at the sea shore later to end the activity we served them delicious snacks.

Overall the day was filled with Edutainment and Entertainment activities for the children

PERFORMANCE

SAFETY	STB		
	FY13	FY14	FY15
Near Misses	457	439	586
Hours worked - employees	3388824	3249648	3373080
Hours worked - contractors	0	0	0
First Aid Cases	29	35	34
Medical Treatment Cases	4	3	7
Lost Time Injury - Employees	1	2	2
Lost Time Injury - Contractors	0	0	0
LTIFR per 200,000 hours worked - Employees	0.06	0.12	0.12
LTIFR per 200,000 hours worked - Contractors	0	0	0
Overall LTIFR per 200,000 hours worked	0.06	0.12	0.12
Fatalities – Employees	0	0	0
Fatalities – Contractors	0	0	0
Fatality rate per million hours worked	0	0	0
Occupational Disease Rate	0	0	0

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

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

LABOR	STB		
	FY15	FY14	FY13
EMPLOYMENT			
Total workforce by type			
Permanent employees	48	54	68
Fixed term contract	591	371	326
Third party contract	0	0	0
Fixed term contract by gender			
Male	589	370	498
Female	2	1	1



LABOR	STB		
	FY15	FY14	FY13
Work force by gender			
Male - Permanent	41	48	61
Female - Permanent	7	6	7
% Women employees			
% Women employees - Permanent	14%	11%	10%
% Women employees - Fixed term contract	0.3%	0.26%	0.2%
Collective Bargaining			
% employees covered by collective bargaining	92%	87%	71%
Number of fixed term contract employees by age group			
less than 30	5	134	76
30-50	28	186	197
>50	15	51	53
Number of third party contract employees by age group			
less than 30	0	0	0
30-50	0	0	0
>50	0	0	0
Number of employees by category			
Senior	12	13	16
Middle	23	27	31
Junior	13	14	21
Number of employees by gender and category			
Male - Senior	12	13	16
Male - Middle	21	26	29
Male - Junior	8	9	16
Female - Senior	0	0	0
Female - Middle	2	2	2
Female - Junior	5	4	5
Number of employees by age group			
less than 30	5	3	8
30-50	28	32	43
>50	15	19	17
% employees returning to work after parental leave*	0	1.85	0

* Note: One employee did not returned to work after parental leave.

LABOR	FY15	FY14	FY13
Employee turnover by category			
Senior	3	1	1
Middle	4	6	5
Junior	3	3	5
Employee turnover by gender			
Male	9	9	11
Female	1	1	0
Employee turnover by age group			

LABOR	FY15	FY14	FY13
Below 30	2	3	2
30-50	6	6	7
More than 50	2	1	2
Total hires	10	3	9
Hires by category			
Senior – Male	1	0	2
Middle – Male	3	1	3
Junior – Male	3	1	3
Senior – Female	0	0	0
Middle – Female	0	1	0
Junior – Female	3	0	1
Hires by gender			
Male	7	2	8
Female	3	1	1
Hires by age group			
less than 30	5	0	3
30-50	4	3	3
More than 50	1	0	3
Learning and development			
Average hours of training per employee	26.5	22.24	31.12
Average hours of training by gender			
Male	22.43	25.5	30.49
Female	50.28	42	36.57
Average hours of training by category			
Senior	17.33	21.85	10.75
Middle	27.48	30.5	39.61
Junior	33.23	26.29	34.1
Performance and career development review			
Number of employees appraised by gender	46	52	67
Male	39	46	61
Female	7	6	6
Number of employees appraised by category			
Senior	12	13	16
Middle	23	26	31
Junior	13	13	20





ENVIRONMENT	Unit	STB		
		FY2015	FY2014	FY2013
Fuel Consumption	MT	81582	109548	112187
Lubricants consumed	Ltr	832512	860889	11055498
Direct Energy Consumption	GJ	3488848	4495286	4605942
Indirect Energy Consumption	GJ	22	105	160
Water Consumption	MT	44524	51444	51412
Water Generated	MT	32189	40718	35397
Water Received	MT	16460	18643	15544
Total Direct & Indirect Greenhouse Gas Emissions	tCO ₂ e	269782	347524	355818
Scope 1 Emissions	tCO ₂ e	269562	347495	355774
Scope 2 Emissions	tCO ₂ e	220	29	44
Ozone Depleting Substances	Kg	524	668	1211
NO _x	MT	6737	8685	8892
SO _x	MT	4590	5916	6068
PM ₁₀	Kg	550	716	723
CO	MT	613	796	830
VOC	MT	1418	2040	2188
Bil ge Water Treated	M ³	1856	2500	642
Hazardous Waste	MT	158	33.8	154
Non-Hazardous Waste	MT	328	577	309
Number of Significant Spills	Numbers	0	0	0
Volume of Significant Spills	MT	0	0	0



SPREADING SMILES

The Essar Foundation is extending its support to communities across India through programs that promote holistic development



**CAPE SIZE BULK CARRIER
"MV KIRAN"
BUILT: 1994 – TONNAGE: 175,048 DWT**



**VERY LARGE CRUDE CARRIER (VLCC)
"MT ASHNA" - BUILT: 1999 – TONNAGE: 301,428 DWT**



**VLCC 'MT SMITI'
AT DUBAI PORT AFTER HER DRY DOCKING**



GLOSSARY

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

First Aid Case (FAC)

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

Fixed term contract employees

Employees directly hired through the company on a fixed term contract basis for a period ranging 1-3 years for

certain/specific projects. The contract can be renewed further as per business needs upon mutual consent by both the parties. The contract can be terminated by both the parties with 1 month notice period from either side.

Medical Treatment case (MTC)

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

Third party contract employees

Third party contract employees include contractors and sub

- contractors hired for specific jobs at site such as Hazira.

Oil Spill

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

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

Significant spill is defined as quantity greater than 100 litres

Lost Time Injury

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

Lost time injury frequency (LTIF)

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

Near miss

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

Restricted Work Case (RWC)

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

Water consumed

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

Water generated

Water Generated onboard using the ship's fresh water generator

Water received

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





GRI INDEX

G3.1 Content Index

Application Level	A+	Assured by	DNV
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STANDARD DISCLOSURES PART I: Profile Disclosures

1. Strategy and Analysis

Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
1.1	Statement from the most senior decision-maker of the organization.	Full	2-3				
1.2	Description of key impacts, risks, and opportunities.	Full	2,3,8				

2. Organizational Profile

Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
2.1	Name of the organization.	Full	Front cover				
2.2	Primary brands, products, and/or services.	Full	8				
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Full	17, 22, AR FY 14-15 page 8.				
2.4	Location of organization's headquarters.	Full	Back cover				
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Full	42				

Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
2.6	Nature of ownership and legal form.	Full	17				
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Full	42				
2.8	Scale of the reporting organization.	Full	17-18				
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Full	17				
2.10	Awards received in the reporting period.	Full	5				
3. Report Parameters							
3.1	Reporting period (e.g., fiscal/ calendar year) for information provided.	Full	4				
3.2	Date of most recent previous report (if any).	Full	SR - FY 13-14 pg 6 (Released on 24-04-15)				
3.3	Reporting cycle (annual, biannual, etc.)	Full	Annual				
3.4	Contact point for questions regarding the report or its contents.	Full	6				
3.5	Process for defining report content.	Full	5-6				
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Full	5-6				
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Full	5-6				
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Full	4, AR 14-15, Note 33 of Financial Statement				



Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Full	4				
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Full	None				
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Full	4 and 7				
3.12	Table identifying the location of the Standard Disclosures in the report.	Full	4,7, 22, 55-70 (GRI Content Index)				
3.13	Policy and current practice with regard to seeking external assurance for the report.	Full	6				
4. Governance, Commitments, and Engagement							
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Full	17-20				
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Full	17-20				

Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non- executive members.	Full	17-20				
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Full	17-20				
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Full	17-20				
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Full	17-20				
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Full	17-20				
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Full	Sustainability report FY 11 Page 4, 12, 36,37, 51, 73				



Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Full	17-20, SR FY 11 Page 36.				
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Full	19				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Full	17-20, SR FY 11 Page 30-32				
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Full	SR FY 11 Page 77-80				
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: *Has positions in governance bodies; *Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or *Views membership as strategic.	Full	SR FY 11 Page 77-80				
4.14	List of stakeholder groups engaged by the organization.	Full	SR FY 11 Page 14				
4.15	Basis for identification and selection of stakeholders with whom to engage.	Full	SR FY 11 Page 13				

Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Full	SR FY 11 Page 15				
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Partial	5, SR FY 11 Page 15. We are in the process of identifying materiality based on requirement of GRI G4				

G3 DMA	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
DMA EC	Disclosure on Management Approach EC						
Aspects	Economic performance	Full	20-21				
	Market presence	Full	20-21				
	Indirect economic impacts	Full	20-21				
DMA EN	Disclosure on Management Approach EN						
Aspects	Materials	Full	34-36				
	Energy	Full	34-36				
	Water	Full	34-36				
	Biodiversity	Full	34-36				
	Emissions, effluents and waste	Full	34-36				
	Products and services	Full	34-36				
	Compliance	Full	34-36				
	Transport	Full	34-36				
	Overall	Full	34-36				
DMA LA	Disclosure on Management Approach LA						
Aspects	Employment	Full	24-25				
	Labor/management relations	Full	24-25				
	Occupational health and safety	Full	24-25				
	Training and education	Full	24-25				
	Diversity and equal opportunity	Full	24-25				
	Equal remuneration for women and men	Full	24-25				



G3 DMA	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
DMA HR	Disclosure on Management Approach HR						
Aspects	Investment and procurement practices	Full	24-25				
	Non-discrimination	Full	24-25				
	Freedom of association and collective bargaining	Full	24-25				
	Child labor	Full	24-25				
	Prevention of forced and compulsory labor	Full	24-25				
	Security practices	Full	24-25				
	Indigenous rights	Full	24-25				
	Assessment	Full	24-25				
	Remediation	Full	24-25				
DMA SO	Disclosure on Management Approach SO						
Aspects	Local communities	Full	24-25				
	Corruption	Full	24-25				
	Public policy	Full	24-25				
	Anti-competitive behavior	Full	24-25				
	Compliance	Full	24-25				
DMA PR	Disclosure on Management Approach PR						
Aspects	Customer health and safety	Full	27				
	Product and service labelling	Full	41				
	Marketing communications	Full	41				
	Customer privacy	Full	41				
	Compliance	Full	41				

Economic

Economic performance

EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Full	21-22, AR 14-15 Pgs 6,38 - 41,72-75				
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partial	36, We are in the process of estimation of financial implications due to climate change				2015-16

G3 DMA	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EC3	Coverage of the organization's defined benefit plan obligations.	Full	24-24				
EC4	Significant financial assistance received from government.	Full	21-22				
Market presence							
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Not	--			Additional Indicator, Not material	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Full	41				
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Full	24				
Indirect economic impacts							
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Full	44-47				
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Not	--			Additional Indicator, Not material	
Environmental							
Materials							
EN1	Materials used by weight or volume.	Partial	51(Materials reported are Fuel and Lubricants)	Material other than fuel and lubricants are not significant for business.			
EN2	Percentage of materials used that are recycled input materials.	Full	We do not use any materials that are recycled input materials. The main materials used are fuel and lubricants as we are a service industry and not a manufacturing industry.				



G3 DMA	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
Energy							
EN3	Direct energy consumption by primary energy source.	Full	51				
EN4	Indirect energy consumption by primary source.	Full	51				
EN5	Energy saved due to conservation and efficiency improvements.	Not	---			Additional indicator	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Not	---			Additional indicator	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Not	---			Additional indicator	
Water							
EN8	Total water withdrawal by source.	Full	51				
EN9	Water sources significantly affected by withdrawal of water.	Full	35, No water sources were significantly affected.			Additional indicator, not material	
EN10	Percentage and total volume of water recycled and reused.	Full	35, sea water is used for making fresh water.			Additional indicator, not material	
Biodiversity							
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not	----		Not applicable, not material for STB		
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not	---		Not applicable, Not material for STB		
EN13	Habitats protected or restored.	Not	----			Additional indicator, not material	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Not	---			Additional indicator, not material	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not	---			Additional indicator, not material	

G3 DMA	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
Emissions, effluents and waste							
EN16	Total direct and indirect greenhouse gas emissions by weight.	Full	39				
EN17	Other relevant indirect greenhouse gas emissions by weight.	Not	--		Not available	Currently it is not part of our data collection system.	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Not	---			Additional indicator	
EN19	Emissions of ozone-depleting substances by weight.	Full	40				
EN20	NOx, SOx, and other significant air emissions by type and weight.	Full	38				
EN21	Total water discharge by quality and destination.	Full	34-35, 51				
EN22	Total weight of waste by type and disposal method.	Partial	51		System under development		2015-16
EN23	Total number and volume of significant spills.	Full	51				
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not	--			Additional indicator and not applicable.	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not	--			Additional indicator and not applicable.	
Products and services							
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Partial	34-37		Not available	Currently it is not part of our data collection system	2015-16
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not			Not applicable.	Currently it is not part of our data collection system	



G3 DMA	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
Compliance							
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Full	34-37.				
Transport							
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Not	----		Not available	Additional indicator	
Overall							
EN30	Total environmental protection expenditures and investments by type.	Not	--		Not available	Additional indicator	
Social : Labor Practices & Decent Work							
Employment							
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Full	48-50				
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Full	48-50				
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Not	----			Additional indicator	
LA15	Return to work and retention rates after parental leave, by gender.	Full	24-25 One case reported				
Labor/management relations							
LA4	Percentage of employees covered by collective bargaining agreements.	Full	49				
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Full	25				
Occupational health and safety							
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Not	--			Additional indicator	

G3 DMA	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Partial	48	Lost days, ODR, Absentee rate	Not available	Currently it is not part of our data collection system	2015-16
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Full	24-25				
LA9	Health and safety topics covered in formal agreements with trade unions.	Not	---			Additional indicator	
Training and education							
LA10	Average hours of training per year per employee by gender, and by employee category.	Full	50				
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Full	24				
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Full	48-50				
Diversity and equal opportunity							
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Full	17-18, 48-50, AR 14-15 Pgs 28-29				
Equal remuneration for women and men							
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Full	24-25				
Social : Human Rights							
Investment and procurement practices							
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Partial	24-25		Not available	No mechanism at the moment besides inclusion in the contracts.	2015-16



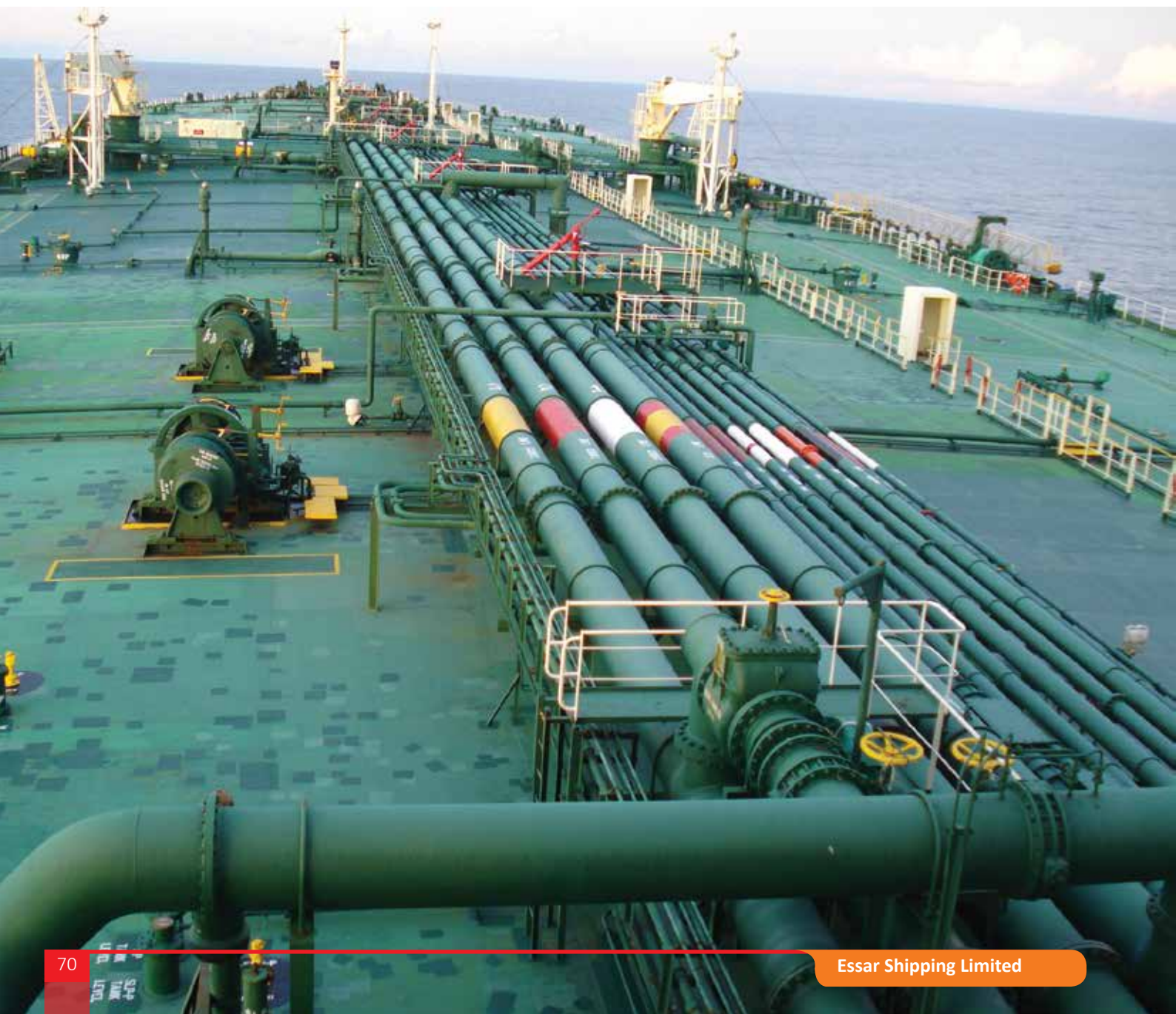
G3 DMA	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Partial	24-25		Not available	We are in the process of collecting this data	2015-16
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Partial	24-25	Number of hours spent on human rights training during the induction training.	Not available	Not part of our data collection system	2015-16
Non-discrimination							
HR4	Total number of incidents of discrimination and corrective actions taken.	Full	24-25				
Freedom of association and collective bargaining							
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Full	24-25				
Child labor							
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Full	24-25				
Forced and compulsory labor							
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Full	24-25				
Security practices							
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Not	---			Additional indicator, not material	
Indigenous rights							
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not	---			Additional indicator, not material	

G3 DMA	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
Assessment							
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Full	24-25				
Remediation							
HR11	"Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms."	Full	24-25				
Social : Society							
Local communities							
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Partial	44-47		Not significant, based on nature of business		
SO9	Operations with significant potential or actual negative impacts on local communities.	Partial	44-47		Not significant, based on nature of business		
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Partial	44-47		Not significant, based on nature of business		
Corruption							
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Full	24-25				
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Full	24-25				
SO4	Actions taken in response to incidents of corruption.	Full	24-25, no case reported				
Public policy							
SO5	Public policy positions and participation in public policy development and lobbying.	Full	SR FY 11 Page 78-80				
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Not	---			Additional indicator	
Anti-competitive behavior							
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Full	No case in the reporting period				



G3 DMA	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
Compliance							
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Full	No case in the reporting period				
Social : Product Responsibility							
Customer health and safety							
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Partial	30-33		Work in progress		2015-16
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Partial	30-33			Additional indicator	
Product and service labelling							
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Full	30, 41-43				
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Full	41-43, No case in the reporting period				
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Full	41-43				
Marketing communications							
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Full	41-43				
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by	Full	41-43				

G3 DMA	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
Customer privacy							
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Full	41-43				
Compliance							
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Full	41-43				



INDEPENDENT ASSURANCE STATEMENT

Introduction

DNV GL represented by DNV GL Business Assurance India Private Limited ('DNV GL') has been commissioned by the management of Essar Shipping Limited ('ESL' or 'the Company') to carry out an assurance engagement on Essar Shipping Limited's Sustainability Report 2014-15 ('the Report') in its printed format, against the Global Reporting Initiative 2011, Sustainability Reporting Guidelines Version 3.1 (GRI G3.1). The engagement was carried out against the DNV Verification Protocol for Sustainability Reporting ('VeriSustain' - available on request from www.dnvgl.com) based on the agreed scope of work. The verification was conducted in October 2015 – November 2015, for the year of activities covered in the Report, i.e. 1st April 2014 to 31st March 2015.

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

Scope, Boundary and Limitations of Assurance

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

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

The reporting boundary is as set out in the Report in the section 'About the Report' and predominantly covers ESL's sea transportation business. No limitations on the scope of the assurance engagement were encountered during the verification process, except exclusion of logistics and oilfield services due to scaled-down operations in this business and with due regard to materiality of aspects, as indicated in the Report. Our engagement did not include assessment of the adequacy or effectiveness of ESL's strategy or management of sustainability related issues. No external stakeholders were interviewed as part of this assurance engagement.

Verification Methodology

This assurance engagement was planned and carried out in accordance with VeriSustain. The Report has been evaluated against the principles of Materiality, Stakeholder Inclusiveness, Completeness, Responsiveness, Reliability and Neutrality. As part of site verification, we visited MV Kiran (India flag and a 175048 DWT bulk carrier) during its berthing at Visakhapatnam, Andhra Pradesh to conduct on-site verification of key sustainability performance data and information. During the assurance engagement, we have taken a risk-based approach, i.e. we concentrated our verification efforts on the issues of high material relevance to ESL's business and its key stakeholders.

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

- Reviewed the company's approach to stakeholder engagement and its materiality determination process;
- Verified the robustness of the data management system, information flow and controls;
- Conducted in-person and on-line interviews with top and senior management team of ESL and other representatives, including data owners and decision-makers from different functions and locations of the Company;
- Performed sample-based reviews of the mechanisms for implementing the Company's sustainability related policies, as described in the Report;
- Performed sample-based checks of the data management processes for completeness and reliability. This included the assessments of methods, practices, tools and competence used in collection, aggregation and reporting of data, as it is transferred and managed at different levels of the organisation.

Conclusions

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

Stakeholder Inclusiveness: We reviewed the existing stakeholder engagement process and its implementation across ESL's sea transportation business. The Company has formal and informal processes through which it understands and responds to stakeholder concerns. Action plans with respect to material aspects have been disclosed throughout the Report disclosing the Company's commitment to responding to issues on an on-going basis. In our view, the level at which the Report adheres to the principle is **'Acceptable'**.

Materiality: The Company reviewed the material issues identified in its first Sustainability Report and has reconfirmed that its material aspects have not changed significantly. The Report fairly responds to material aspects in this Report and its proposed management approach in line with the risks and opportunities identified for the Company and the sector. In our view, the level at which the Report adheres to this principle is **'Acceptable'**.

Completeness: The Report has fairly attempted to respond to aspects material to its sea transportation business and has excluded logistics and oilfield services due to ESL's scaled-down operations in this business during the reporting period. Certain performance disclosures and indicators have been responded to partially and the rationale for this and the exclusion of core indicators which are not applicable has been adequately explained. The Company acknowledges the need for continuous improvement and is committed to improving the reporting scope and boundary. In our view, the level at which the Report adheres to this principle is **'Good'**.

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

Reliability: The majority of data and information verified during our verification engagement was found to be accurate. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and the errors have been corrected. Hence, in accordance with a moderate level of assurance engagement, we conclude that the specified sustainability data and

information presented in the Report are generally reliable. In our view, the level at which the Report adheres to the principle is **'Good'**.

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

Opportunities for Improvement

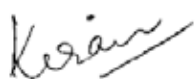
The following is an excerpt from the observations and opportunities for improvement reported to the management of Company and are considered for drawing our conclusion on the Report; however they are generally consistent with the management's objectives.

- ESL may identify the sustainability Impacts of its business and bring out strategies and management approach to meet sustainability challenges on the short, medium and long term..
- ESL may carry out a risk assessment of supply chain activities and outsourced processes and develop a management process to identify and mitigate negative impacts if any of supply chain.
- Sustainability performance metrics for material issues may be benchmarked with sector peers to develop appropriate strategy and management approach to continually improve ESL's sustainability performance.
- To strengthen the quality of qualitative data for future reporting, ESL may initiate a routine verification system of sustainability performance data.

DNV GL's Competence and Independence

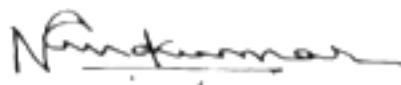
DNV GL is a global provider of sustainability services, with qualified environmental and social assurance specialists working in over 100 countries. DNV GL states its independence and impartiality with regard to this assurance engagement. While we did conduct other third party assessment work with Essar Shipping Limited in 2014-15, in our judgement this does not compromise the independence or impartiality of our assurance engagement or associated findings, conclusions and recommendations. We were not involved in the preparation of any statements or data included in the Report, with the exception of this Assurance Statement. DNV GL maintains complete impartiality toward any people interviewed.

For DNV GL Business Assurance India Private Limited,



Kiran Radhakrishnan

Project Manager,
DNV GL Business Assurance India Private Limited,
India



Vadakepatth Nandkumar

Assurance Reviewer,
DNV GL Business Assurance India Private Limited,
India.

Bengaluru, India, 30th November 2015





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CIN : L61200GJ2010PLC060285

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