

Essar Shipping Limited
2014-15



BOARD OF DIRECTORS

Mr. P. K. Srivastava
Chairman

Mr. A. R. Ramakrishnan*
Managing Director

Mr. N. Srinivasan
Independent Non-Executive Director

Mr. Michael P Pinto*
Independent Non-Executive Director

Mr. N. C. Singhal#
Independent Non-Executive Director

Captain Bhupinder Singh Kumar
Independent Non-Executive Director

Captain Anoop Kumar Sharma
Chief Executive Director

Ms. S. Gayathri^
Director

Mr. Ankur Gupta§
Director

* Ceased as Director with effect from March 31, 2015

+ Ceased as Director with effect from April 03, 2015

Ceased as Director with effect from April 06, 2015

^ Appointed as Additional Director with effect from March 30, 2015

§ Ceased as Director with effect from January 28, 2015

COMPANY SECRETARY

Mr. Awaneesh Srivastava (From August 15, 2015)
Mr. Hitesh Kumar Jain (Till August 14, 2015)

AUDITORS

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

COMMITTEES OF THE BOARD**AUDIT COMMITTEE**

Captain Bhupinder Singh Kumar (Chairman)

Mr. N. Srinivasan

Ms. S. Gayathri

STAKEHOLDERS RELATIONSHIP COMMITTEE

Captain Bhupinder Singh Kumar (Chairman)

Captain Anoop Kumar Sharma

NOMINATION & REMUNERATION COMMITTEE

Mr. N. Srinivasan (Chairman)

Captain Bhupinder Singh Kumar

Mr. P. K. Srivastava

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Captain Bhupinder Singh Kumar (Chairman)

Captain Anoop Kumar Sharma

Ms. S. Gayathri

RISK MANAGEMENT COMMITTEE

Captain Bhupinder Singh Kumar (Chairman)

Captain Anoop Kumar Sharma

Mr. Vikram Gupta

REGISTERED OFFICE

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

CORPORATE OFFICE

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

REGISTRAR & SHARE TRANSFER AGENT

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

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NOTICE FOR ANNUAL GENERAL MEETING

Notice is hereby given that the Fifth Annual General Meeting (the Meeting) of the members of Essar Shipping Limited (the Company) will be held on Wednesday, September 23, 2015 at 3 p.m. at Registered Office of the Company at Administrative Building, Essar Refinery Complex, Okha Highway (SH-25), Taluka Khambalia, District - Jamnagar, Gujarat - 361 305, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a) the Audited Balance Sheet and Statement of Profit and loss Account together with the Cash Flow Statement of the Company for the financial year ended March 31, 2015, the reports of the Board of Directors and Auditors thereon; and
 - b) the Audited Consolidated Balance Sheet and Statement of Profit and loss Account together with the Cash Flow Statement of the Company for the financial year ended March 31, 2015 and report of Auditors thereon.
2. To appoint a Director in place of Mr. P. K. Srivastava (DIN: 00843258), who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. CNK & Associates, Chartered Accountants, Mumbai (Registration No. 101961W) be and are hereby appointed as Auditors of the Company in the place of M/s. Deloitte Haskins & Sells, the retiring auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS

4. To appoint Ms. Gayathri Sukumar (DIN: 07115908) as a Director and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED that Ms. Gayathri Sukumar (DIN: 07115908) who was appointed by the Board of Directors as an Additional Director of the Company with effect from March 30, 2015 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 (“Act”) and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

5. To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section

188 of the Companies Act, 2013 (“the Act”) and Clause 49(VII) of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the members of the Company be and is hereby accorded to the Audit Committee and the Board of Directors to authorize the management of the Company to enter into agreement(s) and/or transaction(s), as may be appropriate, with the following Related Parties as defined under Section 2(76) of the Act and Clause 49(VII) of the Listing Agreement, for sell, purchase, transfer or receipt of products, goods, materials, services or other obligations, if any, on such terms and conditions as may be mutually agreed upon between the Company and any of the Related Party, for the amount in aggregate not exceeding as mentioned against the name of each of the following Related Party during the period mentioned against the name of each Related Party:

Sr. No.	Name of Related Party	Nature of Transaction(s)	Amount (₹ In crore)		
			2014-15	2015-16	From April 01, 2016 till the date of 6 th Annual General Meeting to be held in Calendar Year 2016
1	Essar Steel India Limited	Fleet operating and chartering services on Contract(s) of Affreightment and Spot fixture basis	481.82	600.00	400.00
		Equipment lease rental income	0.01	0.01	0.005
		Interest income on inter-corporate deposits	1.49	Nil	Nil
2	Essar Shipping (Cyprus) Limited	Direct Voyage Expenses	133.06	170.00	110.00
3	Essar Oil Limited	Purchase of Fuel Oil	26.00	35.00	20.00
		Aircraft usage charges	38.00	50.00	30.00

RESOLVED FURTHER THAT consent of the members be and is hereby accorded for ratification of the aforesaid related party transactions already entered into by the Company exceeding the threshold limits as specified in Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014 and which are material in nature in terms of Clause 49(VII) of the Listing Agreement.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts and take all

such steps as may be necessary, proper and expedient to give effect to this resolution.”

By Order of the Board

Mumbai
August 14, 2015

Hitesh Jain
Company Secretary

Registered Office:

Essar Shipping Limited

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

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXYIES TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Pursuant to the provisions of Section 105 of the Companies Act, 2013('the Act'), a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. **The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting.** A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
2. **The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means.** Instructions and other information relating to e-voting are given in this Notice under Note No. 20. The Company will also send communication relating to remote e-voting which inter alia would contain details about User ID and password along with a copy of this Notice to the members, separately.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. In terms of Section 152 of the Companies Act, 2013, Mr. P. K. Srivastava (DIN: 00843258), Director, retires by rotation at the Meeting and being eligible, offer himself for reappointment. The Board of Directors of the Company commend his re-appointment. Brief resume of Directors including those proposed to be re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.
5. A Statement pursuant to Section 102(1) of the Companies

Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.

6. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
9. The Register of Members and Share Transfer Books of the Company shall remain close from Thursday, September 17, 2015 to Wednesday, September 23, 2015 (both days inclusive) for the purpose of Annual General Meeting.
10. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc.
11. The shares of the Company are under compulsory Demat trading. Members holding shares in physical form are requested to convert their shares into dematerialized form in their own interest and convenience purpose.
12. The members can attend the Meeting on September 23, 2015, at 3:00 p.m., in person or through proxy to vote on the resolutions set forth in the notice, if they are not able to exercise their votes through e-voting. The Scrutinizer shall submit the report for both physical and e-voting to the Board of Directors which shall be published on the website of the Company within 48 hours

13. Voting through electronic means:

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

The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 16th September 2015 (cut-off date) are entitled to vote on the Resolutions set forth in this Notice. Members who have acquired shares after the dispatch of the Annual Report and before the book closure may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.

The e-voting period will commence at 9.00 a.m. on Thursday, September 17, 2015 and will end at 5.00 p.m. on Saturday, September 19, 2015. The Company has appointed M/s. Martinho Ferrao & Associates, Practising Company Secretary, to act as the Scrutinizer for conducting the scrutiny of the votes cast.

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

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on September 17, 2015 at 9:00

a.m. and ends on September 19, 2015 at 5:00 p.m.(IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 16, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) - Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. - In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v)

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members

holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If a Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

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

Item No. 4

Ms. Gayathri Sukumar was appointed by the Board of Directors as an Additional Director of the Company with effect from March 30, 2015 and in terms of Section 161 of the Companies Act, 2013 ("Act") holds office upto the date of this Annual General Meeting.

Ms. S. Gayathri is a Commerce graduate and a Fellow Member of the Institute of Chartered Accountants of India.

Ms. S. Gayathri joined the Essar Group in November, 2009 as Group Head, Direct Taxes.

Ms. Gayathri has 27 years of post-qualification experience and prior to joining the corporate domain, her career was in the area of consultancy services. Immediately prior to joining Essar, she was Partner, Tax and Regulatory services at Grant Thornton, and before that, she worked with KPMG and A. F. Ferguson & Co. She has serviced various clients belonging to a spectrum of industries in challenging assignments in the areas of domestic and international tax, inbound and outbound investments, Joint Ventures, Transfer Pricing, and Litigation support. She identified opportunities and led initiatives in the areas of Transfer Pricing, Special Economic Zones and Education sectors.

The Company has received a notice in writing from a Member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Ms. Gayathri for the office of Director of the Company.

The Board is of the opinion that the appointment of Ms. Gayathri would be in the best interest of the Company. The Board accordingly recommends the resolution at Item No. 4 of the accompanying notice for your approval.

None of the Directors other than Ms. Gayathri is concerned or interested in the resolution at Item No. 4 of the accompanying Notice.

Item No. 5

The Company is an integrated logistics services provider engaged into the businesses of sea transportation, logistics services and oilfields services. The Company currently operates a diversified fleet of Very Large Crude Oil Carrier and bulk carriers including Capesize, mini-Capes, Supramaxes and Handysize bulk carriers. The Company in the ordinary course of its business provides sea transportation, logistics services and oilfields services to Essar Steel India Limited and Essar Oil Limited. They are companies engaged into manufacturing activities and require services of the Company for transportation of raw materials and finished goods. The fleet of the Company includes vessels owned by the Company as well as those taken on finance or operating lease. The Company is required to give/take vessels on hire to/from Essar Shipping (Cyprus) Limited for its business purposes.

ESIL, EOL and ESCL are Related Parties of the Company within the meaning of Section 2(76) of the Companies Act, 2013 and Clause 49(VII) of the Listing Agreement. Current and future transactions with ESIL, EOL and ESCL are/will be deemed to be 'material' in nature as defined in Clause 49(VII) of the Listing Agreement as they may exceed 10% of the annual consolidated turnover of the Company consequent

on future business projections. Thus, in terms of Section 188 of the Companies Act, 2013 and Clause 49(VII)(E) of the Listing Agreement, these transactions would require the approval of the members by way of a Special Resolution.

The particulars of the contracts /arrangements /transactions are as under:

Name of the Related Party(ies)	Essar Steel India Limited, Essar Oil Limited and Essar Shipping (Cyprus) Limited
Name of Director(s) or KMP who is/are related	None
Nature of Relationship	Fellow Subsidiaries
Nature of contracts / arrangements /transactions	Providing Sea Transportation Service for transportation of raw materials and finished goods Giving/Taking vessels on hire
Material terms of the contracts /arrangements / Transactions	To be determined on an arm's length basis
Monetary Value	Amount mentioned in the resolution for corresponding period
Are the transactions in the ordinary course of business	Yes
Are the transactions on an arm's length basis	Yes
Whether the transactions would meet the arm's length standard in the opinion of the Company's Transfer Pricing Consultants	Yes
Whether the transactions have been/would be approved by the Audit Committee and the Board of Directors of the Company	Yes
Any other information relevant or important for the members to make a decision on the proposed transactions	None

The monetary value of the transactions proposed is estimated on the basis of the Company's current transactions and future business.

The Board is of the opinion that the transactions referred in the resolution would be in the best interest of the Company. The Board accordingly recommends the Special Resolution at Item No. 5 of the accompanying notice for your approval.

DIRECTORS' REPORT

To the Members of Essar Shipping Limited

Your Directors are pleased to present the Fifth Annual Report and Audited Financial Statements of the Company for the financial year ended March 31, 2015.

FINANCIAL RESULTS:

The Company's financial performance, for the year ended March 31, 2015 is summarized below:

₹ in Crore

Particulars	Consolidated		Standalone	
	For the year ended 31-03-2015	For the Year ended 31-03-2014	For the year ended 31-03-2015	For the Year ended 31-03-2014
Total Income	2153.29	2,006.59	998.90	1,026.39
Total Expenditure	1683.60	1,328.22	647.12	743.57
EBITDA	469.69	678.37	351.78	282.82
Less: Interest & Finance charges	477.13	399.37	286.32	322.93
Less: Provision for Depreciation	424.06	477.88	143.96	185.56
Less: Exceptional Item	-	-	-	5.44
Profit / (Loss) before Tax	(431.50)	(198.88)	(78.50)	(220.23)
Less: Provision for Tax	(27.38)	(44.89)	(4.50)	(8.92)
Loss for the year before share of profit of associate	(458.88)	(243.77)	(83.00)	(229.15)
Add: Share of (loss) / profit of associate	(0.07)	0.05	-	-
Loss for the year	(458.95)	(243.72)	(83.00)	(229.15)

DIVIDEND

In view of accumulated losses, your Directors are unable to recommend any dividend for the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of the World Economy

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.

Overview of the Indian Economy

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.

As per the latest Global Economic Prospects (GEP) report by World Bank, India is leading The World Bank's growth chart for major economies. Initiatives such as 'Make in India' are expected to increase the purchasing power of an average Indian consumer, which would further boost demand, and hence spur development, in addition to benefiting investors.

BUSINESS PERFORMANCE, OPPORTUNITIES AND OUTLOOK

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

a) Sea Transportation Business

The Company currently operates a diversified fleet of 15 vessels which includes Very Large Crude Carriers, Bulk carriers such as Capsize, Mini-capes, Supramaxes and Handy-size. 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.

Dry Bulk Market

Baltic Dry Index (BDI), the indicator of dry bulk cargo tariffs, had an all-time high value of 11793, in May 2008 and has reached to an all-time low value of 509 in Feb 2015. For last three years, the BDI hovered around 1000, and it declined in the period of Nov 2014 to Feb 2015. The BDI has since recovered to 634 by mid May 2015.

Dry bulk has significant share of worlds' seaborne trade. As per Crisil research in year 2000, dry bulk had 54% share of

the total cargo volume transported in that year. In year 2014, dry bulk segment has even increased the market share to 55%. The global dry bulk transport grew steadily from 2794 million tons in year 2005 to 4545 million tons in year 2014 at CAGR of 5.56%. Therefore, notwithstanding some short-term challenges, the global dry bulk transportation segment is expected to perform well in the long run.

Steel industry is a major contributor to the dry bulk cargo, as iron ore forms 29% of the total dry cargo traded. Contribution of coal in dry cargo composition is 27%. Other bulk cargo includes cement, fertilizers, agri bulks, coke, anthracite etc.

As iron ore and coal combined contribute to 56% of the dry bulk shipping, the trends in iron ore, coking coal and thermal coal are likely to define the bulk carrier market in the long term. As mentioned in the Clarkson's Dry Bulk Trade Outlook (April, 2015), China's thermal coal and coking coal imports are likely to be weakened due to Chinese campaign to reduce air pollution in major cities, by slowing its steel production and coal-fired power generation. However, India's thermal coal imports are projected to grow, which may compensate the decline in coal transport caused by China's reduced coal import. Overall, coal trade is projected to remain steady in short term.

According to Clarkson, iron ore spot prices hit a ten-year low of less than \$47/ton, caused by ramped up production by the Australian miners – BHP Billiton and Rio Tinto. They are expected to continue the expansion in year 2015. This reduction in spot prices has caused displacement of Chinese domestic iron ore by imported iron ore from Australia. Thus, Chinese iron ore imports may expand this year by about 6%, which will give big boost to worldwide iron ore bulk transport, which is expected to grow by 5% in year 2015.

The pace of bulk carrier scrapping in the year to date, particularly in the Capesize sector, has increased, thus helping to slow the pace of fleet expansion. The fleet expansion is likely to remain at slow pace, as orderbook-to-fleet ratio for Capesize, Panamax and Handymax are at low levels. However, bulk carrier deliveries are expected to reach 54m dwt in 2015 and 51m dwt in 2016, which is likely to result in continued supply-side pressure on the market.

Tanker Market

As per Crisil Research, as in year 2014, Petroleum Products and Oil Tankers have 29% share of volume transported that year. Crude oil tankers are classified according to their sizes as Ultra Large Crude Carriers (ULCC), Very Large Crude Carriers (VLCC), Suezmax, Aframax, Panamax, Long Range (LR) and Medium Range (MR) tankers.

The trend for last three years of Baltic Exchange Dirty Tanker Index (BCIY) shows that the index peaked in Dec-14, at around 800 and bottomed at around 600. The index has been volatile for last three years.

According to Bloomberg, because of decline in oil prices, interest in floating storage is increasing. Therefore, demand for VLCC and Suezmax vessels may increase.

As per Crisil Research, crude trade is expected to grow in 2015 due to increased supply and elevated demand from refinery additions. Incremental crude demand from Asia is expected to offset the reduced crude imports into USA and Europe.

Increasing crude output will drive search for new markets for the produce, leading to expansion in trade routes. Reduced ordering continued slippages and sizeable scrapping of old vessels have caused net addition in fleet to remain at a moderate level. The net additions are expected to constitute around 2-3 per cent of the existing fleet.

Demand & charter rates for VLCCs are showing an uptrend and may continue in light of expanding trade rates & moderate net addition in existing fleet.

(b) Oilfields Services Business

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.

Exploration & Production (E&P) spending is one of the most important market indicators of the health of the Upstream Oil & Gas industry. This is true from seismic to drilling to subsea — and includes the charter hire for all marine assets and offshore support vessels (OSVs). Capital expenditures (CapEx) for global E&P spending are expected to fall by 20.2 percent in 2015 to approximately \$590 billion — the first time that spending has dipped below \$600 billion since 2011 — but is poised to rise in 2016 if oil prices stabilize at or above the \$65 to \$70 per barrel threshold.

Drilling activity continues to trend lower on the back of a challenging crude oil pricing environment. It is expected that Oilfield services companies will see weaker revenues over 2015-16, as spending cuts take effect and also as customers push for better pricing and terms on contract negotiations and renewals. This environment has resulted in a sharp decline in dayrates and utilization of the rigs. The marketed utilization in the worldwide semisubmersible market is expected to drop to an average of 75% in 2015 from the December 2014 level of 90%. The marketed utilization of the worldwide jackup market is expected to drop from 86% in December 2014 to an average of 79% in 2015. The dayrate for 2G/3G mid water floaters is expected to be in the range of \$140,000 to \$170,000 in 2015 against a range of \$190,000 to \$230,000 in 2014.

Given the present market scenario, there is tremendous competition for the limited number of new drilling contracts that are currently available. Presently, leading Indian operators such as ONGC and Oil India have a few tenders in both the offshore and onshore segments that are keeping contactors busy. Essar is committed to building long term relationships with these leading operators and is participating in these tenders to find deployment opportunities for its fleet of offshore and onshore rigs.

While the fact that operators are rapidly laying down rigs and curtailing CapEx is certainly a near-term dampener for oilfield services firms, it should prove positive for the broader oil markets. The weaker drilling and capital spending could suggest that there will be tighter supply of oil in the future, helping to bolster prices. Turning to 2016, a recovery in global demand is expected to begin once oil prices return to a level that the operators are comfortable with, when it comes to sanctioning new projects and hiring additional rig capacity.

SUBSIDIARIES

As on March 31, 2015, your Company has four direct subsidiaries and one indirect subsidiary. Essar Oilfields Services Limited, Mauritius; Arkay Logistics Limited, India (Formerly known as Essar Logistics Limited); Energy Transportation International Limited, Bermuda; and Energy II Limited, Bermuda are direct subsidiaries of the Company. Essar Oilfield Services India Limited, India, is indirect subsidiary of the Company.

A report on the performance and financial position of each of the subsidiaries and associates companies as per the Companies Act, 2013 is provided as Annexure to the consolidated financial statement and hence not repeated here for the sake of brevity. The Policy for determining material subsidiaries is available on Company's website www.essar.com.

CONSOLIDATED FINANCIAL STATEMENTS

The Company's Subsidiaries are managed by respective Board of Directors and their accounts are duly audited by respective Statutory Auditors. The Consolidated Accounts should therefore be read in conjunction with the report of Directors' of these subsidiaries, their accounts, financial notes and Auditors' report thereon.

In accordance with the Companies Act, 2013 and Accounting Standard (AS) - 21 on Consolidated Financial Statements read with AS - 23 on Accounting for Investments in Associates, the audited Consolidated Financial Statements are provided in the Annual Report.

STATEMENT CONTAINING THE SALIENT FEATURES OF THE SUBSIDIARY(S) AS PER REQUIREMENT OF SECTION 129(3)

A separate statement containing the salient features of the subsidiary(s) as per requirement of section 129(3) is attached with this report as Annexure – H.

AWARDS AND RECOGNITIONS

In August 2014, your Company received the 'Bulk Operator of the Year' award at the Gateway Awards, for the third time consecutively, in appreciation of the impressive performance in dry bulk segment for the year 2013-14. This award is presented in appreciation of the impressive performance in dry bulk shipping. The award also recognises the Company's proactive initiatives in expanding its fleet.

Arkay Logistics Limited, a subsidiary of the Company has been ranked 27th in the Dollar Business Magazine's Logistics 50 list which ranks the top logistics companies in India on the basis of its turnover, fleet, geographical spread, manpower, technology, warehousing, clientele, vertical integration, and efficiency. In addition to this, Arkay Logistics Limited has also featured in the list of the top 10 companies in India for its value added services amongst logistics majors, Maersk, Hyundai Logistics, UPS and

Gati.

Mr. A. K. Musaddy, Managing Director of Arkay Logistics Limited has bagged the Leading CEO of The Year 2015. The award committee has valued Mr. A. K. Musaddy, Managing Director of Arkay Logistics Limited's outstanding leadership in shaping the organization, delegation of responsibilities and nurturing young talent for key positions and conferred with Gold Awards in leading C.E.O. of the year category.

Arkay Logistics Limited has also bagged the Gold award in category for "Innovation in Retention Strategies".

SUSTAINABILITY REPORTING

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

The Company's fourth Sustainability Report titled, "Strengthening and Creating a Sustainable Maritime Industry" was released on April 24, 2015. Most of the sustainability indicators have shown improvement over the years. During the year, further steps have been initiated to strengthen the sustainability governance framework. The sustainability report is available at http://www.essar.com/upload/pdf/Essar_Sustainability_Report_Final.pdf.

Your Company is the first Indian Shipping Company to have published its Sustainability Report and all its reports conform to Global Reporting Initiative Current Generation of Guidelines Version 3.1 (GRI G3.1 Guidelines) DNV GL Business Assurance India Pvt. Ltd. has assured A+ application level.

HUMAN RESOURCE

Your Company believes that employee competence and motivation are necessary to achieve its business objectives. Your Company has undertaken many training initiatives to enhance technical and managerial competence of the employees and to further leverage their capabilities to enhance their performance. The Company has taken a series of initiatives to enhance emotional and intellectual engagement of employees. During the year under review, the Company held many employees engagement programs at the Company premises and outside. Families of employees were invited and attended these programs.

The Company has policies on conduct, sexual harassment of women at workplace, whistle blower, corporate governance, insider trading etc. guiding the human assets of the Company. For the year under review, there was no instance of the sexual harassment reported pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and the Article of Association of the Company, Mr. P. K. Srivastava retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. The Company has received requisite notice in writing from a member proposing Mr. P. K. Srivastava for appointment as Director.

During the year under review, Mr. Ankur Gupta, Director and Mr. A. R. Ramakrishnan, Managing Director, have resigned with effect from January 28, 2015 and March 31, 2015, respectively.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, Ms. Gayathri Sukumar was appointed as an Additional Director (Non-executive Non-independent) with effect from March 30, 2015 and she shall hold office upto the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing Ms. Gayathri Sukumar for appointment as Director. Mr. Michael P. Pinto and Mr. N. C. Singhal, Directors have resigned with effect from April 03, 2015 and April 06, 2015, respectively. The Board places its sincere appreciation for the valuable contribution made by Mr. A. R. Ramakrishnan, Mr. Michael P. Pinto, Mr. N. C. Singhal and Mr. Ankur Gupta, during their tenure as Directors of the Company.

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

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

The information on Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors; Separate meeting of Independent Directors; Familiarization programme for Independent Directors, etc. is provided under Corporate Governance Report annexed with this Report and the relevant policies are also available on the website of the Company www.essar.com.

BOARD MEETINGS

During the year ended on March 31, 2015, six (6) meetings of the Board were held on May 20, 2014, July 24, 2014, August 08, 2014, October 11, 2014, November 13, 2014 and February 13, 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the Framework of Internal Financial Controls established by the Company, performed by the internal, statutory and secretarial auditors, reviewed performance by various board appointed committees, the Board with the concurrence of the Audit Committee states that

- (a) in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards had been followed and there are no material departures from the same;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the loss of the Company for the year ended on that date;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT

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

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

During the year, your Directors have constituted a Risk Management Committee which shall assist the Board in framing, implementing and monitoring the risk management plan for the Company. The Risk Management Committee consists of one Whole-time Director, one Independent Director and Chief Financial Officer of the Company. The Risk Management Committee has been entrusted with the responsibilities of monitoring and reviewing of the risk management plan of the Company.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

Your Company has a well-established framework of internal operational and financial controls, including suitable monitoring procedures systems which are adequate for the nature of its business and the size of its operations. The policies and procedures adopted by the Company ensure the orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information. In addition to the external audit, the financial and operating controls of your Company are reviewed by Internal Auditors, who report their observations to the Audit Committee of the Board.

CORPORATE GOVERNANCE

The Company has complied with all mandatory provisions of Clause 49 of the Listing Agreement, relating to Corporate Governance. A separate report on Corporate Governance as stipulated under the Listing Agreement forms part of this Report. The requisite certificate from the Auditors of the Company regarding compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

VIGIL MECHANISM

The Company has in compliance with Section 177 of the Companies Act, 2013 has established Vigil Mechanism by adopting the, 'Whistle Blower Policy', for Directors and Employees. The Whistle Blower Policy provides for adequate safeguards against victimization of persons who use such mechanism and have provision for direct access to the Chairperson of the Audit Committee in appropriate cases. A copy of the Whistle Blower Policy is available on the website of the Company www.essar.com.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee comprises Captain B. S. Kumar – Chairman; Captain Anoop Kumar Sharma; Mr. A. R. Ramakrishnan (upto March 31, 2015); Mr. Ankur Gupta (upto January 28, 2015) and Ms. S. Gayathri (With effect from May 06, 2015). During the year, one meeting of the Committee was held on December 18, 2014.

In view of the losses for last three years the Company is under no obligation to set apart funds for Corporate Social Responsibility expenses as contemplated under Section 135 of the Companies Act, 2013 and accordingly no contribution was made during the year. However, the Company is in association with the group companies has participated in various community activities. The Board of Directors of your Company authorized Essar Group Foundation, a Charitable Trust formed and registered for the purpose of undertaking and implementing social cause in line with the requirements stipulated under the Companies Act, 2013 and Rules made thereunder. The Company has nominated its officials on the Board of Trustee of Essar Group Foundation to act for and on behalf of the Company with full power to perform duties and responsibilities as may be required to effectively discharge the function of Corporate Social Responsibility of the Company.

Essar Group Foundation facilitates development initiatives in line with provisions under the Companies Act, 2013. Essar Group Foundation works in 8 states and 12 districts of India including very remote locations, under challenging circumstances and adverse local conditions. Essar Group Foundation mandated to work towards:

- Eradicating hunger and poverty and malnutrition, promoting preventive healthcare and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- Promoting education; including special education and employment enhancing vocation skills especially among children, woman, elderly and the differently abled and livelihood enhancement projects.
- Promoting gender equality, empowering women; setting up homes and hostels for women and orphans, setting up old age homes, day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining of quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts.
- Measures for the benefit of armed forces veterans, war widows and their dependents.
- Training to promote rural sports, nationally recognized sports, and Paralympics sports and Olympic sports.
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- Rural development projects.
- Slum area development.

In view of the loss during the last three years, the Company was not required to spend on Corporate Social Responsibility activities during the year under review. Accordingly, the Company did not contribute towards Corporate Social Responsibility activities undertaken by Essar Group Foundation during the year under review. However, the Company voluntarily participated in the noble cause in following manner:

Shipping Essarites support Home for Aged in Mumbai - On May 31, 2014, a group of Essarites from Essar Shipping, 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, a charitable institution that receives men and women of 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.

Essar Shipping presents annual Search and Rescue awards 2014 - 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. Capt. Anoop Sharma, Chief Executive Officer of the Company presented the awards at XIII National Maritime Search and Rescue (NMSAR) board meeting on 12th August at Mumbai.

Essar Shipping joined hands with Coast Guard for International Coastal Cleanup Day - Essar Shipping, Essar Ports and other Essarites 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.

Essar Shipping spend a fun-filled afternoon with abandoned and destitute street kids - On Children's Day November 14, 2014, Essar Shipping Limited employees celebrated 125th anniversary of Chacha Nehru in a special way with the Children

of Vatsalya trust. Employees gathered funds, volunteered to organize games for the children and presented a delightful afternoon of magic show, games, music, dance, snacks and sweets to the street children associated with Vatsalya Foundation, 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.

The Corporate Social Responsibility Policy and activities can be accessed on the website of the Company viz. www.essar.com. The annual report on CSR activities as required under Rule 9 of the Companies (Accounts) Rules, 2014 read with Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure – A.

EMPLOYEE STOCK OPTION SCHEME

The Company has implemented the “Essar Shipping Employees Stock Option Scheme-2011” (“Scheme”) in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the SEBI Guidelines”). The Nomination and Remuneration Committee of the Board of Directors of the Company administers and monitors the Scheme. The applicable disclosures as stipulated under the SEBI Guidelines as at March 31, 2015 are provided in the Annexure - B to this Report.

AUDITORS

Your Company's Statutory Auditor, M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Registration No. 117365W) will retire at the conclusion of the ensuing Annual General Meeting.

M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad were Auditors of the Company for last five financial years since the financial year 2010-11. The Board of Directors in consultation with Audit Committee has decided to fall in line with requirements of Companies Act, 2013 and accordingly didn't recommend the re-appointment of M/s. Deloitte Haskins & Sells. The Audit Committee and the Board of Directors of the Company recommend M/s CNK & Associates LLP, Chartered Accountants, Mumbai, (Registration No. 101961W) for appointment as Statutory Auditors of the Company by the Members at the ensuing Annual General Meeting. The Company has received letter from M/s CNK & Associates, Chartered Accountants, Mumbai to the effect that if their appointment is made, would be within the prescribed limits laid down under Section 141 (3)(g) of the Companies Act, 2013 and they are not disqualified for such appointments under the provisions of applicable laws.

SECRETARIAL AUDIT

The Board has appointed M/s. Martinho Ferrao & Associates, Practising Company Secretaries, to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed herewith marked as Annexure - C to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

EXPLANATIONS BY THE BOARD ON AUDITOR'S QUALIFICATION, RESERVATION OR ADVERSE REMARK

The Board refers to the observation in the Statutory Auditor's Reports and as required under Section 134(3) of the Companies Act, 2013, provides the following explanation:

We refer to Note 13(a)(ii) of the standalone financial statements with respect to assessment of the carrying value of Investment

in Essar Oilfields Services Limited, Mauritius, a wholly owned subsidiary of the Company, amounting to ₹ 4,747.78 Crore as at March 31, 2015, pertaining to the Oilfields services business. Having regard to the changes in the off-shore drilling markets world-wide and the expected impact of the same on the possible business scenarios applicable to the subsidiary, the management had initiated an exercise of assessing the value of the said investment during the last financial year in terms of Accounting Standard (AS 13), “Accounting of Investments”. In view of recent volatility in crude oil prices, considering the current economic scenario and evaluation of possibility of upgradation and utilization of rigs, assumptions for long-term projections are being assessed in detail by the management. Pending conclusion of the aforesaid exercise, no provision for diminution in the carrying value, if any, of the aforesaid investment has been recognised. With regards to the emphasis of matter mentioned in Audit Report with relevant financial notes states that the strategy of the management to realign the debts will not significantly impact the future cash flows.

APPOINTMENT AND REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors on recommendation of the Nomination & Remuneration Committee has adopted a policy for appointment of Directors, remuneration of Directors, Key Managerial Personnel and other employees. The brief details on the above are provided in Corporate Governance Report and the policy is available on the website of the Company www.essar.com. The details of remuneration as required to be disclosed pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as Annexure - D to this Report.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules together with disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annexure - E to this Report.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had entered into one contract / arrangement / transaction with Essar Steel India Limited, a Fellow Subsidiary which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website www.essar.com. The information on each of the transactions with the related party as per the Companies Act, 2013 is provided in note 33 of notes forming part of the financial statement and hence not repeated. The disclosure required pursuant to clause (h) of sub-section (3)

of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 is annexed herewith as Annexure - F to this Report.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT 9 is annexed herewith as Annexure - G to this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the financial statements.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Conservation of energy and Technology absorption

Your company is committed for continual environmental improvement. The Company has taken several initiatives towards conservation of energy. The Company initiated the process of monitoring carbon emissions as per IMO GHG Guidelines and also explored opportunities to improve energy efficiency onboard the ships. Due to the nature of the business (transportation), fuel and lubricants are necessary to deliver the services.

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

Ship Energy Efficient Management Plan (SEEMP): In line with current guidelines that have been established by IMO, this plan has been implemented all across fleet vessels. The capturing and monitoring of the data on regular basis prompts to take appropriate corrective measures on a timely basis. Onboard performance monitoring systems will give a holistic approach to ship operations with the aim of reducing fuel consumption and emissions while achieving optimum vessel performance. The Company have already completed energy efficiency evaluation on our assets and are now in the process of implementing fuel efficiency measures. These include trim, speed reduction and weather routing. These fuel efficiency measures will not only reduce energy consumption but also benefit customers through lower fuel cost, where applicable.

Alternate source of energy: In order to reduce fuel consumption, the Company's vessels utilize shore power during repair lay-up period and thereby reduce carbon foot print. Periodical cleaning of ship's hull and propellers apart from routine dry-docking of floating assets is another step which has been taken towards conservation of energy with insignificant investment or expenses.

Technology Absorption

The Company has successfully implemented SAP in its financial and budget management systems. The Company has also now

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

In-house developed software EIS system has now been upgraded to monitor all the above energy conservation measures and is now available online. Various energy and cargo related data are available in e-mode and helps in close monitoring and control of energy conservation related matters. Due to in-house developed software, your company has not only saved on investment towards purchase of third party software but also reduced dependency on third party service provide.

Foreign Exchange Earnings and Outgo

The details of Foreign Exchange Earnings and Outgo during the year are as follows:

Foreign Exchanged Earned (including loan : ₹ 515.77 crore receipts, sale of ships, freight, charter hire earnings, interest income, etc.)

Foreign Exchanged Used (including cost : ₹ 988.03 crore of acquisition of ships, loan repayments, interest, Operating expenses, etc.)

PUBLIC DEPOSITS

Your Company has not accepted any public deposits under section 73 of the Companies Act, 2013, during the Financial Year.

APPRECIATION AND ACKNOWLEDGEMENTS

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

Your Directors also thank its Bankers, vendors, other business associates and Members of the Company for their continued co-operation and understanding extended to the Company.

For and on behalf of the Board

Captain Anoop Kumar Sharma
Whole Time Director &
Chief Executive Officer

P. K. Srivastava
Chairman

Mumbai
August 14, 2015

ANNEXURE - A

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs: Please refer relevant para in the main Report.
2. The Composition of the CSR Committee.
The Corporate Social Responsibility Committee comprises Captain B. S. Kumar – Chairman; Captain Anoop Kumar Sharma; Mr. A. R. Ramakrishnan (upto March 31, 2015); Mr. Ankur Gupta (upto January 28, 2015) and Ms. S. Gayathri (With effect from May 06, 2015).
3. Average net profit of the Company for last three financial years : Net loss during last three years
4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) : Nil
5. Details of CSR spent during the financial year:
 - (a) Total amount to be spent for the financial year : Nil
 - (b) Amount unspent, if any : N.A.
 - (c) Manner in which the amount spent during the financial year is detailed below:

Sr. No	CSR project or activity identified	Sector In which the Project is covered	Projects or programs 1. Local area or other 2. Specify the state and district where projects or programs was undertaken	Amount outlay (budget) Project or Programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amonut Spent: Direct or through implementing agency
----- Not Applicable -----							

* Give details of implementing agency, if any.

6. Reasons for not spending the amount: Not Applicable
7. The Corporate Social Responsibility Committee hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Captain Anoop Kumar Sharma
Chief Executive Officer

Captain B. S. Kumar
Chairman CSR Committee

Mumbai, August 14, 2015

DISCLOSURES WITH RESPECT TO EMPLOYEES STOCK OPTION SCHEME OF THE COMPANY

Sr. No.	Particulars	Information
(a)	Options Granted	40,68,819
(b)	Exercise price	₹ 22.30
(c)	Options vested	12,21,757
(d)	Options exercised	NIL
(e)	The total number of shares arising as a result of exercise of option	Not applicable
(f)	Options lapsed	4,03,549
(g)	Variation of Terms of Options	NIL
(h)	Money realized by Exercise of Options	Not applicable
(i)	Total number of Options in Force	24,43,513
(j)	Employee wise details of Options granted	(i) Senior managerial personnel:
		Mr. A. R. Ramakrishnan - 6,74,258,
		Captain Anoop Kumar Sharma - 5,51,533,
		Mr. Ankur Gupta - 7,14,717,
		Mr. Rajeev Nayyar - 3,09,562,
		Mr. Ranjeet Singh - 2,69,843
		(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year: NIL
		(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: NIL
(k)	Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 "Earning per share"	Not applicable since no options exercised.
(l)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	The company accounted employee compensation cost using the intrinsic value of the stock options. The impact as required has been appropriately disclosed in note 34(c) of the financial statement.
(m)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Not applicable
(n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	The same has been appropriately disclosed in note 34(c) of the financial statement.
	(i) Risk-free interest rate	8.36
	(ii) Expected life	58
	(iii) Expected volatility	44.5% - 56.60%
	(iv) Expected dividends and	Nil
	(v) The price of the underlying share in market at the time of option grant	₹ 22.30

For and on behalf of the Board

Mumbai, August 14, 2015

Captain Anoop Kumar Sharma
Wholtime Director & CEO

P. K. Srivastava
Chairman

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

Essar Shipping Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Essar Shipping Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **Essar Shipping Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year **ended on 31st March, 2015**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Essar Shipping Limited** ("the Company") for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - **Not applicable as the Company is not registered as Registrar to an issue and Share Transfer Agent during the financial year under review.**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **Not applicable as the Company has not bought back any of its securities during the financial year under review.**
- (vi) We have also examined the compliances of the provisions of the following other laws applicable specifically to the company wherein we have also relied on the compliance certificates issued by the head of the respective departments in addition to the checks carried out by us:
 1. Merchant Shipping Act, 1958
 2. Seamen's Provident Fund Act, 1966
 3. Multimodal Transportation of Goods Act, 1993
 4. Coasting Vessel Act, 1838
 5. Inland Vessels Act, 1917
 6. The Territorial Waters, Continental Shelf, Exclusive Economic Zone And Other Maritime Zones Act, 1976
 7. The Environment Protection Act, 1986
 8. The Indian Carriage of Goods by Sea Act, 1925
 9. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules thereunder

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (not applicable for the period under review).
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and its authorised representatives during the conduct of Secretarial Audit we hereby report that in our opinion during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has:

1. taken approval of shareholders in the AGM held on 26th September, 2014 under section 180(1)(c) for borrowing limits upto ₹5000,00,00,000/- (Rupees Five Thousand Crore only).
2. taken approval of shareholders in the AGM held on 26th September, 2014 under section 180(1)(a) for creating mortgages and / or charges, hypothecation, pledge and / or any other encumbrances up to an equivalent aggregate amount as approved by the members pursuant to Section 180(1)(c) .
3. taken approval of shareholders through Postal Ballot resolution on 18th November, 2014 for voluntary delisting of the Equity Shares of the Company from BSE Limited and National Stock Exchange of India Limited under the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

For Martinho Ferrao & Associates
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Place: Mumbai
Dated: 21st May, 2015

ANNEXURE - D

STATEMENT OF DISCLOSURE OF REMUNERATION UNDER SECTION 197 OF COMPANIES ACT, 2013 AND RULE 5(1) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

1. Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and percentage increase in the remuneration of each Director and Key Managerial Personnel (KMP) during the financial year 2014-15 are as follows:

Sr. No.	Name of Director /KMP	Designation	Ratio of remuneration of each Director to median remuneration of employees	Percentage increase in remuneration
1	Mr. P. K. Srivastava	Non-executive Chairman	N.A. ⁴	N.A. ⁴
2	Captain Anoop Kumar Sharma	Executive Wholetime Director	9.95:1	Nil
3	Mr. N. Srinivasan	Non-executive Director	N.A. ⁴	N.A. ⁴
4	Captain Bhupinder Singh Kumar	Non-executive Director	N.A. ⁴	N.A. ⁴
5	Ms. S. Gayathri ¹	Non-executive Director	N.A. ⁴	N.A. ⁴
6	Mr. N. C. Singhal	Non-executive Director	N.A. ⁴	N.A. ⁴
7	Mr. Michael P. Pinto	Non-executive Director	N.A. ⁴	N.A. ⁴
8	Mr. A. R. Ramakrishnan			
	Managing Director	15.09:1	Nil	
9	Mr. Ankur Gupta ²	Non-executive Director	N.A. ⁴	N.A. ⁴
9	Mr. Vikram Vinod Gupta	Chief Financial Officer	5.11:1	Nil
10	Mr. Hitesh Kumar Jain ³	Company Secretary	0.59:1 ³	N.A. ³

- Appointed with effect from March 30, 2015.
- Ceased to be Director with effect from January 28, 2015.
- Employed with effect from August 12, 2014.
- During the year no remuneration was paid to Mr. P. K. Srivastava, Mr. N. Srinivasan, Captain Bhupinder Singh Kumar, Ms. S. Gayathri, Mr. N. C. Singhal, Mr. Michael P Pinto and Mr. Ankur Gupta, however sitting fees was paid amounting to ₹ 4,40,000, ₹ 6, 90,000, ₹ 4,70,000 and ₹ 3,30,000 paid to Mr. N. Srinivasan, Captain B. S. Kumar, Mr. Michael P Pinto and Mr. N. C. Singhal (Independent Directors), respectively. No Sitting Fee was paid to Mr. P. K. Srivastava, Mr. Ankur Gupta and Ms. S. Gayathri.

Notes: Considering the pattern of employment in the shipping business, the remuneration paid to members of the shipboard staff who have worked on board the Company's ships for only a short period during the year have not been considered for the purpose of calculating median remuneration.

- The percentage increase in the median remuneration of employees in the financial year 2014-15 was 7.0%.
- The Company had 48 employees excluding off-shore employees on the rolls of the Company as on March 31, 2015.
- Relationship between average increase in remuneration of employees and Company performance:

The average increase in remuneration of employees was 7% during the financial year 2014-15.

As per the performance evaluation policy of the Company, remuneration payable by the Company (including variable pay) is linked to individual performance as well as performance of the Company.

The performance of the Company is measured in terms of Revenue, EBITDA, PAT, Cash Accrual, Cost Control, Revenue Sustainability, Safety, IT enablement, External Stakeholder Management, Risk Mitigation, Talent Management, CSR Initiatives, Industry Forums, Adherence to regulatory requirements and Employee Engagement. The increase in remuneration of employees is in line with the performance of the Company and industry standards.

- Comparison of remuneration of KMPs against the Company performance:
The details of remuneration of KMPs have been elaborated in Form No. MGT 9 annexed to the Board Report. The average increase in the remuneration of KMPs was Nil during the financial year 2014- 15.
- The Market Capitalization of the Company as on March 31, 2015 was 450.47 crore as compared to 314 crore as on March 31, 2014. The market price of the equity shares of the Company as on March 31, 2015 (closing) was ₹ 21.90 per share on Bombay Stock Exchange and was ₹ 21.95 per share on National Stock Exchange.
- The key parameters for variable component of remuneration availed by the Directors:
 - Performance of the Company as against Annual Business Plan.

- b. Individual Performance as per KPI measures in Balanced Score Card set in the beginning of year.
8. The ratio of remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year: Not applicable.
9. The Board of Directors hereby affirms that the remuneration is as per the remuneration policy of the Company.
10. The statement pursuant to Rule (5)(2) is enclosed.

For and on behalf of the Board

Mumbai, August 14, 2015

Captain Anoop Kumar Sharma
Wholetime Director & CEO

P. K. Srivastava
Chairman

ANNEXURE – E

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Name	Age (Years)	Qualification	Designation	Date of Commencement of employment	Experience (Years)	Gross Remuneration	Previous Employment
A. R. Ramakrishnan	58	B.E.; PG Diploma in Management	Managing Director	10-June-1992	33	2,56,54,319	Godrej
Akshay Kumar Srivastav	55	Class I (Motor)	General Manager-Technical	17-Aug-2007	30	62,56,536	Snp Shipping Pvt Ltd
Anoop Kumar Sharma	54	Master (F.G.); P.G. Diploma in Marketing Management; Fellow Institute of Chartered Shipbrokers, London	Chief Executive Officer	04-Aug-2008	29	1,69,11,826	The Shipping Corporation Of India Ltd
P. Ramesh	42	B.E.	Head -Commercial & Procur	07-Apr-1995	17	69,24,684	Simpson
Rahul Bhargava	55	Master Mariner	Head-Chartering & Operation	11-Sep-2012	35	66,51,759	JSW Steel Ltd
Ranjit Singh	54	Class I (Motor)	Chief Technical Officer	02-May-2008	29	1,19,99,073	Qatar Shipping Co.
Ravi Vaidyanathan	59	CA	Head - Legal & Taxation	25-Oct-1993	34	54,00,527	Kothari Industrial Corp LTD
Suresh Sundaram	73	B.Sc.	Director-Aviation	18-Apr-1983	48	1,22,45,963	Binny Ltd.
Vikram Gupta	37	B. Com.; MMS	Chief Financial Officer	03-June-2002	12	86,89,800	N.A.
Hitesh Kumar Jain*	40	B.Sc, C.S., L.L.B	Company Secretary	12-Aug-2014	15	9,97,003	MAFFFL

1. No employee of the Company holds by himself/herself or along with his/her spouse and dependent children, not less than two percent of the equity shares of the Company.
2. No employee of the Company is a relative of any Director or Manager of the Company.

*Appointed as Company Secretary w.e.f. August 12, 2014

For and on behalf of the Board

Mumbai, August 14, 2015

Captain Anoop Kumar Sharma
Wholetime Director & CEO

P. K. Srivastava
Chairman

Form No. AOC – 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. Details of contacts or arrangements or transactions not at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements / transactions	Duration of the contracts/ arrangements/ transactions	Salient features of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
NIL								

2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (₹ In crore)	Date(s) of approval by the Board, if any	Amount paid as advances, if any (₹ In crore)
1	Essar Steel India Limited	Fellow Subsidiary	Contract of Affreightment for 5 years for transportation of raw material and finished goods of Essar Steel India Limited resulting into fleet operating and chartering earnings of the Company.	COA Contract for 5 years and also on Spot fixture basis.	Freight for transportation of raw material and finished goods as per COA; and Spot fixture basis. Total Value: 481.82	July 04, 2011 Nov 09, 2011 May 21, 2015	Nil
			Equipment lease rental income	One Year, Mutually Renewable	Lease Rental @ 1.20 lacs p.a. for Water treatment plant. Total Value: 0.01	-	Nil
			Interest income on intercorporate deposits (Bid Deposit)	One year	Bid deposit interest @ 13% p.a. Total Value: 1.49	-	Nil

For and on behalf of the Board

Captain Anoop Kumar Sharma
Wholtime Director & CEO

P. K. Srivastava
Chairman

Mumbai, August 14, 2015

ANNEXURE - G

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L61200GJ2010PLC060285
2.	Registration Date	April 16, 2010
3.	Name of the Company	Essar Shipping Limited
4.	Category/Sub-category of the Company	Company Limited by Shares / Indian Non- Government Company
5.	Address of the Registered office & contact details	Administrative Building, Essar Refinery Complex, Okha Highway (SH-25), Taluka Khambalia, Jamnagar, Gujarat – 361 305
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Data Software Research Company Private Limited, 19, Pycroft Garden Road, Off Haddows Road, Nungambakkam, Chennai – 600 006, Tel: (044) 2821 3738, 2821 4487

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Shipping	61100	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1	Essar Ports & Shipping Limited Address: Essar House, 10, Frere Felix de Valois Street, Port Louis, Mauritius	N.A.	Holding	60.60	2(46)
2	Essar Shipping & Logistics Limited Address: Riga feraiou, 4 Omega Court, 1 st Floor, PC 3095, Limassol, Cyprus	N.A.	Holding	10.43	2(46)
3	Imperial Consultants & Securities Private Limited Address: Chennai House, 5 th Floor, New No.7, Esplanade, Chennai	U65993TN1993PTC024724	Holding	3.35	2(46)
4	Essar Steel India Limited Address: 27km, Surat Hazira Road, Hazira, Gujarat - 394270	U27100GJ1976FLC013787	Holding	0.62	2(46)
5	Essar Global Fund Limited Address: Appleby Corporate Services (Cayman) Limited, Clifton House, 75, Fort Street, P.O. Box 1350, GT Georgetown, Grand Cayman	N.A.	Holding	0.00	2(46)
6	Arkay Logistics Limited (Formerly known as Essar Logistics Limited) Address: Essar House, 11 K.K. Marg, Mahalaxmi, Mumbai – 400 034.	U63000MH2004PLC149214	Subsidiary	100	2(87)(ii)
7	Essar Oilfields Services Limited Address: Essar House, 10, Frere Felix de Valois Street, Port Louis, Mauritius	N.A.	Subsidiary	100	2(87)(ii)
8	Essar Oilfields Services India Limited Address: Essar House, 11 K.K. Marg, Mahalaxmi, Mumbai – 400 034	U93090MH2006PLC163779	Subsidiary	100	2(87)(ii)
9	Energy Transportation International Limited Address: Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	N.A.	Subsidiary	100	2(87)(ii)
10	Energy II Limited Address: Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	N.A.	Subsidiary	100	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Central Govt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) State Govt(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) Bodies Corp.	8,152,020	0.00	8,152,020	3.97	8,152,020	0.00	8,152,020	3.97	0.00
e) Banks / FI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f) Any other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub – total (A)(1):-	8,152,020	0.00	8,152,020	3.97	8,152,020	0.00	8,152,020	3.97	0.00
(2) Foreign									
a) NRIs- Individuals		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Other-Individuals		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) Bodies Corp.		14,57,68,806	0.00	14,57,68,806	71.03	14,57,68,806	0.00	14,57,68,806	71.03
d) Banks/FI		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e) Any other		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-total (A)(2):-	14,57,68,806	0.00	14,57,68,806	71.03	14,57,68,806	0.00	14,57,68,806	71.03	0.00
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	153920826	0.00	153920826	75.00	153920826	0.00	153920826	75.00	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	1739	16061	17800	0.01	1739	16061	17800	0.01	-
b) Banks / FI	1720	24707	26427	0.01	1901	24426	26327	0.01	0.38
c) Central Govt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) State Govt(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e) Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f) Insurance Companies	120092	16	120108	0.06	120092	16	120108	0.06	-
g) FIs	18791604	6152	18797756	9.16	19372444	6152	19378596	9.44	3.09
h) Foreign Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i) Others (specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-total (B)(1):-	18915155	46936	18962091	9.24	19496176	46655	19542831	9.52	3.06
2. Non-Institutions									
a) Bodies Corp.	14710603	46303	14756906	7.19	15474019	45745	15519764	7.56	5.17
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	7176995	2476060	9653055	4.70	7010850	2394050	9404900	4.58	2.57
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	7280894	56200	7337094	3.58	6179425	36000	6215425	3.03	15.29
c) Others (specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non Resident Indians	529243	68553	597796	0.29	556898	67124	624022	0.30	4.39
Sub-total (B)(2):-	29697735	2647116	32344851	15.76	29221192	2542919	31764111	15.48	1.80
Total Public Shareholding (B)=(B)(1)+ (B)(2)	48612890	2694052	51306942	25.00	48717368	2589574	51306942	25.00	0.00
C. Shares held by Custodian for GDRs & ADRs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total (A+B+C)	202533716		205227768	100.00	202638194		205227768	0.00	0.00

ii) Shareholding of Promoters-

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Essar Steel India Limited	1273611	0.62	0.62	1273611	0.62	0.62	0.00
2	Imperial Consultants & Securities Private Limited	6878409	3.35	3.32	6878409	3.35	3.32	0.00
3	Essar Shipping & Logistics Limited	145768773	71.03	71.03	21406365	10.43	10.25	85.31
4	Essar Global Fund Limited	33	0.00	0.00	33	0.00	0.00	0.00
5	Essar Ports & Shipping Limited	0.00	0.00	0.00	124362408	60.60	60.60	100
	Total	153920826	75.00	74.97	153920826	75.00	74.79	0.00

iii) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.	Particulars	Shareholding at the beginning of the year (As on March 31, 2014)		Date wise Increase / Decrease in Promoters Shareholding during the year	Reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	Shareholding at the end of the year (as on March 31, 2015)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Essar Shipping & Logistics Limited	145768773	71.03	(124,362,408) on March 27, 2015	Disposal	21406365	10.43	21406365	10.43
2.	Essar Ports & Shipping Limited	0.00	0.00	124,362,408 on March 27, 2015	Acquire	124,362,408	60.60	124362408	60.60

iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (1-04-2014)/end of the year (31-03-2015)				Date wise Increase/ Decrease in Shareholding during the year	Reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	Cumulative Shareholding during the Year	
		No. of shares as on April 01, 2014	% of total shares of the company as on April 01, 2014	No. of Shares as on March 31, 2015	% of total shares of the company, as on March 31, 2015			No. of shares	% of total shares of the company
1	India Max Investment Fund Limited	9080661	4.425	9080661	4.425	0.00	0.00	9080661	4.425
2	Leena Investments Consultancy LLP	3906154	1.903	0.00	0.00	595985	Bought	4502139	2.194
						(4055704)	Sold	446435	0.218
						(446435)	Sold	0.00	0.00
3	The Royal Bank of Scotland Asia Merchant Bank (Singapore) Ltd	3800000	1.852	0.00	0.00	(3800000)	Sold	0.00	0.00
4	Kredence Multi Trading Limited	2675179	1.304	2675179	1.304	0.00	-	2675179	1.304

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year(1-04-2014)/end of the year (31-03-2015)				Date wise Increase/ Decrease in Shareholding during the year	Reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	Cumulative Shareholding during the Year	
		No. of shares as on April 01, 2014	% of total shares of the company as on April 01, 2014	No. of Shares as on March 31, 2015	% of total shares of the company, as on March 31, 2015			No. of shares	% of total shares of the company
5	Leman Diversified Fund	2627119	1.280	6427119	3.132	3800000	Bought	6427119	3.132
6	Subodh Maskara	2604359	1.269	2604359	1.269	0.00	-	2604359	1.269
7	Bijco Holdings Limited	2464883	1.201	164883	0.080	300000	Bought	2764883	1.347
						(2600000)	Sold	164883	0.080
8	Stream Value Fund	2280000	1.111	2280000	1.111	0.00	-		
9	Blue daimond Properties Pvt Ltd.	1775000	0.865	0.00	0.00	(475000)	Sold	1300000	0.633
						(1300000)	Sold	0.00	0.00
10	Vivek Mundra	1000000	0.487	0.00	0.00	(1000000)	Sold	0.00	0.00
11	India Capital Markets Private Limited	0.00	0.00	1300000	0.633	700000	Bought	700000	0.341
						2600000	Bought	3300000	1.608
						(2000000)	Sold	1300000	0.633
12	Morgan Stanley Asia (Singapore) Pte	0.00	0.00	0.00	0.00	602553	Bought	602553	0.294
						(537816)	Sold	64737	0.032
						(64737)	Sold	0.00	0.00
13	Accord Capital Markets Private Limited	0.00	0.00	0.00	0.00	1300000	Bought	1300000	0.633
						(1300000)	Sold	0.00	0.00
14	Talma Chemical Industries Pvt Ltd.	570161	0.278	470161	0.229	(100000)	Sold	470161	0.00
15	Karan Paul	511203	0.249	511203	0.249	0.00	-	511203	0.249
16	Shradha Tradelinks Private Limited	0.00	0.00	0.00	0.00	3350000	Bought	3350000	1.632
						(3350000)	Sold	0.00	0.00
17	Lydia Construction Private Limited	500000	0.244	0.00	0.00	(500000)	Sold	0.00	0.00
						1800000	Bought	1800000	0.877
						(1800000)	Sold	0.00	0.00
18	Corum Securities Pvt Ltd	0.00	0.00	2000000	0.975	1300000	Bought	1300000	0.633
						700000	Bought	2000000	0.975
19	RVB Enterprises LLP	0.00	0.00	133400	0.065	350000	Bought	350000	0.171
						133400	Bought	483400	0.236
						250000	Bought	733400	0.357
						(600000)	Sold	133400	0.065
20	Clairvoyance Energy Private Limited	0.00	0.00	3105000	1.513	3105000	Bought	3105000	1.513
21	Emerging Star Investment Private Limited	839985	0.409	2050000	0.999	(839985)	Sold	0.00	0.00
						2050000	Bought	2050000	0.999
22	The Indiaman Fund (Mauritius) Limited	-	-	1450000	0.707	1450000	Bought	1450000	0.707

v) Shareholding of Directors and Key Managerial Personnel:

None of the Directors and/or Key Managerial Personnel holds any share of the Company at the beginning, during or at the end of the year under review.

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount ₹ in crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1791.90	1982.62	0.00	3774.52
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	5.41	48.48	0.00	53.89
Total (i+ii+iii)	1797.31	2031.10	0.00	3828.41
Change in Indebtedness during the financial year				
- Addition	241.78	153.67	0.00	395.45
- Exchange difference	28.33	73.58	0.00	101.91
- Reduction	(130.28)	(357.05)	0.00	(487.33)
Net Change	139.83	(129.80)	0.00	(10.03)
Indebtedness at the end of the financial year				
i) Principal Amount	1866.09	1778.42	0.00	3644.51
ii) Interest due but not paid	65.53	49.01	0.00	114.54
iii) Interest accrued but not due	5.52	73.87	0.00	79.39
Total (i+ii+iii)	1937.14	1901.30	0.00	3838.44

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

S. No.	Particulars of Remuneration	Name of MD/WT/ Manager		Total Amount
		Capt. Anoop Kumar Sharma	Mr. A. R. Ramakrishnan	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16,911,826	25,054,319	4,19,66,145
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	6,00,000	6,00,000
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, please specify			
	Total (A)	16,911,826	25,654,319	4,25,66,145
	Ceiling as per the Act	In view of loss/inadequate profit, managerial remuneration is paid/ payable as per the Central Government approvals received.		

Note: The above remuneration is inclusive of Performance Bonus of previous year 2013-14 amounting to ₹ 97,98,000 and ₹ 55,78,207, respectively paid to Mr. A. R. Ramakrishnan and Captain Anoop Kumar Sharma during the year 2014-15. On account of superannuation from services of the Company, Mr. A. R. Ramakrishnan ceased to be Director with effect from close of business hours on March 31, 2015. The appointment of Captain Anoop Kumar Sharma as Wholetime Director of the Company is for a period of three years effective from May 23, 2014.

B. Remuneration to Other Directors:

S. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Mr. P. K. Srivastava	Mr. N. Srinivasan	Capt. B. S. Kumar	Ms. Gayathri Sukumar	Mr. Michael Pinto	Mr. N. C. Singhal	Mr. Ankur Gupta	
1	Independent Directors								
	Fee for attending board committee meetings	-	4,40,000	6,90,000	-	4,70,000	3,30,000	-	19,30,000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	-	4,40,000	6,90,000	-	4,70,000	3,30,000	-	19,30,000
2	Other Non-Executive Directors								
	Fee for attending board committee meetings	-	-	-	-	-	-	-	-
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-	-
	Total (B)=(1+2)	-	4,40,000	6,90,000	-	4,70,000	3,30,000	-	19,30,000
	Total Managerial Remuneration	-	-	-	-	-	-	-	-
	Overall Ceiling as per the Act	Only Sitting Fee is paid to Independent Directors.							

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTd

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Vikram Vinod Gupta (Chief Financial Officer)	Mr. Hitesh Kumar Jain ¹ (Company Secretary)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	86,89,800	9,97,003	96,86,803
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	
2	Stock Option	-	-	
3	Sweat Equity	-	-	
4	Commission			
	- as % of profit	-	-	
	others, specify...	-	-	
5	Others, please specify	-	-	
	Total	86,89,800	9,97,003	96,86,803

1. Employed for part of the financial year. Salary is from August 12, 2014 till March 31, 2015.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/ punishment / compounding of offences imposed on the Company or any of the Directors or officers of the Company in the year under review.

For and on behalf of the Board

Captain Anoop Kumar Sharma
Wholtime Director & CEO

P. K. Srivastava
Chairman

Mumbai, August 14, 2015

ANNEXURE - H

Financial information of subsidiary companies

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to subsidiary companies for the year ended 31 March 2015 are as follows:

₹ in crore

Particulars	Essar Logistics Limited, Mumbai	Energy Transportation International Limited, Bermuda	Energy II Limited, Bermuda	Essar Oilfields Services Limited, Mauritius	Essar Oilfield Services India Limited, Mumbai
Reporting period for the subsidiary	31 st March, 2015	31 st March, 2015	31 st March, 2015	31 st March, 2015	31 st March, 2015
Reporting currency	INR	US\$	US\$	US\$	INR
Exchange rate as on the last date of the Financial year		62.5908	62.5908	62.5908	
Share capital (including share application money pending allotment)	73.00	82.79	265.01	1,094.68	968.54
Reserves and surplus	164.08	(152.49)	54.40	177.37	(387.58)
Total assets	668.75	257.12	334.07	3,999.51	2,065.66
Total liabilities	668.75	257.12	334.07	3,999.51	2,065.66
Details of investments (except investments in subsidiaries)	-	-	-	-	62.54
Turnover	835.65	49.65	26.12	284.10	167.67
Profit / (loss) before taxation	29.29	(41.73)	8.30	(166.09)	(43.20)
Provision for taxation	10.45	-	-	12.43	-
Profit / (loss) after taxation	18.85	(41.73)	8.30	(178.53)	(43.20)
% of shareholding	100%	100%	100%	100%	100%

For and behalf of the Board

Anoop Kumar Sharma
CEO & Whole time Director

N Srinivasan
Director

Vikram Gupta
Chief Financial Officer

Mumbai
21st May, 2015

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2014 - 15

1. STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company believes that adhering to global standards of Corporate Governance is essential to enhance Shareholders value and achieve long term corporate goals. The Company's philosophy on Corporate Governance stresses the importance of transparency, accountability and protection of Shareholder interests.

2. BOARD OF DIRECTORS

During the year 2014-15 your Company has an optimum combination of executive and non-executive Directors on the Board of Directors (hereinafter referred to as Board).

Composition, Category, Other Directorship, Membership and Chairmanship of Committees

The composition of the Board, Category of directors, Number of Directorship, Memberships and Chairmanships in other public companies as on March 31, 2015 is as follows:

Name of the Director	Category of the Director	No. of other Directorship#	Committee positions@	
			Chairman	Member
Mr. P. K. Srivastava	Non-promoter Non-executive	9	-	-
Captain Anoop Kumar Sharma (Wholetime Director & Chief Executive Officer)	Non-promoter Executive	-	-	-
Mr. N. Srinivasan	Independent Non-executive	9	3	5
Captain Bhupinder Singh Kumar	Independent Non-executive	4	-	4
Ms. S. Gayathri ¹	Non-promoter Non-executive	8	-	-
Mr. N. C. Singhal ²	Independent Non-executive	9	2	5
Mr. Michael P. Pinto ³	Independent Non-executive	9	1	10
Mr. A. R. Ramakrishnan ⁴ (Managing Director)	Non-promoter Executive	2	-	1
Mr. Ankur Gupta ⁵	Non-promoter Non-executive	N.A.	N.A.	N.A.

1. Appointed with effect from March 30, 2015.

2. Ceased to be Director with effect from April 06, 2015.

3. Ceased to be Director with effect from April 03, 2015.

4. Ceased to be Director with effect from March 31, 2015.

5. Ceased to be Director with effect from January 28, 2015.

Exclude Directorships in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

@ Considered only Audit Committee and the Stakeholders' Relationship Committee of public limited companies.

Attendance of Directors at Board Meetings and at the last Annual General Meeting (AGM)

During the year ended on March 31, 2015, six (6) meetings of the Board were held on May 20, 2014, July 24, 2014, August 08, 2014, October 11, 2014, November 13, 2014 and February 13, 2015. The last Annual General Meeting (AGM) was held on September 26, 2014. The attendance of Directors at the Board meetings and the last AGM is as follow:

Name of the Director	Attendance at Board Meetings		Attendance at the last AGM
	Held	Attended	
Mr. P. K. Srivastava	6	6	Yes
Captain Anoop Kumar Sharma	6	6	No
Mr. N. Srinivasan	6	5	No
Captain Bhupinder Singh Kumar	6	6	No
Ms. S. Gayathri ¹	-	-	Not Applicable
Mr. N. C. Singhal	6	6	Yes
Mr. Michael P. Pinto	6	6	Yes
Mr. A. R. Ramakrishnan	6	3	Yes
Mr. Ankur Gupta ²	5	4	No

1. Appointed with effect from March 30, 2015.

2. Ceased to be Director with effect from January 28, 2015.

Separate Meeting of Independent Directors

During the Financial Year ended March 31, 2015, the Independent Directors met on December 18, 2014 and inter alia discussed the quality and timeliness of flow of information between the company management and the Board which is essentially required for the Board to effectively and reasonably perform their duties.

Familiarization programmes for Independent Directors

The Company has a policy to keep the Independent Directors informed and updated about the business and operations of the Company as well as industries in which the Company operates, on a continuous basis. In addition to formal familiarization programmes, the interactions between various functional heads and the Independent Directors are generally facilitated on regular basis after the meetings of the Board and the Committees.

Code of Conduct

All personnel to whom the Code of Conduct is applicable have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2015. A declaration to this effect, duly signed by the Chief Executive Officer is annexed hereto.

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

Mr. P. K. Srivastava

Shri. Srivastava has done his M.Sc., (Physics) from University of Lucknow (India) and M.A., (Management Studies) from University of Leeds (UK) and has been consistently placed in First Class / Distinction in academics.

Shri. Srivastava has a rich experience of 47 years in various commercial organisations in India and abroad (mainly Public Sector undertakings in India and Kingdom of Saudi Arabia) with about 15 years as Director on the Board and 10 years as the Chairman and Managing Director of Shipping Corporation of India Limited, a group "A" Public Sector Undertaking in India with an annual turnover in excess of USD 1 billion.

Shri. Srivastava thereafter joined Emirates Trading Agency L.L.C., Dubai, UAE as Group Advisor (Trading & Shipping Division). Shri. Srivastava was responsible for the overall management of large business enterprises mainly in the fields of Shipping, Oil Transportation and Infrastructure Development.

Shri. Srivastava was the Chairman and Managing Director of Shipping Corporation of India Limited. He was the President of Indian National Shipowners' Association and Association of Multimodal Transport Operators of India.

He was also the Chairman of Irano-Hind Shipping Company Limited and Indian National Committee of American Bureau of Shipping (ABS) & Member of ABS and its council. He was also a Director on the Board of Steamship Mutual Underwriting Association Limited (SMUL), London, Indian Register of Shipping and Cochin Shipyard Limited. He also held the position of Chairman of India, Pakistan, Bangladesh, Ceylon Conference. Mr. Srivastava was also a member of Institute of Public Enterprises, Hyderabad, Board of Governors and World Maritime University and National Shipping Board.

Shri. Srivastava is also a Director on the Board of various other Indian companies such as Vadinar Oil Terminal Limited, Essar Bulk Terminal Limited, Essar Oilfield Services India Limited, Essar Ports Limited, Essar Bulk Terminal Paradip Limited, Essar Paradip Terminals Limited, Essar Bulk Terminal (Salaya) Limited, Vadinar Ports & Terminals Limited and Essar Vizag Terminals Limited.

Shri. Srivastava does not hold any shares in the Company.

MS. S. GAYATHRI

Please refer the profile given in detail in Explanatory Statement No. 4 of the notice for Annual General Meeting.

Ms. Gayathri does not hold any shares in the Company.

3. 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 detail of the composition and meetings of the Audit Committee are as follow:

Composition	Meeting Dates and Attendance				
	May 20, 2014	July 10, 2014	August 08, 2014	November 12, 2014	February 13, 2015
Mr. Michael P. Pinto ¹ – Chairman	Yes	Yes	Yes	Yes	Yes
Captain Bhupinder Singh Kumar ² - Member	Yes	Yes	Yes	Yes	Yes
Mr. N. Srinivasan - Member	Yes	No	Yes	Yes	Yes
Ms. S. Gayathri ³ - Member	N.A.	N.A.	N.A.	N.A.	N.A.

1. Ceased to be Member with effect from April 03, 2015.
2. Appointed as Chairman of Audit Committee with effect from May 06, 2015.
3. Appointed as Member of Audit Committee with effect from May 06, 2015.

The Managing Director, Wholtime 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.

4. NOMINATION AND REMUNERATION COMMITTEE

The terms of reference of Nomination and Remuneration Committee includes inter-alia to formulate evaluation criteria and recommend to the Board from time to time on matters such as candidates for induction on the Board, compensation structure for Managing Director, Whole-time Director and Key Managerial Personnel and other Senior Executives and to administer and supervise the Employee Stock Option Scheme of the Company.

The detail of the composition and meetings of the Nomination and Remuneration Committee are as follow:

Composition	Meeting Dates and Attendance	
	May 20, 2014	August 30, 2014
Mr. N. Srinivasan – Chairman	Yes	Yes
Captain Bhupinder Singh Kumar - Member	Yes	Yes
Mr. Michael P. Pinto ¹ - Member	Yes	Yes
Mr. P. K. Srivastava - Member	Yes	Yes

- ¹ Ceased to be Member with effect from April 03, 2015.

Remuneration Policy

The Nomination and Remuneration Committee of the Board is constituted in compliance with the provisions of Section 178(1) of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Committee is fully empowered to frame compensation structure for Directors and its review from time to time.

Remuneration to Directors is paid as determined by the Board on recommendation of the Nomination and Remuneration Committee and subject to such approval of Shareholders and Central Government as may be required in accordance with applicable provisions of the Companies Act, 2013 relating to managerial remuneration. The

Company pays no remuneration to Non-executive Directors except payment of Sitting Fees to Independent Directors for attending meetings of the Board and Committees.

Details of Remuneration to Directors

(Amount in Rupees)

Name of Director	Basic Salary	Provident Fund	Allowances and other benefits	Sitting Fee	Total
Mr. P. K. Srivastava	-	-	-	-	-
Captain Anoop Kumar Sharma	65,43,880	7,85,266	47,89,739	-	1,21,18,885
Mr. N. Srinivasan	-	-	-	4,40,000	4,40,000
Captain Bhupinder Singh Kumar	-	-	-	6,90,000	6,90,000
Ms. S. Gayathri	-	-	-	-	-
Mr. N. C. Singhal	-	-	-	3,30,000	3,30,000
Mr. Michael P. Pinto	-	-	-	4,70,000	4,70,000
Mr. A. R. Ramakrishnan	48,00,002	5,76,000	1,04,56,317	-	1,58,32,319
Mr. Ankur Gupta	-	-	-	-	-

The above remuneration excludes Performance Bonus of previous year 2013-14 amounting to ₹97,98,000 and ₹ 55,78,207, respectively paid to Mr. A. R. Ramakrishnan and Captain Anoop Kumar Sharma during the year 2014-15. In addition to above, perks amounting to ₹ 6,00,000 was paid to Mr. A. R. Ramakrishnan during the year 2014-15. The remuneration to Mr. A. R. Ramakrishnan and Captain Anoop Kumar Sharma also include remuneration for part of their previous term (From April 01, 2014 to May 22, 2014) paid during year 2014-15. On account of superannuation from services of the Company, Mr. A. R. Ramakrishnan ceased to be Director with effect from close of business hours on March 31, 2015. The appointment of Captain Anoop Kumar Sharma as Wholtime Director of the Company is for a period of three years effective from May 23, 2014.

During the year under review, no stock options were granted to any Director or employee of the Company. No Shares or Convertible Instruments are held by any Members of the Board except the Stock Options granted to the Executive Directors of the Company and its subsidiaries pursuant to the, 'Essar Shipping Employees Stock Option Scheme – 2011'.

Performance Evaluation of Board and Directors

The Company has detailed policy on performance evaluation of the Board and individual directors clearly setting the parameters for performance evaluation of Board and Directors.

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.

5. **STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Stakeholders' Relationship Committee of the Board is constituted in compliance with the provisions of Section 178(5) of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Committee is fully empowered to consider and resolve grievances of security holders of the Company including complaints related to transfer of shares, non-receipt of Annual Report, Notices and other interests of the security holders. Periodic reports are placed for review by the Committee.

Captain B. S. Kumar, Non-executive Independent Director of the Company is heading the Committee as Chairman of the Committee and Company Secretary of the Company is Compliance Officer. The Company received a total of 61 complaints during the year 2014-15. All the complaints received during the year was redressed and no complaint was outstanding as on March 31, 2015.

6. GENERAL BODY MEETING

Details of last three Annual General Meetings

Financial Year	Meeting, Financial Year, Date and Time	Location and Nature of Transaction
2013-14	4 th AGM, on September 26, 2014 (10:00 am)	Registered office of the Company, Jamnagar, Gujarat. Special Resolution passed in the respect of following matters: - Approval for appointment of Mr. A. R. Ramakrishnan (DIN: 00583765) as Managing Director for a period of 3(three) years. - Approval for appointment of Captain Anoop Kumar Sharma (DIN: 03531392) as the Wholetime director for a period of 3 (three) years. - Approval for borrowing moneys by the Board of Directors not exceed the sum of ₹ 5000,00,00,000/- (Rupees Five Thousand Crore only) over and above the aggregate paid-up capital of the Company and its free reserves. - Approval for creating mortgages and/or charges, hypothecation, pledge and/or any other encumbrances on all or any of the movable and/or immovable properties of the Company, whosoever situated, both present and future.
2012-13	3 rd AGM, on September 25, 2013 (2:30 P.M.)	Registered office of the Company, Jamnagar, Gujarat. No Special Resolution was proposed.
2011-12	2 nd AGM, on August 24, 2012 (11:00 A.M.)	Registered office of the Company, Jamnagar, Gujarat. Special Resolutions passed in the respect of following matters: - Approval to issue securities for an amount not exceeding USD 500 million

Special Resolution passed last year through Postal Ballot:

The members of the Company through Postal Ballot Process on November 18, 2014 have passed the Special Resolution for delisting of the equity shares of the Company from BSE Limited and National Stock Exchange of India Limited. The voting pattern was as under:

Category	For		Against	
	Number	%	Number	%
Public (other than PAC)	2,17,72,117	96.567	7,74,106	3.433
PAC	0	0.000	0	0.000
Total	2,17,72,117	96.567	7,74,106	3.433
Ratio of For: Against	96.567:3.433			

Mr. Bhavin Mehta, Practicing Company Secretary, Scrutinizer for the Postal Ballot and E-voting process has conducted the postal ballot exercise. The promoter shareholders did not participate in the voting.

7. DISCLOSURE

- a) There were no transactions of material nature with its Promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. However, the Company has annexed to the accounts

a list of related parties as per Accounting Standard 18 and the transactions entered into with them.

- b) There were no instances of non-compliances nor have any penalties, strictures been imposed by Stock Exchanges or SEBI or any statutory authority during the last 3 years on any matter related to capital markets.
- c) The senior management has made disclosures to the Board relating to all material financial and commercial transactions stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.
- d) The Company has established a vigil mechanism (Whistle Blower Policy) for directors and employees to report genuine concerns. The Whistle Blower Policy provides for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. No personnel has been denied access to the audit committee. A copy of the Whistle Blower Policy is available on the website of the Company: www.essar.com.
- e) The Chief Executive Officer and the Chief Financial Officer have certified to the Board of full compliance as per clause 49(IX) of the Listing Agreement for the Financial Year Ended March 31, 2015.

Risk Management

The company has a Risk Management Policy Framework for risk identification, assessment and control to effectively manage risks associated with the business of the company. The Board has constituted Risk Management Committee comprising of two Directors of the Company and Chief Financial Officer.

Subsidiary Monitoring Framework

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

- a) Mr. N. Srinivasan, an Independent Director of Essar Shipping Limited is on the Board of Essar Oilfields Services India Limited, a non-listed Indian subsidiary;
- b) The copies of the Minutes of the meetings of the Board of Directors of all the subsidiary companies are tabled before the Company's Board on Quarterly Basis;
- c) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board; and
- d) Financial Results summary are also tabled before the Company's Board on quarterly basis.

8. MEANS OF COMMUNICATION

Financial Results and other Information about the Company	The Quarterly and Annual Financial Results are displayed on the Company's website: www.essar.com. Published in newspapers such as Business Standard and Jai Hind.
Presentation to Institutional Investors and to the Analyst	Press releases and presentations made to Institutional Investors and Analysts are displayed on the Company's website: www.essar.com
Management Discussion & Analysis	Forms part of the Annual Report, which is mailed to the Shareholders of the Company
First Quarter Results	On or before August 14, 2015
Second Quarter Results	On or before November 15, 2015
Third Quarter Results	On or before February 14, 2016
Annual Results for the Year	On or before May 30, 2016

9. GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting details

Date	September 23, 2015
Venue	Administrative Building, Essar Refinery Complex Okha Highway (SH-25), Taluka Khamalia District Jamnagar, Gujarat - 361 305
Time	3.00 p.m.
Book Closure Dates	September 17, 2015 to September 23, 2015 (both days inclusive)

Financial year: 1st April to 31st March

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

National Stock Exchange of India Ltd.
Exchange Plaza,
Bandra Kurla Complex, Bandra East
Mumbai – 400 051
Code: ESSARSHPNG

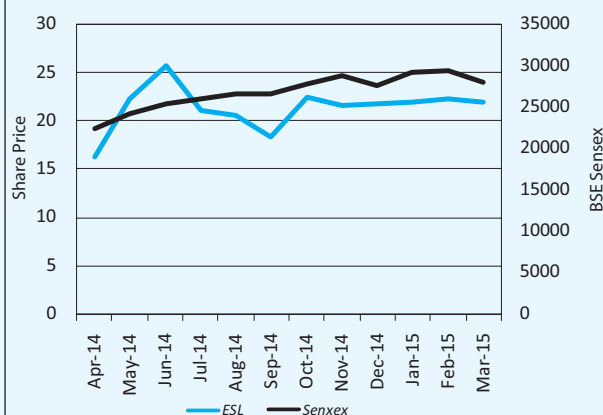
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai – 400 023.
Code : 533704

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

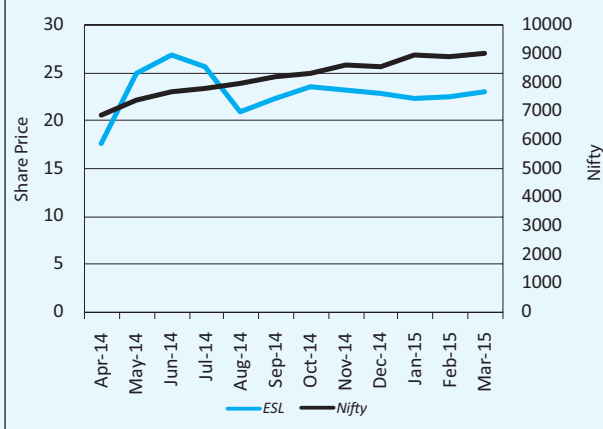
Market price data (High/Low) during each month in the Year 2014-15

BSE Limited			National Stock Exchange of India Limited		
Month	Highest	Lowest	Month	Highest	Lowest
April 2014	18.3	15.00	April 2014	18.30	15.00
May 2014	26.70	14.70	May 2014	26.80	15.00
June 2014	27.00	22.15	June 2014	26.95	22.2
July 2014	26.20	20.40	July 2014	26.20	20.00
August 2014	22.00	17.9	August 2014	22.40	18.00
September 2014	23.25	18.05	September 2014	23.40	18.00
October 2014	24.60	17.7	October 2014	24.65	17.80
November 2014	24.30	20.3	November 2014	24.50	20.15
December 2014	23.40	21	December 2014	23.40	21.00
January 2015	23.40	20.9	January 2015	23.60	20.50
February 2015	23.95	20.6	February 2015	24.00	20.55
March 2015	23.60	20.55	March 2015	23.70	20.15
Scrip Code: 533704			Scrip Code: ESSARSHPNG		

Performance of share price in comparison to BSE Sensex



Performance of share price in comparison to Nifty



Registrars and Share Transfer Agents**Data Software Research Company Private Limited**

19, Pycrofts Garden Road,
Off. Haddows Road, Nungambakkam,
Chennai - 600 006
Ph.No.+91-44-28213738/28214487
Fax No.+91-44-28214636
E-mail: essar.shipping@dsr-cid.in

Share Transfer System

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

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

Nomination Facility

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013 are requested to submit to the R&T Agent of the Company the prescribed nomination form.

Distribution of Shareholding as on March 31, 2015

No. of Equity Shareholders	No of Shareholders	% of Shareholders	Total No of Shares	% of Holding
Upto 5000	93574	99.65	9271248	4.52
5001 to 10000	146	0.16	1038996	0.51
10001 to 20000	92	0.10	1299082	0.63
20001 to 30000	22	0.02	538733	0.26
30001 to 40000	10	0.01	353832	0.17
40001 to 50000	10	0.01	460948	0.23
50001 to 100000	15	0.02	1181448	0.58
100001 and above	30	0.03	191083481	93.11
Total	93,899	100.00	20,52,27,768	100.00

Dematerialisation of Shares as on March 31, 2015

Mode	No. of Shares	No. of Folio	%
Physical	2589574	51216	1.26
Demat	20,26,38,194	42683	98.74
TOTAL	20,52,27,768	93899	100.00

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on Equity

As on March 31, 2015, the total outstanding Foreign Currency Convertible Bonds (FCCB) were 2800, 5% FCCBs (Series A and Series B) aggregating to USD 240,000,000. Series A FCCBs due on 24th August, 2015 and Series B FCCBs due on 24th August, 2017. These FCCBs are convertible into 122,852,787 equity shares of ₹ 10 each of the Company at a conversion rate of ₹ 91.70 per equity share at a fixed exchange rate of ₹ 46.94.

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

Secretarial Audit

A qualified Practising Company Secretary carries out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/Paid up Capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

10. STATUS OF COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

The Company continuously strives towards improving its Corporate Governance practices. Whilst your Company is fully compliant with the mandatory requirements of the Clause 49 of the Listing Agreement, the status of compliance of non-mandatory requirements under Clause 49 of the Listing Agreement is as follow:

The Board

Mr. P. K. Srivastava, a non-executive Chairman is entitled to and also allowed reimbursement of expenses incurred in performance of his duties.

Shareholder Rights

The financial results of the Company for every quarter are extensively published in the newspapers and are also uploaded on the Company's website. The same are also sent to the shareholder on request.

Separate posts of Chairman and CEO

Mr. P. K. Srivastava holds the office of Chairman of the Company and Captain Anoop Kumar Sharma holds the office of Chief Executive Officer.

Key Managerial Personnel

In accordance with the Section 203 of the Companies Act, 2013 and Rules made thereunder, the following persons are appointed as Key Managerial Personnel of the Company:

- Mr. A. R. Ramakrishnan, Managing Director*
- Captain Anoop Kumar Sharma, Whole-time Director and Chief Executive Officer
- Mr. Hitesh Kumar Jain, Company Secretary[^]
- Mr. Vikram Gupta, Chief Financial Officer
- Mr. Awaneesh Srivastava, Company Secretary+

* Ceased to be Managing Director of the Company w.e.f. close of working hours of March 31, 2015.

[^] Ceased to be Company Secretary of the Company w.e.f. close of working hours of August 14, 2015.

+ Appointed as Company Secretary of the Company w.e.f. August 15, 2015

Reporting of Internal Auditor

The Internal auditor reports directly to the Audit Committee.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
Essar Shipping Limited

We have examined the compliance of conditions of Corporate Governance by Essar Shipping Limited ("the Company") for the year ended on 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement entered into by the said Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the directors and the Management, we certify that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

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

Samir R. Shah
Partner
Membership No. 101708
Mumbai, August 14, 2015

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

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

All the Members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said code of conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended March 31, 2015.

Sd/-

Mumbai
August 14, 2015

Captain Anoop Kumar Sharma
CEO & Wholetime Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ESSAR SHIPPING LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **ESSAR SHIPPING LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information for the year then ended.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the preparation of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

Attention is invited to note 13(a)(ii) of the financial statements regarding Management's ongoing assessment from the last financial year of 'other than temporary' decline in the value of long term investment of ₹ 4,747.78 Crore as at 31st March, 2015 in equity shares of Essar Oilfields Services Limited, Mauritius, a wholly owned subsidiary of the Company, in terms of Accounting Standard (AS) 13, Accounting for Investments. We have been informed that the Management has not yet concluded the process of validating various operational assumptions impacting the estimated future cash flows from the operations of the rigs of the said subsidiary, and the consequent effect on the valuation of the subsidiary to determine whether there is any decline, other than temporary, in the value of the aforesaid investment. Pending conclusion of the said exercise, we are unable to comment on the extent of diminution, if any, which may be required in respect of the carrying amount of the investment.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 35 regarding preparation of the financial statements on a going concern basis which is predicated on the expectation that the Company will be able to refinance its existing borrowings in a manner such that repayment schedules are aligned with projected debt servicing ability of the fleet.

Our report is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
- As required by Section 143(3) of the Act, we report that:
 - We have sought, and except for the matter described in the Basis for Qualified Opinion paragraph obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- (d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) The matter described in the Basis for Qualified opinion paragraph above may have an adverse effect on the functioning of the Company. The matter described in the Emphasis of Matter Paragraph above may have an adverse effect on the functioning of the Company if the existing borrowings are not refinanced in a manner such that repayment schedules are aligned with projected debt servicing ability of the fleet.
- (f) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith is as stated in the Basis for Qualified Opinion paragraph above.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 27(a) to the financial statements;
 - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 31 to the financial statements;
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Samir R. Shah
Partner

Mumbai, May 21, 2015

Membership No. 101708

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified in the previous year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories :
 - (a) The Company carries inventories of fuel oil and lubricants on board the fleet. The Company purchases stores and spare parts for the fleet, which are directly treated as consumed as and when supplied to fleet. As explained to us, the inventories of fuel oil and lubricants were physically verified during the year by the Master of fleet at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, having regard to the nature and location of inventory, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of

the Company and the nature of its business.

- (c) Having regard to the nature of the Company's business and scale of operations, quantities of fuel oil and lubricants are determined by physical count and it is not considered feasible by the Management to maintain records of movements of inventories of such items by the fleet in which they are carried. As quantities are determined by physical count and records of movements are not maintained on board the fleet, the question of discrepancies on physical verification thereof does not arise.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of services, and during the course of our audit we have not observed any continuing failure to correct major weakness in such internal control system. The activities of the Company do not involve sale of goods.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The Company is not required to maintain cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central

Government under sub-section (1) of Section 148 of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues applicable to it except that there have been delays in number of cases in depositing undisputed statutory dues of service tax, Provident Fund and tax deducted at source with the appropriate authorities. As informed to us, the provisions for Employee's State Insurance and Excise duty were not applicable to the Company during the year.
- (b) There are no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable except arrears of Tax Deducted at Source amounting to ₹13.52 Crore due for 205-328 days.
- (c) Details of dues of Income-tax and Customs duty which have not been deposited as on 31st March, 2015 on account of disputes are given below:

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

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

(d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

- (viii) The Company is registered for a period of less than five years as of the balance sheet date. Accordingly, the provisions of clause (viii) of the Order are not applicable to the Company.
- (ix) Delays in repayment of dues (including interest) to banks, financial institutions and debenture holders aggregating to ₹ 122.53 Crore, ₹ 11.23 Crore and ₹ 43.19 Crore have been regularised within 90 days, 91-150 days and 151-214 days respectively, from due dates. Dues aggregating to ₹ 245.44 Crore, ₹ 60.71 Crore and ₹ 41.30 Crore outstanding for a period of less than 90 days, 91-150 days and 151-283 days respectively, as at 31st March, 2015 have not been paid till the date of this report.
- (x) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not, *prima facie*, prejudicial to the interests of the Company.
- (xi) In our opinion and according to the information and explanations given to us, term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

Samir R. Shah
Partner

Mumbai, May 21, 2015

Membership No. 101708

BALANCE SHEET AS AT 31ST MARCH, 2015

(₹ in Crore)

Particulars	Note no.	As at 31 st March, 2015	As at 31 st March, 2014
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	205.23	205.23
(b) Reserves and surplus	4	4,600.01	4,684.00
		4,805.24	4,889.23
2 Non-current liabilities			
(a) Long-term borrowings	5	1,578.20	3,276.56
(b) Other long-term liabilities	6	44.49	9.00
(c) Long-term provisions	7	12.88	-
		1,635.57	3,285.56
3 Current liabilities			
(a) Short-term borrowings	8	175.68	156.75
(b) Trade payables	9	241.73	197.17
(c) Other current liabilities	10	2,134.93	512.53
(d) Short-term provisions	11	5.52	6.83
		2,557.86	873.28
TOTAL EQUITY AND LIABILITIES		8,998.67	9,048.07
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
Tangible assets	12	1,500.43	1,606.15
(b) Non-current investments	13 (a)	5,261.83	6,363.38
(c) Long-term loans and advances	14	443.28	604.79
(d) Other non-current assets	16	29.96	14.66
		7,235.50	8,588.98
2 Current assets			
(a) Current investments	13 (b)	1,099.03	0.10
(b) Inventories	17	14.18	22.72
(c) Trade receivables	15	68.90	53.66
(d) Cash and bank balances	18	24.40	33.74
(e) Short-term loans and advances	14	414.57	214.00
(f) Other current assets	16	142.09	134.87
		1,763.17	459.09
TOTAL ASSETS		8,998.67	9,048.07

See accompanying notes forming part of the financial statements

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

Samir R. Shah
Partner

Mumbai
May 21, 2015

For and on behalf of the Board

Anoop Kumar Sharma
CEO & Wholetime Director

Vikram Gupta
Chief Financial Officer

Mumbai
May 21, 2015

N. Srinivasan
Director

Hitesh Jain
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Crore)

Particulars	Note no.	Year ended 31 st March, 2015	Year ended 31 st March, 2014
Income			
1 Revenue from operations	19	791.14	873.67
2 Other income	20	207.76	152.72
Total		998.90	1,026.39
3 Expenses:			
Operating expenses	22	480.06	588.32
Employee benefits expense	21	107.63	113.92
Other expenses	23	59.43	41.33
Total		647.12	743.57
Profit before finance costs, depreciation, exceptional item and tax		351.78	282.82
4 Finance costs	24	286.32	322.93
5 Depreciation (previous year figure includes ₹ 30.23 crore on account of prior period adjustments)	12	143.96	185.56
Loss before exceptional items		(78.50)	(225.67)
6 Exceptional item			
Profit on slump sale of lighterage business [refer foot note (v) to note 12]		-	5.44
Loss before tax		(78.50)	(220.23)
7 Tax expense:			
Current tax		(4.50)	(8.92)
8 Loss for the year		(83.00)	(229.15)
9 Earnings per equity share (face value of ₹10 each) :	29		
Basic and diluted (in ₹)		(4.04)	(11.17)

See accompanying notes forming part of the financial statements

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

Samir R. Shah
Partner

Mumbai
May 21, 2015

For and on behalf of the Board

Anoop Kumar Sharma
CEO & Wholetime Director

Vikram Gupta
Chief Financial Officer

Mumbai
May 21, 2015

N. Srinivasan
Director

Hitesh Jain
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015

(₹ in Crore)

Particulars	Year ended 31 st March, 2015	Year ended 31 st March, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(78.50)	(220.23)
Adjustments for :		
Depreciation expense	143.96	185.56
Finance costs	286.32	322.93
Interest income	(88.79)	(88.51)
Gain on foreclosure of finance leases	(64.17)	-
(Gain) / loss on sale of other assets	(0.02)	20.22
Profit on slump sale of lighterage business	-	(5.44)
Dividend from a subsidiary company	(1.37)	(35.31)
Miscellaneous expenditure written off	0.41	0.41
Amortisation of stock based employee compensation	0.45	0.48
Gain on buy-back of equity shares by a subsidiary	(25.62)	-
Unrealised foreign exchange loss	30.62	10.96
Operating profit before working capital changes	203.29	191.07
Changes in working capital:		
Decrease in inventories	8.54	14.59
(Increase) / Decrease in trade receivables, loans and advances and other assets	(23.49)	53.12
(Decrease) / Increase in trade payables, other liabilities and short term provisions	(2.64)	19.73
Cash generated from operations	185.70	278.51
Income taxes refunded / (paid), net	18.33	(20.31)
Net cash generated from operating activities	204.03	258.20
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(0.11)	(7.69)
Proceeds from sale of fixed assets	21.02	55.04
Proceeds from redemption of investments in a subsidiary	71.42	-
Redemption of investments in preference shares	6.32	219.67
Fixed deposits placed for a period of more than three months	(11.04)	(5.00)
Loans and advances given to a subsidiary	(16.73)	(227.72)
Loans and advances repaid by a subsidiary	22.57	62.93
Interest received	8.54	22.88
Dividend received from a subsidiary company	1.37	35.31
Net cash generated from investing activities	103.36	155.42

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015

(₹ in Crore)

Particulars	Year ended 31 st March, 2015	Year ended 31 st March, 2014
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term loans	256.77	296.77
Proceeds from short-term loans	34.48	35.20
Repayment of long-term loans	(207.37)	(179.00)
Repayment of short-term loans	(6.07)	(54.17)
Repayment of finance lease obligations	(242.04)	(97.57)
Repayment of commercial papers	-	(60.00)
Finance costs paid	(156.42)	(342.04)
Net cash used in financing activities	(320.65)	(400.81)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(13.26)	12.81
Unrealised foreign currency loss on cash and cash equivalents	(0.02)	(0.02)
Cash and cash equivalents at the beginning of the year	13.71	0.92
Cash and cash equivalents at the end of the year (refer note 18A)	0.43	13.71

See accompanying notes forming part of the financial statements

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

Particulars	As at 31 st March, 2015	As at 31 st March, 2014
Cash and cash equivalents as per cash flow statement	0.43	13.71
Add: margin money deposits not considered as cash and cash equivalents as per AS-3	23.97	20.03
Cash and bank balances as per note 18	24.40	33.74

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants**Samir R. Shah**
PartnerMumbai
May 21, 2015

For and on behalf of the Board

Anoop Kumar Sharma
CEO & Wholetime Director**Vikram Gupta**
Chief Financial OfficerMumbai
May 21, 2015**N. Srinivasan**
Director**Hitesh Jain**
Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

1 CORPORATE INFORMATION

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

2 SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable. The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation as more fully described in Note 12.

B. USE OF ESTIMATES

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

C. FIXED ASSETS

Fixed assets are recorded at cost or at revalued amounts less accumulated depreciation, amortisation and impairment loss, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure including brokerage and start-up costs on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

D. DEPRECIATION

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Nature of fixed asset	Useful life
Fleet - Bulk carriers	25-30 years
Fleet - Mini bulk carriers	7 years
Aircraft	17 years

Assets costing less than Rs. 5,000/- are fully depreciated in the year of capitalization. Depreciation on additions/ deductions to fixed assets made during the year is provided on a pro-rata basis from / up to the date of such additions / deductions, as the case may be.

E. IMPAIRMENT OF ASSETS

The carrying values of assets (cash generating units) at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

F. BORROWING COSTS

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the

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

G. INVESTMENTS

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

H. VALAUTION OF INVENTORIES

Cost includes all charges in bringing the inventories to their present location and condition, including octroi and other levies, transit insurance and receiving charges. Inventories are valued at the lower of cost determined on first-in-first-out basis and the net realisable value after providing for obsolescence and other losses, where considered necessary.

I. REVENUE RECOGNITION

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

J. OTHER INCOME

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

K. INSURANCE CLAIMS

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

L. FLEET OPERATING EXPENSES

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

M. LEASES

Where the Company as a lessor leases assets under finance

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

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

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

N. HEDGE ACCOUNTING

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options and forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions in foreign currency. The Company does not enter into derivative contracts for trading or speculative purposes.

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

The Company uses certain foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments: Recognition and Measurement" issued by the ICAI. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit or loss.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted

transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss. In case of fair value hedges the adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized in the statement of profit and loss.

O. EMPLOYEE BENEFITS

a) The Company (employer) and the employees contribute a specified percentage of eligible employees' salary- currently 12%, to the employer established provident fund "Essar Shipping Limited Employees Provident Fund" set up as an irrevocable trust by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on government specified minimum rates of return – currently @ 8.75%, and recognises such provident fund liability, considering fund as the defined benefit plan, based on an independent actuarial valuation carried out at every statutory year end using the Projected Unit Credit Method.

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

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

c) Post-employment benefit plan:

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

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

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

d) Short-term employee benefits

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

e) Long-term employee benefits

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

f) Employee Stock Option Scheme:

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

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

P. FOREIGN CURRENCY TRANSACTIONS

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

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

Q. TAXES ON INCOME

Current tax is the amount of tax payable as per special provisions relating to income of shipping companies under the Income Tax Act, 1961 on the basis of deemed tonnage income of the Company and tax payable on other taxable income for the year determined in accordance with the applicable tax rates and provisions of the Income Tax Act, 1961 and other applicable tax laws.

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

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

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

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

R. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised when there is a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates

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

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

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

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

T. CASH FLOW STATEMENT

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

U. EARNINGS PER SHARE

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

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

V. OPERATING CYCLE

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

3. Share capital

Particulars	As at 31 st March, 2015		As at 31 st March, 2014	
	Number	₹ in Crore	Number	₹ in Crore
(a) Authorised				
Equity shares of ₹ 10/- each	500,000,000	500.00	500,000,000	500.00
	500,000,000	500.00	500,000,000	500.00
Issued, subscribed and fully paid-up				
Equity shares of ₹ 10/- each	205,227,768	205.23	205,227,768	205.23
	205,227,768	205.23	205,227,768	205.23
(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period				
Equity shares of ₹ 10/- each				
At the beginning of the year	205,227,768	205.23	205,227,768	205.23
Add: Issue of shares during the year	-	-	-	-
At the end of the year	205,227,768	205.23	205,227,768	205.23

(c) Terms of / rights attached to equity shares

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

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

	As at 31 st March, 2015			As at 31 st March, 2014		
	Number	₹ in Crore	%	Number	₹ in Crore	%
Equity shares of ₹ 10/- each						
Essar Ports & Shipping Mauritius Limited, Mauritius, the immediate holding company	124,362,408	124.36	60.60%	-	-	0.00%
Essar Shipping & Logistics Limited, Cyprus, the intermediate holding company	21,406,365	21.41	10.43%	145,768,773	145.77	71.03%
Essar Global Fund Limited, Cayman Islands, the ultimate holding company	33	0.00	0.00%	33	0.00	0.00%
Essar Steel India Limited, India, subsidiary of the ultimate holding company	1,273,611	1.27	0.62%	1,273,611	1.27	0.62%
	147,042,417	147.04	71.65%	147,042,417	147.04	71.65%

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

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

	Year (Aggregate no. of shares)				
	2014-15	2013-14	2012-13	2011-12	2010-11
Equity shares issued for consideration other than cash					
Issued as fully paid-up pursuant to a Scheme of arrangement	-	-	-	205,227,768	-

Note:

(f) Shares reserved for issue under options

- The Company has reserved issuance of 36,65,270 equity shares of ₹ 10 each for offering to eligible employees of the Company and its subsidiaries under Employee Stock Options Scheme (ESOS). Refer note 34 for details.
- 2,400 Foreign Currency Convertible Bonds (FCCB) are convertible into 122,852,787 equity shares, at the option of the holders, (previous year 122,852,787 equity shares) of ₹ 10/- each Refer foot note (i) (f) to note 5 for details.

4. Reserves and surplus

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
a. Debenture redemption reserve (refer foot note below)		
Opening balance	55.00	55.00
Add: Transferred from Statement of Profit and Loss	-	-
Closing balance	55.00	55.00
b. Share options outstanding account		
Opening balance	1.02	0.54
Additions during the year (refer note 21)	0.45	0.48
Closing balance	1.47	1.02
c. Tonnage tax (utilised) reserve		
Opening balance	20.00	-
Add: Transferred from Tonnage tax reserve	-	20.00
Closing balance	20.00	20.00
d. Tonnage tax reserve		
Opening balance	45.00	65.00
Less: Transferred to Tonnage tax (utilised) reserve	-	(20.00)
Closing balance	45.00	45.00
e. Cash flow hedge reserve		
Opening balance	-	-
Addition during the year (refer note 31.A)	(12.88)	-
Closing balance	(12.88)	-
f. General reserve	4,835.22	4,835.22
g. Foreign currency monetary items translation difference account (FCMITDA)		
Opening balance	(28.83)	1.51
Add: Effect of foreign exchange rate variation during the year	(10.29)	(2.61)
Less: Amortisation during the year	22.15	(27.73)
Closing balance	(16.97)	(28.83)
h. Deficit in Statement of Profit and Loss		
Opening balance	(243.41)	(14.26)
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (refer foot note (iii) to note 12)	(0.42)	-
Less: Net loss for the year	(83.00)	(229.15)
Closing balance	(326.83)	(243.41)
Total	4,600.01	4,684.00

Foot note: In terms of rule 18 (7) of the Companies (Share Capital and Debentures) Rules 2014, the Company is required to create a Debenture Redemption Reserve (DRR) of ₹185 crore (previous year ₹ 198 crore) in respect of Debentures issued and outstanding as of 31st March, 2015. However in view of losses the Company has not created such DRR.

5. Long - term borrowings

Particulars	Non - current		Current	
	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
Secured				
(a) Debentures				
11.35%, 7,000 non convertible debentures of ₹10,00,000 each, secured by mortgage on immovable property, first charge on one bulk carrier of the Company, immovable property, eight barges, six land rigs of the subsidiaries, two tugs of Essar Ports Limited and pledge of 49% of investment in equity shares of Essar Logistics Limited. (Refer foot note i (a))	-	700.00	700.00	-
13.10%, 395 non convertible debentures of ₹ 10,00,000 each, secured by mortgage of immovable property, repayable in single bullet payment.(refer foot note i (b))	39.50	39.50	-	-
(b) Term loans				
(i) from banks				
Rupee term loans [converted into foreign currency non resident (Bank) facility] (secured by first charge on a very large crude carrier and its receivables)	278.06	287.53	38.32	30.39
Foreign currency term loans (secured by first charge on five bulk carriers and its receivables)	271.38	176.32	44.43	26.91
Rupee term loan (secured by extended charge on six tugs and two barges of a subsidiary company)	-	118.50	-	50.00
Rupee term loan (secured by extended charge on a supramax bulk carrier of the Company and on six tugs and two barges of a subsidiary company)	119.38	-	49.96	-
Rupee term loan (secured by first charge on a very large crude carrier and its receivables)	-	11.47	-	1.21
(ii) from others				
Rupee term loan (secured by first charge on three mini bulkers and four tugs of a subsidiary company)	-	44.38	44.38	15.00
Rupee term loan (secured by assignment of rights under shipbuilding contract by the holding company with third party)	-	70.00	105.00	70.00
Total secured loans [A]	708.32	1,447.70	982.09	193.51
Unsecured				
(a) Foreign currency convertible bonds (FCCBs) (refer note (i) (f) below)	697.44	1,442.40	804.74	-
(b) Finance lease obligations [refer note 26(a)]	158.65	386.46	83.11	147.70
(c) Others	13.79	-	20.69	-
Total unsecured loans [B]	869.88	1,828.86	908.54	147.70
Total [A+B]	1,578.20	3,276.56	1,890.63	341.21
Less: Amount disclosed under the head 'other current liabilities' (refer note 10)	-	-	(1,890.63)	(341.21)
Long - term borrowings	1,578.20	3,276.56	-	-

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

- a) **Secured debentures:** 2,000 debentures issued on 25th March 2010 and 5,000 debentures issued on 22nd June 2009 are redeemable at the expiry of 10 years with put and call option exercisable after five years from their respective dates of issue. The Company has received notice from the debenture holder invoking the put option. The Company is in discussion with the debenture holder to waive the option and based on the said discussion, the management is reasonably confident that the debenture holder will waive the option and the debentures would be redeemed at the expiry of ten years from the date of their issue. However, the debentures have been classified as current liabilities till such waiver is received. (refer note 35).
- b) **Secured debentures:** 205 debentures issued on 01st February 2013 are redeemable at the expiry of 10 years from the date of issue and the holder of the debentures have the option to call after 5 years from the date of issue. 40 debentures issued on 12th October 2012, 50 debentures issued on 28th June 2012 and 100 debentures issued on 22nd June 2012 are redeemable at the expiry of 5 years from their respective date of issue.
- c) **Secured Rupee term loans from banks and others:** Repayable in quarterly/monthly installments starting from October, 2010 to December, 2019.
- d) **Secured foreign currency term loans from banks :** Repayable in quarterly installments starting from March, 2006 to July, 2019
- e) **Finance lease obligation:** Repayable in monthly installments starting from October, 2008 to September, 2018.
- f) **Foreign currency convertible bonds:** FCCBs of US\$ 111,428,571 (Series B) due on 24th August 2017 and US\$ 128,571,429 (Series A) due on 24th August 2015 carry interest @5% per annum payable semi annually. The FCCBs are convertible into 122,852,787 fully-paid equity shares of ₹ 10 each of the Company, any time upto the date of maturity, at the option of the FCCB holders at conversion price of ₹ 91.70 per share at a predetermined exchange rate of ₹ 46.94 per US\$. The FCCBs, if not converted, till the maturity date will be redeemed at par.
- ii) The classification of loans between current liabilities and non-current liabilities continues based on repayment schedule under respective agreements as no loans have been recalled due to non compliance of conditions under any of the loan agreements.

6. Other long - term liabilities

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
Others		
Security deposit from a related party (refer note 33)	9.00	9.00
Interest accrued but not due	35.49	-
Total	44.49	9.00

7. Long - term provisions

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
Provisions for estimated losses on derivative contracts (refer note 31.A)	12.88	-
	12.88	-

8. Short - term borrowings

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
Secured		
(i) from banks	50.68	50.69
Cash credit facility from bank (secured by first parri passu charge on a very large crude carrier)		
(ii) from others	125.00	100.00
Short-term loan (secured by subservient charge on present and future surplus cash flows of the Company)		
(A)	175.68	150.69

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
Unsecured		
(a) Loan from related parties (refer note 33)	-	0.66
(b) Loan from others	-	5.40
(B)	-	6.06
Total (A+B)	175.68	156.75

9. Trade payables

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
Dues to micro, small and medium enterprises (refer note below)	1.06	-
Other than acceptances	240.67	197.17
Total	241.73	197.17

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

10. Other current liabilities

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
Unearned revenue on services	5.58	11.20
Advance from customers	9.17	-
Current maturities of long-term borrowings (including installments due at the year end ₹ 47.17 (previous year ₹ Nil) crore) (refer note 5)	302.78	193.51
Foreign currency convertible bonds (refer note 5)	804.74	-
Non convertible debentures (refer foot note (i) (a) to note 5 and note 35)	700.00	-
Current maturities of finance lease obligations (refer note 5)	83.11	147.70
Interest accrued but not due on borrowings	43.90	53.89
Interest accrued and due on borrowings	114.54	-
Temporary overdrawn bank balances	2.73	58.77
Security deposits from related parties (refer note 33)	4.50	4.50
Statutory and other related dues	63.88	42.96
Total	2,134.93	512.53

11. Short - term provisions

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
Provisions for employee benefits		
Superannuation	0.08	0.08
Gratuity	3.95	3.09
Compensated absences	1.49	3.66
Total	5.52	6.83

12. Tangible assets

₹ in Crore											
Particulars	Gross block				Accumulated depreciation					Net block	
	As at 01.04.2014	Additions	Exchange differences (refer note 25)	Disposals	As at 31.03.2015	As at 01.04.2014	For the year (refer note (ii) below)	Transfer to opening reserve (refer note (iii) below)	Disposals	As at 31.03.2015	As at 31.03.2015
Land	0.13	-	-	-	0.13	-	-	-	-	-	0.13
	(0.02)	(0.11)	-	-	(0.13)	-	-	-	-	-	(0.13)
Buildings	6.44	-	-	-	6.44	3.71	0.47	-	-	4.18	2.26
	(6.44)	-	-	-	(6.44)	(3.41)	(0.30)	-	-	(3.71)	(2.73)
Fleet	1,349.11	412.16	25.03	-	1,786.30	423.99	110.18	-	(113.49)	647.66	1,138.64
	(1,465.39)	(7.55)	(61.86)	(185.69)	(1,349.11)	(415.19)	(108.85)	-	(100.05)	(423.99)	(925.12)
Fleet (taken on lease)	833.94	-	11.57	412.16	433.35	214.84	27.09	-	113.49	128.44	304.91
	(775.69)	-	(58.25)	-	(833.94)	(147.11)	(67.72)	-	-	(214.83)	(619.11)
Plant and equipment (refer note (i) below)	38.84	-	-	-	38.84	38.84	-	-	-	38.84	-
	(39.00)	-	-	(0.16)	(38.84)	(38.99)	-	-	(0.15)	(38.84)	-
Aircraft	96.40	-	1.98	-	98.38	38.26	5.91	-	-	44.17	54.21
	(92.18)	-	(4.22)	-	(96.40)	(29.89)	(8.36)	-	-	(38.25)	(58.15)
Furniture and fixtures	0.65	-	-	-	0.65	0.48	0.06	-	-	0.54	0.11
	(0.70)	-	-	(0.05)	(0.65)	(0.49)	(0.04)	-	(0.05)	(0.48)	(0.17)
Office equipment	2.44	0.11	-	-	2.55	1.89	0.11	0.41	-	2.41	0.14
	(4.32)	(0.06)	-	(1.94)	(2.44)	(3.61)	(0.17)	-	(1.87)	(1.89)	(0.55)
Vehicles	1.60	-	-	0.18	1.42	1.41	0.14	0.01	0.17	1.39	0.03
	(3.52)	-	-	(1.92)	(1.60)	(3.01)	(0.13)	-	(1.73)	(1.41)	(0.19)
Total	2,329.55	412.27	38.58	412.34	2,368.06	723.40	143.96	0.42	0.17	867.63	1,500.43
Previous year	(2,387.26)	(7.72)	(124.33)	(189.76)	(2,329.55)	(641.68)	(185.56)	-	(103.84)	(723.40)	(1,606.15)

NOTES :

- (i) Gross block of plant and equipment includes a water treatment plant of ₹ 38.84 (previous year ₹ 38.84) crore given on lease. The net book value is ₹ Nil (previous year ₹ Nil).
- (ii) During the year, pursuant to the notification of Schedule II to the Companies Act, 2013, the Company revised the estimated useful life of its vessels based on the technical evaluation by an independent valuer, consequent to the change, the depreciation charge in the Statement of Profit and Loss for the year is lower by ₹ 14.84 crore
- (iii) Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on 1st April, 2014, and has adjusted an amount of ₹ 0.42 crore, against the opening balance in the Profit and Loss under Reserves and Surplus.
- (iv) Depreciation for the previous year included ₹ 30.23 crore on account of prior period adjustments.
- (v) During the previous year, the Company had hived off its lighterage business on slump sale basis to a subsidiary company for a consideration of ₹ 21 crore and recognised a profit of ₹ 5.44 crore.
- (vi) In view of pertinent slowdown in shipping industry, the Company has assessed 'recoverable amount' of each fleet by estimating their "value in use", in terms of accounting standard (AS) 28 "Impairment of Assets". 'Value in use' is estimated by applying appropriate discount rate to projected net cash inflows having regard to existing long term contracts, expected tariff based on past trends and costs to operate the fleet which represents the management's best estimate of the set of economic conditions that will exist over remaining useful life of each fleet. Based on the aforementioned assessment, it has been concluded that 'recoverable amount' of the fleet are higher than their respective carrying amount.
- (vii) Previous year figures are disclosed in bracket.

13. (a) Non-current investments

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
Trade investments (At cost)		
Investments in equity shares of subsidiaries (unquoted, fully paid-up)		
73,000,000 Equity shares of ₹10/- each of Essar Logistics Limited (refer foot note (i) below)	73.00	73.00
13,227,000 Equity shares of US\$ 1/- each of Energy Transportation International Limited	67.66	67.66
42,340,626 (previous year 52,536,660) Equity shares of US\$ 1 each of Energy II Limited	190.19	235.99
	330.85	376.65
Non-trade investments (At cost)		
(a) Investments in equity shares of a subsidiary (unquoted, fully paid-up) (refer foot note (ii) below)		
246,600,001 Equity shares of US\$1/- each of Essar Oilfields Services Limited	4,747.78	4,747.78
	4,747.78	4,747.78
(b) Investments in preference shares of a subsidiary (unquoted, fully paid-up)		
2,315,785 (Previous year 19,978,397), 7% cumulative non convertible redeemable preference shares of US\$ 10 each of Essar Oilfields Services Limited	144.95	1,200.70
850,000, 7% cumulative compulsorily convertible preference shares of US\$ 10 each of Essar Oilfields Services Limited	38.25	38.25
	183.20	1,238.95
Total	5,261.83	6,363.38
Aggregate amount of unquoted non - current investments	5,261.83	6,363.38

Foot notes:

- (i) Negative lien undertaking on 49% shares has been issued in favour of lenders for the loan availed by Essar Global Fund Limited, and or its subsidiaries, and 49% shares has been pledged in favour of IDBI Trusteeship Services Limited towards security for secured non convertible debentures of ₹ 700 crore.
- (ii) The carrying amount of investment in equity shares of Essar Oilfields Services Limited, Mauritius, a wholly owned subsidiary of the Company, is ₹ 4,747.78 crore as at 31st March, 2015. The management had initiated an exercise of assessing the value of the said investment during the last financial year in terms of Accounting Standard (AS 13), "Accounting of Investments". In view of recent volatility in crude oil prices, considering the current economic scenario, and evaluation of possibility of upgradation and utilization of rigs, assumptions for long-term projections are being assessed in detail by the management. Pending conclusion of the aforesaid exercise, no provision for diminution in the carrying value, if any, of the aforesaid investment has been recognised.

13. (b) Current investments

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
Investments in mutual funds (Unquoted, fully paid-up) (At lower of cost and net realisable value)		
1,00,000 units of ₹ 10 each of Union KBC Capital Protection Oriented Fund (NAV as on 31 st March, 2015 ₹ 13.85 each (Previous year ₹.11.45 each))	0.10	0.10
Current Portion of long term investments (At cost)	1,098.93	-
17,557,442 (Previous year NIL), 7% cumulative non convertible redeemable preference shares of US\$ 10 each of Essar Oilfields Services Limited		
Total	1,099.03	0.10
Aggregate amount of unquoted current investment	1,099.03	0.10

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

Particulars	Non - current		Current	
	As at 31 st March, 2015	As at 31 st March, 2014	As at 31 st March, 2015	As at 31 st March, 2014
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
a. Security deposits (with a related party ₹Nil (previous year ₹19.78) crore) (refer note 33)	18.66	24.93	3.00	19.78
b. Loans and advances to related parties (refer note 33) #	418.00	557.50	369.60	155.29
c. Advances recoverable in cash or kind or for value to be received	-	-	11.35	5.56
d. Other loans and advances				
Advance income-tax and tax deducted at source (net of provision for taxation ₹ 16.60 (previous year ₹ 13.72) Crore)	6.52	22.18	16.60	23.77
Prepaid expenses	0.10	0.18	6.08	5.35
Loans and advances to employees	-	-	0.04	0.41
Cenvat credit / Service tax receivable	-	-	7.90	3.84
Total	443.28	604.79	414.57	214.00

Note : Loans and advances have been given for business purposes.

15. Trade receivables (unsecured, considered good)

Particulars	Current	
	As at 31 st March, 2015	As at 31 st March, 2014
	₹ in Crore	₹ in Crore
(i) Outstanding for a period exceeding six months from the date they were due for payment	1.28	4.58
(ii) Other trade receivables	67.62	49.08
Total	68.90	53.66

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

Particulars	Non - current		Current	
	As at 31 st March, 2015	As at 31 st March, 2014	As at 31 st March, 2015	As at 31 st March, 2014
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
Bank deposits held as margin money	7.10	-	-	-
Unbilled revenue	-	-	7.34	2.93
Receivables on sale of fixed assets / slump sale	-	-	0.20	21.20
Unamortised operating lease expenses	-	-	122.79	100.37
Unamortised upfront fee and other ancillary borrowing costs	22.86	14.25	6.16	4.64
Unamortised share issue expenses	-	0.41	-	0.41
Insurance claim receivable	-	-	0.03	4.87
Interest accrued on fixed deposits	-	-	0.85	0.45
Other receivable	-	-	4.72	-
Total	29.96	14.66	142.09	134.87

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

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
Fuel, oil and lubricants	14.18	22.72
Total	14.18	22.72

18. Cash and bank balances

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
A. Cash and cash equivalents		
Balances with banks in current accounts	0.43	13.71
	0.43	13.71
B. Other bank balances		
Margin money deposits (lien marked against guarantee issued by bank)	23.97	20.03
	23.97	20.03
Total	24.40	33.74

19. Revenue from operations

Particulars	For the year ended 31 st March, 2015 ₹ in Crore	For the year ended 31 st March, 2014 ₹ in Crore
Sale of services		
Fleet operating and chartering earnings	787.85	870.55
Other operating income		
Supervision/ management fees	3.29	3.12
Total	791.14	873.67

20. Other income

Particulars	For the year ended 31 st March, 2015 ₹ in Crore	For the year ended 31 st March, 2014 ₹ in Crore
Interest income		
- from banks	1.99	1.43
- from related parties on intercorporate deposits (refer note 33)	83.70	86.30
- from others	3.10	0.78
Dividend from a subsidiary company	1.37	35.31
Net gain on foreign currency translation and transactions	-	19.84
Other non operating income	27.79	9.06
Gain on foreclosure of finance leases	64.17	-
Gain on buy-back of equity shares by a subsidiary	25.62	-
Profit on sale of other assets	0.02	-
Total	207.76	152.72

21. Employee benefits expense

Particulars	For the year ended 31 st March, 2015 ₹ in Crore	For the year ended 31 st March, 2014 ₹ in Crore
Offshore staff		
Salaries, wages and bonus	76.85	80.30
Contribution to staff provident and other funds	1.61	0.19
Staff welfare expenses	10.45	12.69
Office staff		
Salaries, wages and bonus	14.93	17.37
Contribution to staff provident and other funds	1.43	0.86
Staff welfare expenses	1.91	2.03
Employee stock option scheme (refer note 4 and 34)	0.45	0.48
Total	107.63	113.92

22. Operating expenses

Particulars	For the year ended 31 st March, 2015 ₹ in Crore	For the year ended 31 st March, 2014 ₹ in Crore
Consumption of stores and spares	16.00	17.26
Consumption of fuel, oil and water	178.64	232.32
Direct voyage expenses	226.88	270.57
Commission, brokerage and agency fees	2.16	2.10
Standing costs	18.37	18.85
Dry docking expenses	10.93	20.78
Insurance, protection and indemnity club fees	27.08	26.44
Total	480.06	588.32

23. Other expenses

Particulars	For the year ended 31 st March, 2015 ₹ in Crore	For the year ended 31 st March, 2014 ₹ in Crore
Rent	4.99	4.32
Rates and taxes	0.13	0.11
Repairs and maintenance		
- buildings	0.17	0.72
- others	0.29	0.38
Legal and professional fees	15.85	11.09
Travelling and conveyance	1.78	1.31
Auditor's remuneration (refer note below)	0.99	0.64
Net loss on foreign currency translation and transaction (other than considered as finance cost)	32.32	-
Net loss on sale of fixed assets	-	20.25
Other establishment expenses	2.91	2.51
Total	59.43	41.33

Note

Auditor's remuneration comprises (net of service tax)	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
	₹ in Crore	₹ in Crore
As auditor	0.68	0.55
Reimbursement of expenses	0.01	0.01
For other services	0.30	0.08
Total	0.99	0.64

24. Finance costs

Particulars	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
	₹ in Crore	₹ in Crore
Interest expense		
- on bank loans	50.68	56.21
- on loans from financial Institutions	48.04	35.67
- on finance lease obligations	5.22	35.60
- on foreign currency convertible bonds	75.17	80.76
- on debentures	85.09	87.31
- on others	14.17	16.06
Loan commitment / processing charges, guarantee fees and other charges	7.95	11.32
Total	286.32	322.93

25. Deferral / capitalisation of exchange difference

The following is the effect of option exercised as per para 46/46 A of Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates":-

Particulars	As at 31 st March, 2015	As at 31 st March, 2014
	₹ in Crore	₹ in Crore
a) Exchange loss capitalised to the cost of the fixed assets	38.58	124.33
b) Depreciation on the above exchange loss for the year in which exchange difference has been capitalised	3.47	8.69
c) Exchange loss transferred to Foreign Currency Monetary Items Translation Difference Account (FCMITDA) for the year (net)	10.29	2.61
d) Amortisation of exchange differences for the year from FCMITDA (net)	22.15	(27.73)

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

The Company had entered into a finance lease arrangement for a vessel (previous year two vessels and an aircraft) which provides the option to buy the asset at the end of the lease period. The future minimum lease payments (MLP) together with the present value of the MLP payable by the Company are as follows:

				₹ in Crore
Particulars	- not later than one year	- later than one year but not later than five years	- later than five years	Total
As at 31st March, 2015				
Future minimum lease payments	84.04	159.87	-	243.91
Unmatured finance charges	0.93	1.22	-	2.15
Present value of minimum lease payments	83.11	158.65	-	241.76
As at 31st March, 2014				
Future minimum lease payments	174.52	431.67	-	606.19
Unmatured finance charges	26.82	45.21	-	72.03
Present value of minimum lease payments	147.70	386.46	-	534.16

b) Operating leases : Company as a lessee

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

Future minimum lease payments are as follows:	₹ in Crore	
	As at 31 st March, 2015	As at 31 st March, 2014
- not later than one year	221.12	221.71
- later than one year but not later than five years	808.09	809.11
- later than five years	937.76	1,079.58
Total	1,966.97	2,110.40

- c) Lease payments for the year ₹ 133.06 crore (previous year ₹ 202.35 crore) have been recognised under direct voyage expenses (refer note 22)

27. Contingent liabilities (to the extent not provided for)

Particulars	₹ in Crore	
	As at 31 st March, 2015	As at 31 st March, 2014
a With respect to pending litigations		
i) Guarantee given by a bank against disputed custom duty demand of ₹ 27.40 crore by DGFT	30.00	30.00
ii) Income tax demand -appeal filed by the Income tax department in the High court of Bombay against the order of Appellate Tribunal in favour of the Company	7.29	7.29
b Others		
i) Corporate guarantees on behalf of subsidiaries #	592.03	572.48
ii) Bills discounted with bank	48.85	18.00

Guarantees have been given for business purposes.

28. Business segment and geographical segment

a) Business segment

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

b) Geographical segment

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

Revenue from operations	₹ in Crore	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
India	546.94	750.92
China	7.17	14.63
Switzerland	27.53	14.87
Singapore	133.04	25.19
U.S.A	-	10.45
Germany	-	7.38
Cyprus	1.61	1.43
UK	-	1.24
UAE	27.50	16.88
South Korea	36.09	7.38
Panama	-	12.42
Marshall Island	9.87	-
Rest of the world	1.39	10.88
TOTAL	791.14	873.67

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

29. Earnings per share:

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

Particulars	₹ in Crore	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Loss for the year	(83.00)	(229.15)
Equity shares at the beginning of the year (nos.)	205,227,768	205,227,768
Equity shares at the end of the year (nos.)	205,227,768	205,227,768
Weighted average equity shares for the purpose of calculating basic earnings per share (nos.)	205,227,768	205,227,768
Weighted average equity shares for the purpose of calculating diluted earnings per share (nos.)	205,227,768	205,227,768
Earnings per share-basic (face value of ₹10/- each) (₹)	(4.04)	(11.17)
Earnings per share-diluted (face value of ₹10/- each) (₹)	(4.04)	(11.17)

Note:

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

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

₹ in Crore

Particulars	Year ended 31 st March, 2015		Year ended 31 st March, 2014	
	Amount Outstanding	Maximum amount outstanding	Amount Outstanding	Maximum amount outstanding
Subsidiary companies				
a) Essar Oilfield Services India Limited	786.14	786.14	712.14	712.14
b) Energy Transportation International Limited	-	11.13	-	11.13

31. Derivative instruments and unhedged foreign currency exposure :

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

During the year, the Company extended hedge accounting principles of Accounting Standard (AS) 30 "Financial Instruments : Recognition and Measurement" for accounting of certain forward foreign exchange contracts to hedge the exchange risk pertaining to highly forecasted transactions. Accordingly mark to market losses of ₹12.88 crore has been carried over to cash flow hedge reserve as of 31st March, 2015 for Currency Swap hedging.

The Company had also entered in to a forward contract to cover its foreign currency exposure, the premium on the contract ₹ 3.11 crore (previous year nil) has been charged during the year. There is no forward contract outstanding as on 31st March, 2015.

B) Unhedged foreign currency exposure:

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

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

Particulars	As at 31 st March, 2015	As at 31 st March, 2014	Currency	As at 31 st March, 2015	As at 31 st March, 2014
	₹ in Crore	₹ in Crore		F.C in million	F.C. In million
i) Export of goods and services	12.58	4.62	USD	2.01	0.77
ii) Advances to vendors	6.34	1.42	USD	1.01	0.24
	0.27	-	EUR	0.04	-
	0.05	-	JYP	0.94	-
	0.04	-	SGD	0.01	-
iii) Receivable from holding company	1.32	0.65	USD	0.21	0.11
iv) Bank balances	0.04	0.02	USD	0.01	0.00
v) 7% Cumulative non convertible preference shares	1,243.88	1,200.70	USD	198.73	199.78
Total	1,264.52	1,207.41			

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

Particulars	As at 31 st March, 2015	As at 31 st March, 2014	Currency	As at 31 st March, 2015	As at 31 st March, 2014
	₹ in Crore	₹ in Crore		F.C in million	F.C. In million
i) Import of goods and services	70.40	114.72	USD	11.25	19.09
	0.49	0.32	GBP	0.05	0.03
	1.62	2.62	EUR	0.23	0.32
	0.73	1.20	JPY	13.87	20.57
	2.88	2.20	SGD	0.62	0.46
	0.45	0.47	KWD	0.02	0.02
	-	0.07	DKK	-	0.06
	2.04	1.56	AED	1.20	0.95
	0.07	-	AUD	0.02	-
	78.68	123.16			
ii) Temporary overdrawn bank balances	0.31	-	USD	0.05	-
iii) Secured and unsecured borrowings payable (including interest accrued and due and not due)	640.43	522.77	USD	102.32	86.98
iv) Foreign currency convertible bonds (including interest accrued and due and not due)	1,575.94	1,474.45	USD	251.79	245.33
v) Finance lease obligations (including interest accrued and due and not due)	242.13	548.72	USD	38.63	91.30
Total	2,537.49	2,669.10			

32. Employee benefits :

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

I. Defined contribution plans:

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

Particulars	₹ in Crore	
	Year ended 31 st March, 2015	Year ended 31 st March, 2014
a) Employer's contribution to gratuity fund (offshore crew staff)	0.23	0.23
b) Group accident policy premium (all employees)	0.01	0.01
c) Employer's contribution to pension fund (offshore crew staff)	0.34	0.37
d) Employer's contribution to provident fund (offshore crew staff)	0.24	0.24
	0.82	0.85

II. Defined benefit plans

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

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

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

₹ in Crore

Particulars	Provident fund (funded)		Gratuity-office staff (funded)		Gratuity-off shore officers (non-funded)		CA- paid leave (non- funded)	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Present value of defined benefit obligations as at the beginning of the year	29.63	24.77	1.85	2.00	2.64	3.51	1.84	1.98
Current service cost	4.45	1.26	0.10	0.15	0.35	0.53	0.13	0.17
Current service contribution- employee	4.68	1.37	-	-	-	-	-	-
Interest cost	1.95	0.91	0.16	0.15	0.24	0.28	0.16	0.16
Transfer in	0.07	-	-	-	-	-	-	-
Benefits paid	(2.09)	(1.99)	(0.32)	(0.09)	-	-	(0.17)	(0.07)
Actuarial (gain)/loss on obligations	2.39	3.31	0.29	(0.36)	0.07	(1.68)	(0.47)	(0.40)
Present value of defined benefit obligations as at the end of the year	41.08	29.63	2.08	1.85	3.30	2.64	1.49	1.84

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

₹ in Crore

Particulars	Provident fund (funded)		Gratuity-office staff (funded)		Gratuity-off shore officers (non-funded)		CA- paid leave (non- funded)	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Fair value of plan assets at the beginning of the year	29.63	24.77	1.40	1.09	-	-	-	-
Expected return on plan assets	-	-	0.11	0.10	-	-	-	-
Actual return on plan assets	4.34	4.22	0.22	0.24	-	-	-	-
Actuarial (gain) / loss	-	-	0.01	0.06	-	-	-	-
Contributions by the employer/ employees	9.20	2.63	-	-	-	-	-	-
Benefits paid	(2.09)	(1.99)	(0.31)	(0.09)	-	-	-	-
Fair value of plan assets as at the end of the year	41.08	29.63	1.43	1.40	-	-	-	-

(C) Amount recognised in balance sheet:

₹ in Crore

Particulars	Provident fund (funded)		Gratuity-office staff (funded)		Gratuity-off shore officers (non-funded)		CA- paid leave (non- funded)	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Present value of defined benefit obligations as at the end of the year	41.08	29.63	2.08	1.85	3.30	2.64	1.49	1.84
Fair value of plan assets as at end of the year	41.08	29.63	1.43	1.40	-	-	-	-
Liability recognised in the Balance Sheet (included in provisions) (note 11)	-	-	0.65	0.45	3.30	2.64	1.49	1.84

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

₹ in Crore

Particulars	Provident fund (funded)		Gratuity-office staff (funded)		Gratuity-off shore officers (non-funded)		CA- paid leave (non- funded)	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Current service cost	4.45	1.26	0.10	0.15	0.31	0.35	-	0.17
Interest cost	1.95	0.91	0.03	0.15	(0.22)	0.25		0.16
Expected return on plan assets	(1.95)	(0.91)		(0.10)	-	-		-
Net actuarial (gain)/ loss recognised in the year	-	-	0.29	(0.42)	-	-	(0.47)	(0.40)
Total expenses recognised in the Statement of Profit and Loss (Included in Contribution to provident and other funds (note no. 21))	4.45	1.26	0.42	(0.22)	0.09	0.60	(0.47)	(0.07)

(E) Experience history:

₹ in Crore

Particulars	Provident fund (funded)					Gratuity-office staff (funded)					Gratuity-off shore officers (non-funded)					CA- paid leave (non- funded)				
	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
Defined benefit obligations at the end of the year	(41.08)	(29.63)	(24.77)	(22.29)	(19.53)	(2.08)	(1.85)	(1.99)	(1.79)	(1.64)	(3.30)	(2.64)	(3.51)	(2.98)	(2.52)	(1.49)	(1.84)	(1.98)	(1.68)	(1.43)
Plan assets at the end of the period	41.08	29.63	24.77	22.29	19.53	1.43	1.40	1.08	1.17	1.03	-	-	-	-	0.10		-	-	-	-
Funded status	-	-	-	-	-	(0.65)	(0.45)	(0.91)	(0.62)	(0.61)	(3.30)	(2.64)	(3.51)	(2.98)	(2.42)	(1.49)	(1.84)	(1.98)	(1.68)	(1.43)
Experience gain /(loss) adjustments on plan liabilities	-	-	-	-	-	(0.18)	0.25	(0.02)	(0.01)	NA	0.21	1.44	0.38	(0.03)	(0.25)	0.10	0.29	-	(0.06)	-
Experience gain /(loss) adjustments on plan assets	-	-	-	-	-	0.01	0.06	(0.10)	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gain/(loss) due to change in assumptions	-	-	-	-	-	(0.11)	0.10	(0.03)	0.04	NA	(0.28)	0.24	(0.14)	0.11	0.03	0.37	0.11	(0.06)	0.04	-

(F) Category of plan assets:

Particulars	Provident fund (funded)		Gratuity-office staff (funded)		Gratuity-off shore officers (non-funded)		CA- paid leave (non- funded)	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Administered by Life Insurance Corporation of India*	-	-	100%	100%	N.A	N.A	N.A	N.A
Government of India securities	25%	25%	-	-	N.A	N.A	N.A	N.A
Public sector bonds/ TDRs	60%	60%	-	-	N.A	N.A	N.A	N.A
State government securities	15%	15%	-	-	N.A	N.A	N.A	N.A

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

(G) Actuarial assumptions

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

i) General assumptions:

Particulars	Provident fund (funded)		Gratuity-office staff (funded)		Gratuity-off shore officers (non-funded)		CA- paid leave (non- funded)	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Discount rate (per annum)	7.80%	9.20%	7.80%	9.20%	7.80%	9.20%	7.80%	9.20%
Rate of return on plan assets (for funded scheme)	8.60%	8.60%	8.50%	8.50%	8.50%	8.50%	N.A	N.A
Expected retirement age of employees (years)	58	58	58	58	58	58	58	58
Separation rate of employees	8.00%	8.00%	8.00%	8.00%	7.00%	7.00%	8.00%	8.00%
Rate of increase in compensation	-	-	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%

ii) Mortality rates considered are as per the published rates in the India Assured Lives Mortality (2006-08) (modified) ult.

iii) Leave policy:

- a) There is no balance of sick leave as at valuation date (till previous year the Sick leave balance as at the valuation date was available for adjustment against future sick leave and the balance not available for encashment).
- b) Leave balance as at the valuation date and each subsequent year following the valuation date to the extent not availed by the employee is available for encashment on separation from the Company up to a maximum of 120 days.
- iv) The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over entire life of the related obligation.
- v) The assumption of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion, supply and demand and other relevant factors.
- vi) Liability on account of long term absences has been actuarially valued as per Projected Unit Credit Method.
- vii) Short term compensated absences have been provided on actual basis.

33. Related party relationships, transactions and balances:

a) Holding companies :

- i) Essar Global Fund Limited, Cayman Islands, ultimate holding company
- ii) Essar Shipping & Logistics Limited, Cyprus, intermediate holding company (immediate holding company till 27th March 2015)
- iii) Essar Ports & Shipping Mauritius Limited , Mauritius, intermediate holding company (from 27th March 2015)
- iv) Essar Ports & Shipping HoldCo Limited, Mauritius, intermediate holding company (from 27th March 2015)
- v) Essar Ports & Shipping Jersey Ltd, Jersey, intermediate holding company (from 27th March 2015)
- vi) Essar Ports and Shipping Limited, Mauritius, immediate holding company (from 27th March 2015)

b) Subsidiaries:

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

c) Associates

- (i) Varada Drilling One Pte. Limited
- (ii) Varada Drilling Two Pte. Limited

d) Key management personnel

- i) Mr. A. R. Ramakrishnan (till 31st March, 2015)
- ii) Mr. Anoop Kumar Sharma

e) Fellow subsidiaries where there have been transactions:

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

f) Details of transactions with related parties during the year

Nature of transactions	₹ in Crore									
	Holding Company		Subsidiaries		Other related parties		Key Management Personnel		Total	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
INCOME										
Fleet operating and chartering earnings										
Essar Steel India Limited	-	-	-	-	481.82	608.27	-	-	481.82	608.27
Essar Shipping (Cyprus) Limited	-	-	-	-	-	-	-	-	-	-
Essar Power Gujarat Limited	-	-	-	-	1.55	38.20	-	-	1.55	38.20
Essar Steel Logistics Limited	-	-	-	-	-	38.82	-	-	-	38.82
Essar Logistics Limited	-	-	34.03	12.97	-	-	-	-	34.03	12.97
Energy Transportation International Limited	-	-	1.43	1.45	-	-	-	-	1.43	1.45
Essar Shipping & Logistics Limited	1.61	1.43	-	-	-	-	-	-	1.61	1.43
Essar Ports Limited	-	-	-	-	0.24	1.19	-	-	0.24	1.19
Total	1.61	1.43	35.46	14.42	483.61	686.48	-	-	520.68	702.33
Equipment lease rental income										
Essar Steel India Limited	-	-	-	-	0.01	0.01	-	-	0.01	0.01
Interest income on intercorporate deposits										
Essar Steel India Limited	-	-	-	-	1.49	11.60	-	-	1.49	11.60
Energy Transportation International Limited	-	-	-	0.72	-	-	-	-	-	0.72
Essar Oilfield Services India Limited	-	-	82.22	73.98	-	-	-	-	82.22	73.98
Total	-	-	82.22	74.70	1.49	11.60	-	-	83.71	86.30
Guarantee commission received										
Essar Oilfields Services Limited	-	-	0.80	1.31	-	-	-	-	0.80	1.31
Interest on others										
Essar Logistics Limited	-	-	-	1.96	-	-	-	-	-	1.96
Dividend income										
Essar Oilfields Services Limited	-	-	1.37	35.31	-	-	-	-	1.37	35.31
Gain on buy-back of equity shares by a subsidiary										
Energy II Limited	-	-	25.62	-	-	-	-	-	25.62	-
Gain on foreclosure of finance lease obligation										
Essar Shipping & Logistics Limited	61.94	-	-	-	-	-	-	-	61.94	-

Nature of transactions	₹ in Crore									
	Holding Company		Subsidiaries		Other related parties		Key Management Personnel		Total	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Managerial remuneration #										
A. R. Ramakrishnan	-	-	-	-	-	-	2.62	2.40	2.62	2.40
Anoop Kumar Sharma	-	-	-	-	-	-	1.77	1.60	1.77	1.60
Total	-	-	-	-	-	-	4.39	4.00	4.39	4.00
Purchase of fuel oil										
Essar Oil Limited	-	-	-	-	26.00	63.51	-	-	26.00	63.51
Essar Bulk Terminal Limited	-	-	-	-	0.13	-	-	-	0.13	-
Essar Oilfields Services Limited	-	-	1.74	-	-	-	-	-	1.74	-
Total	-	-	1.74	-	26.13	63.51	-	-	27.87	63.51
Direct Voyage expenses										
Essar Shipping (Cyprus) Limited	-	-	-	-	133.06	202.35	-	-	133.06	202.35
Essar Oilfields Services Limited	-	-	1.55	-	-	-	-	-	1.55	-
Energy II Limited	-	-	3.15	-	-	-	-	-	3.15	-
Essar Logistics Limited	-	-	0.15	0.03	-	-	-	-	0.15	0.03
Essar Steel Logistics Limited	-	-	-	-	-	0.10	-	-	-	0.10
Essar Bulk Terminal Limited	-	-	-	-	0.28	0.45	-	-	0.28	0.45
Total	-	-	4.85	0.03	133.34	202.90	-	-	138.19	202.93
Rent										
Essar Oilfields Services India Limited	-	-	-	1.51	-	-	-	-	-	1.51
Reimbursement of expenses										
Essar Logistics Limited	-	-	-	0.81	-	-	-	-	-	0.81
Professional fees										
Aegis Limited	-	-	-	-	0.86	1.07	-	-	0.86	1.07
Aircraft usage charges reimbursed										
Essar Oil Limited	-	-	-	-	38.00	25.00	-	-	38.00	25.00
Essar Projects India Limited	-	-	-	-	-	5.00	-	-	-	5.00
Total	-	-	-	-	38.00	30.00	-	-	38.00	30.00
Interest on finance lease obligations										
Essar Shipping & Logistics Limited	4.16	32.00	-	-	-	-	-	-	4.16	32.00
Redemption of preference shares										
Essar Oilfields Services Limited	-	-	6.32	219.67	-	-	-	-	6.32	219.67
Buy back of long term investment										
Energy II Limited	-	-	45.80	-	-	-	-	-	45.80	-
Loans and advances given										
Energy Transportation International Limited	-	-	-	26.85	-	-	-	-	-	26.85
Essar Oilfield Services India Limited	-	-	16.73	200.88	-	-	-	-	16.73	200.88
Total	-	-	16.73	227.73	-	-	-	-	16.73	227.73
Loans and advances received										
Essar Logistics Limited	-	-	-	29.80	-	-	-	-	-	29.80
Slump Sale of lighterage business										
Essar Logistics Limited	-	-	-	21.00	-	-	-	-	-	21.00
Guarantees given on behalf of others										
Essar Oilfield Services India Limited	-	-	238.22	69.20	-	-	-	-	238.22	69.20

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

g) Outstanding balances with related parties:

Nature of balances	₹ in Crore									
	Holding Companies		Subsidiary companies		Other related parties		Key Management Personnel		Total	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Trade and other receivables										
Essar Steel India Limited	-	-	-	-	55.16	29.15	-	-	55.16	29.15
Essar Logistics Limited	-	-	-	12.80	-	-	-	-	-	12.80
Essar Oilfields Services Limited	-	-	0.81	-	-	-	-	-	0.81	-
Essar Power Gujarat Limited	-	-	-	-	-	0.11	-	-	-	0.11
Essar Projects India Limited	-	-	-	-	-	5.42	-	-	-	5.42
Essar Ports Limited	-	-	-	-	0.25	0.62	-	-	0.25	0.62
Total	-	-	0.81	12.80	55.41	35.30	-	-	56.22	48.10
Security deposit given										
Essar Steel India Limited	-	-	-	-	-	19.78	-	-	-	19.78
Loans and advances (including interest accrued)										
Essar Oilfield Services India Limited	-	-	786.21	712.14	-	-	-	-	786.21	712.14
Essar Ports Limited	-	-	-	-	0.07	-	-	-	0.07	-
Essar Shipping & Logistics Limited	1.32	0.65	-	-	-	-	-	-	1.32	0.65
Total	1.32	0.65	786.21	712.14	0.07	-	-	-	787.60	712.79
Receivable on account of Slump Sale of lighterage business										
Essar Logistics Limited	-	-	-	21.00	-	-	-	-	-	21.00
Finance lease obligation										
Essar Shipping & Logistics Limited	241.76	477.14	-	-	-	-	-	-	241.76	477.14
Advances received from customers										
Essar Oil Limited	-	-	-	-	4.59	-	-	-	4.59	-
Essar Logistics Limited	-	-	4.10	-	-	-	-	-	4.10	-
Total	-	-	4.10	-	4.59	-	-	-	8.69	-
Trade Payables										
Essar Logistics Limited	-	-	0.15	0.49	-	-	-	-	0.15	0.49
Essar Oilfields Services Limited	-	-	0.15	-	-	-	-	-	0.15	-
Energy II Limited	-	-	1.82	-	-	-	-	-	1.82	-
Essar Bulk Terminal Limited	-	-	-	-	3.31	2.93	-	-	3.31	2.93
Aegis Limited	-	-	-	-	0.76	0.23	-	-	0.76	0.23
Essar Steel Logistics Limited	-	-	-	-	-	0.15	-	-	-	0.15
Essar Shipping Cyprus Limited	-	-	-	-	57.71	50.71	-	-	57.71	50.71
Essar Projects India Limited	-	-	-	-	0.10	-	-	-	0.10	-
Essar Oil Limited	-	-	-	-	32.40	33.05	-	-	32.40	33.05
Vadinar Oil Terminal Limited	-	-	-	-	0.02	0.02	-	-	0.02	0.02
Total	-	-	2.12	0.49	94.30	87.09	-	-	96.42	87.58
Interest accrued but not due on lease loan										
Essar Shipping & Logistics Limited	0.38	14.48	-	-	-	-	-	-	0.38	14.48
Security deposit received										

Nature of balances	₹ in Crore									
	Holding Companies		Subsidiary companies		Other related parties		Key Management Personnel		Total	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Essar Oil Limited	-	-	-	-	9.00	9.00	-	-	9.00	9.00
Vadinar Oil Terminal Limited	-	-	-	-	1.50	1.50	-	-	1.50	1.50
Vadinar Ports & Terminals Limited	-	-	-	-	1.50	1.50	-	-	1.50	1.50
Essar Bulk Terminal Limited	-	-	-	-	1.50	1.50	-	-	1.50	1.50
Total	-	-	-	-	13.50	13.50	-	-	13.50	13.50
Loan received including Interest accrued										
Essar Logistics Limited	-	-	-	2.43	-	-	-	-	-	2.43
Guarantees given on behalf of others										
Essar Oilfield Services India Limited	-	-	592.03	572.48	-	-	-	-	592.03	572.48

34. Employee Stock Option Scheme

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

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

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

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

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

Particulars	Year ended 31 st March, 2015		Year ended 31 st March, 2014	
	Options (Numbers)	Weighted average exercise price per option (₹)	Options (Numbers)	Weighted average exercise price per option (₹)
Option outstanding at the beginning of the year	3,665,270	22.30	3,665,270	22.30
Granted during the year	-	22.30	-	22.30
Vested during the year	1,221,757	22.30	-	22.30
Exercised during the year	-	22.30	-	22.30
Lapsed during the year	-	22.30	-	22.30
Options outstanding at the end of the year	2,443,513	22.30	3,665,270	22.30

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

₹ in Crore

Particulars	Year ended 31 st March, 2015	Year ended 31 st March, 2014
Net loss (as reported)	(83.00)	(229.15)
Add / (Less): stock based employee compensation (intrinsic value) (refer note 21)	0.45	0.48
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued	(0.91)	(1.01)
Net loss (proforma)	(83.46)	(229.68)
Basic earnings per share (as reported) (refer note 29)	(4.04)	(11.17)
Basic earnings per share (proforma)	(4.07)	(11.19)
Diluted earnings per share (as reported) (refer note 29)	(4.04)	(11.17)
Diluted earnings per share (proforma)	(4.07)	(11.19)

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

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

35. Going Concern

At 31st March 2015 the Current Liabilities of the Company exceed its Current Assets primarily on account of current maturities of long term debt. The Management is in discussion with lenders (including debenture holder) to refinance the existing borrowings in a manner such that repayment schedules are aligned with projected debt servicing ability of the fleet. Having regard to above, the Company is confident that it will be able to meet its financial obligations in the foreseeable future, and accordingly the financial statements have been prepared on a going concern basis.

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

For and on behalf of the Board		
Mumbai May 21, 2015	Anoop Kumar Sharma CEO & Wholtime Director	N. Srinivasan Director
	Vikram Gupta Chief Financial Officer	Hitesh Jain Company Secretary

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ESSAR SHIPPING LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **ESSAR SHIPPING LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its associates comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for

the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

Attention is invited to Note 37 of the financial statements regarding Management's ongoing assessment from the last financial year of possible impairment of Goodwill of ₹ 5,720.55 Crore related to Oilfield Services Business and that of certain Rigs of the said business with carrying amounts of ₹ 349.52 Crore (including capital work-in-progress of ₹ 75.46 Crore), as at March 31, 2015, in terms of Accounting Standard (AS) 28, Impairment of Assets. We have been informed that the Management has not yet concluded the process of validating various operational assumptions impacting the estimated future cash flows from the Oilfield Services Business and consequent effect on the recoverable amount of Goodwill and aforesaid rigs. Pending conclusion of the said exercise, we are unable to comment on the extent of diminution, if any, which may be required in respect of the carrying amounts of the Goodwill and the Rigs.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31st March, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of matter

We draw attention to Note 36 regarding preparation of the financial statements on a going concern basis which is predicated on the expectation that the Company will be able to refinance its existing borrowings in a manner such that repayment schedules are aligned with projected debt servicing ability of the fleet and the semi-submersible rig.

Our report is not modified in respect of this matter.

Other Matters

We did not audit the financial information of 2 associates, whose financial information include the Group's share of net loss of ₹0.07 Crore for the year ended 31st March, 2015, as considered in the consolidated financial statements. These financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these unaudited financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is

not modified in respect of the above matters with respect to our reliance on the unaudited financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and, except for the matters described in the Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) The matters described in the Basis for Qualified opinion paragraph above may have an adverse effect on the functioning of the Company. The matter described in the Emphasis of Matter Paragraph above may have an adverse effect on the functioning of the Company if the existing borrowings are not refinanced in a manner such that repayment schedules are aligned with projected debt servicing ability of the fleet.
 - (f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (g) The qualification relating to maintenance of accounts and other matters connected therewith is as stated in the Basis for Qualified Opinion paragraph above.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates – Refer note 29A to the consolidated financial statements;
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 8 to the consolidated financial statements in respect of such items as it relates to the Group and Group's share of net loss in respect of its associates;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm's Registration No. 117365W)

Samir R. Shah

Partner
Membership No. 101708

Mumbai, May 21, 2015

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIALS STATEMENTS

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

- (i) In respect of the fixed assets of the Holding Company and subsidiary companies incorporated in India:
 - (a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified in the previous year by the Management of the respective entities in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of the inventories of the Holding Company and subsidiary companies incorporated in India:
 - (a) As explained to us, the inventories were physically verified during the year by the Management of the respective entities at reasonable intervals. The holding company purchases stores and spare parts for the fleet, which are directly treated as consumed as and when supplied to fleet.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management of the respective entities were reasonable and adequate in relation to the size of the respective entities and the nature of their business.
 - (c) In our opinion and according to the information and explanations given to us, the respective entities have maintained proper records of their inventories and no material discrepancies were noticed on physical

verification. In respect of holding company having regard to the nature of its business and scale of operations, quantities of fuel oil and lubricants are determined by physical count and it is not considered feasible by its Management to maintain records of movements of inventories of such items by the fleet in which they are carried. As quantities are determined by physical count and records of movements are not maintained on board its fleet, the question of discrepancies on physical verification thereof does not arise for such inventory in holding company.

- (iii) The Holding Company and subsidiary companies incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 by the respective entities.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system in the Holding Company and subsidiary companies incorporated in India, commensurate with the size of the respective entities and the nature of their business for the purchase of inventory and fixed assets and for the sale of services and during the course of our audit no continuing failure to correct major weaknesses in such internal control system has been observed. The activities of Holding Company and subsidiary companies incorporated in India do not involve sale of goods.
- (v) According to the information and explanations given to us, the Holding Company and subsidiary companies incorporated in India have not accepted any deposit during the year.
- (vi) According to the information and explanations given to us, the Holding company and subsidiary companies incorporated in India are not required to maintain cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues of the Holding Company and subsidiary companies incorporated in India:
 - (a) The respective entities have generally been regular in depositing undisputed statutory dues, including Income-tax, Sales Tax, Wealth Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues applicable to the respective entities except that there have been delays in number of cases in depositing undisputed statutory dues of Service Tax, Provident Fund and Tax deducted at source with the appropriate authorities. As informed to us, the provisions for Employee's State Insurance and Excise duty were not applicable to the Holding Company and subsidiary companies incorporated in India during the year.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable except arrears of Tax Deducted at Source amounting to Rs 13.52 Crore due for 205-328 days.
 - (c) Details of dues of Income-tax and Customs duty which have not been deposited as on March 31, 2015 on account of disputes of the Holding company and the subsidiaries incorporated in India are given below:

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

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

- (d) There are no amounts that are due to be transferred by the aforesaid entities to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (viii) The Holding Company is registered for a period of less than five years as of the Balance Sheet date and hence the Group (comprising of the holding company and its subsidiaries) are existing for period less than five years. Accordingly, the provisions of clause (viii) of the Order are not applicable to the Group.
- (ix) Delays in repayment of dues (including interest) to banks, financial institutions and debenture holders aggregating to ₹ 151.56 Crore, ₹ 27.70 Crore and ₹ 80.00 Crore have been regularised within 90 days, 91-150 days and 151-360 days respectively, from due dates. Dues aggregating to ₹ 255.96 Crore, ₹ 90.63 Crore and ₹ 71.18 Crore outstanding for a period of less than 90 days, 91-150 days and 151-365 days respectively, as at 31st March, 2015 have not been paid till the date of this report.
- (x) In our opinion and according to the information and explanations given to us, as at 31 March 2015, the Holding Company and subsidiary companies incorporated in India have not given any guarantees for loans taken by others outside the Group from banks and financial institutions. Accordingly the provisions of clause (x) of the Order are not applicable to the Group.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Holding Company and subsidiary companies incorporated in India during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Holding Company and subsidiary companies incorporated in India and no material fraud on the Holding Company and subsidiary companies incorporated in India has been noticed or reported during the year.

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

Samir R. Shah
Partner
Membership No. 101708

Mumbai, May 21, 2015

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2015

(₹ in Crore)

Particulars	Note no.	As at 31 st March, 2015	As at 31 st March, 2014
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	205.23	205.23
(b) Reserves and surplus	4	6,674.82	6,884.26
		6,880.05	7,089.49
2 Non-current liabilities			
(a) Long-term borrowings	5	2,464.10	4,383.11
(b) Deferred tax liabilities (net)	6	17.40	23.41
(c) Other long-term liabilities	7	50.64	15.20
(c) Long-term provisions	8	26.80	19.91
		2,558.94	4,441.63
3 Current liabilities			
(a) Short-term borrowings	9	241.58	211.75
(b) Trade payables	10	763.80	629.12
(c) Other current liabilities	11	2,873.99	1,536.63
(d) Short-term provisions	12	133.89	134.51
		4,013.26	2,512.01
TOTAL EQUITY AND LIABILITIES		13,452.25	14,043.13
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	13 (a)	4,088.00	4,318.73
(ii) Capital work-in-progress	13 (b)	78.37	92.04
(b) Goodwill on consolidation	37	5,725.86	5,498.19
(c) Non-current investments	14	62.48	62.60
(d) Long-term loans and advances	15	149.44	179.29
(e) Other non-current assets	19	86.68	30.39
		10,190.83	10,181.24
2 Current assets			
(a) Current investments	16	0.10	0.10
(b) Inventories	17	77.93	165.26
(c) Trade receivables	18	301.08	340.41
(d) Cash and bank balances	20	43.62	92.21
(e) Short-term loans and advances	15	1,139.62	1,204.32
(f) Other current assets	19	1,699.07	2,059.59
		3,261.42	3,861.89
TOTAL ASSETS		13,452.25	14,043.13

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Samir R. Shah
Partner

Mumbai
May 21, 2015

For and on behalf of the Board

Anoop Kumar Sharma
CEO & Wholetime Director

Vikram Gupta
Chief Financial Officer

Mumbai
May 21, 2015

N. Srinivasan
Director

Hitesh Jain
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Crore)

Particulars	Note no.	Year ended 31 st March, 2015	Year ended 31 st March, 2014
Income			
1 Revenue from operations	21	1,910.62	1,858.54
2 Other income	22	242.67	148.05
Total		2,153.29	2,006.59
3 Expenses:			
Operating expenses	24	1,334.98	1,004.14
Employee benefits expense	23	203.40	220.92
Other expenses	25	145.22	103.16
Total		1,683.60	1,328.22
Profit before finance costs, depreciation, exceptional item and tax		469.69	678.37
4 Finance costs	26	477.13	399.37
5 Depreciation (previous year figure includes ₹ 30.23 crore on account of prior period adjustments)	13(a)	424.06	477.88
Loss before tax		(431.50)	(198.88)
7 Tax expense:			
Current tax		(33.38)	(49.57)
MAT credit utilized		-	(0.03)
Deferred tax (net)		6.00	4.71
8 Loss for the year before share in (loss) / profit of associates		(458.88)	(243.77)
9 Share in (loss) / profit of associates		(0.07)	0.05
Loss for the year		(458.95)	(243.72)
10 Earnings per equity share (face value of ₹10 each) :	31		
Basic and diluted (in ₹)		(22.36)	(11.88)

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Samir R. Shah

Partner

Mumbai

May 21, 2015

For and on behalf of the Board

Anoop Kumar Sharma

CEO & Wholetime Director

Vikram Gupta

Chief Financial Officer

Mumbai

May 21, 2015

N. Srinivasan

Director

Hitesh Jain

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

(₹ in Crore)

Particulars	Year ended 31 st March, 2015	Year ended 31 st March, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(431.50)	(198.88)
Adjustments for :		
Depreciation	424.06	477.88
Finance costs	477.13	399.37
Interest income	(92.81)	(117.46)
Loss on sale of tangible assets	20.70	19.86
Miscellaneous expenditure written off	1.17	0.89
Amortisation of stock based employee compensation	0.45	0.48
Bad debts written off	10.62	26.82
Gain on buyback of equity shares by a subsidiary	(15.77)	-
Unrealised foreign exchange loss	33.00	10.15
Operating profit before working capital changes	427.05	619.11
Changes in working capital:		
Decrease / (Increase) in inventories	90.88	(0.62)
Decrease in trade receivables, loans and advances and other assets	138.39	74.00
Increase in trade payables, other liabilities and short term provisions	(93.48)	(261.86)
Cash generated from operations	562.84	430.63
Income taxes paid, (net)	(4.28)	(34.79)
Net cash generated from operating activities	558.56	395.84
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress and advance	(93.41)	(23.42)
Proceeds from sale of fixed assets	255.96	71.76
Advance received against novation of jack up rigs	-	197.86
Purchase of investments in associates	-	(62.55)
Fixed deposits matured for a period of more than three months	36.46	21.57
Fixed deposits placed for a period of more than three months	(17.38)	(12.95)
Loans and advances given to body corporate	(10.35)	(399.75)
Loans and advances received / repaid by body corporate	75.13	423.29
Interest received	132.05	18.41
Net cash generated from investing activities	378.46	234.22

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

(₹ in Crore)

Particulars	Year ended 31 st March, 2015	Year ended 31 st March, 2014
C CASH FLOW FROM FINANCING ACTIVITIES		
Finance costs paid	(354.26)	(574.26)
Proceeds from long term loans	227.13	595.77
Proceeds from short term loans	46.24	12.57
Proceeds from unsecured loans	25.00	107.00
Repayment of long term loans	(573.03)	(547.98)
Repayment of short term loans	(5.40)	-
Repayment of finance lease obligations	(326.47)	(114.40)
Repayment of commercial papers	-	(60.00)
Repayment of unsecured loan	-	(25.03)
Net cash used for financing activities	(960.79)	(606.33)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(23.77)	23.73
Cash and cash equivalents at the beginning of the year	37.72	9.14
Foreign currency translation reserve	1.03	4.85
Cash and cash equivalents at the end of the year (refer note 20)	14.98	37.72

Note:

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

(₹ in crore)

Particulars	As at 31 st March, 2015	As at 31 st March, 2014
Cash and cash equivalents as per cash flow statement	14.98	37.72
Add: margin money deposits not considered as cash and cash equivalents	28.64	54.49
Cash and bank balances (refer note 20)	43.62	92.21

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Samir R. Shah

Partner

Mumbai

May 21, 2015

For and on behalf of the Board

Anoop Kumar Sharma

CEO & Wholetime Director

Vikram Gupta

Chief Financial Officer

Mumbai

May 21, 2015

N. Srinivasan

Director

Hitesh Jain

Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

1 CORPORATE INFORMATION

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

2 BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF ACCOUNTING AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries and jointly controlled entities (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention, that are carried at revalued amounts. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation.

B. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to Essar Shipping Limited, (the 'Company'), its subsidiary companies, jointly controlled entities and the Group's share of profit / loss in its associates. The consolidated financial statements have been prepared on the following basis:

- 1) The financial statements of the subsidiary companies, jointly controlled entities and associates used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March, 2015. These have been consolidated based on latest available financial statements.
- 2) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.
- 3) The consolidated financial statements include the share of profit / loss of the associate companies which have been accounted for using equity method as per AS 23 Accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit/ loss of each of the associate companies (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.
- 4) The excess of cost to the Group of its investments in the subsidiary companies / jointly controlled entities over its share of equity of the subsidiary companies / jointly controlled entities, at the dates on which the investments in the subsidiary companies / jointly controlled entities were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiary companies / jointly controlled entities as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements. The 'Goodwill' / 'Capital Reserve' is determined separately for each subsidiary company / jointly controlled entity and such amounts are not set off between different entities.
- 5) Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.
- 6) The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the consolidated financial statements as Goodwill or Capital reserve as the case may be.
- 7) Goodwill arising on consolidation is not amortised but tested for impairment.
- 8) Following subsidiary companies, associates and jointly controlled entities have been considered in the preparation of the consolidated financial statements :

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				31 st March, 2015	31 st March, 2014
Essar Logistics Limited ("ELL")	Subsidiary	India	ESL	100%	100%
Essar Oilfields Services Limited ("EOSL")	Subsidiary	Mauritius	ESL	100%	100%
Essar Oilfield Services India Limited ("EOSIL")	Subsidiary	India	EOSL	100%	100%
Energy Transportation International Limited ("ETIL")	Subsidiary	Bermuda	ESL	100%	100%
Energy II Limited ("EII")	Subsidiary	Bermuda	ESL	100%	100%
Varada Drilling One Pte Limited	Associate	Singapore	EOSIL	28.57%	28.57%*
Varada Drilling Two Pte Limited	Associate	Singapore	EOSIL	28.57%	28.57%*

* with effect from 19th March, 2014

C. USE OF ESTIMATES

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

D. VALUATION OF INVENTORIES

Inventories are valued at the lower of cost determined on first-in-first-out basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the inventories to their present location and condition, including octroi and other levies, transit insurance and receiving charges.

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

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

F. CASH FLOW STATEMENT

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

financing activities of the Group are segregated based on the available information.

G. DEPRECIATION

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on fixed assets of the Company and its Indian subsidiaries has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Nature of fixed asset	Useful life
Fleet - Bulk carriers	25-30 years
Fleet - Mini bulk carriers	7 years
Aircraft	17 years
Rigs	3-18 years

Depreciation on the fixed assets of the Company's foreign subsidiaries, and associates has been provided on straight-line method as per the estimated useful life of such assets as follows:

Nature of fixed asset	Useful life
Vessel	20 years
Plant & machinery	15 years
Furniture and fixtures	5 years
Office equipment	2-7 years

Assets costing less than ₹ 5,000/- are fully depreciated in the year of capitalization. Depreciation on additions/

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

H. REVENUE RECOGNITION

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

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

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

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

I. OTHER INCOME

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

J. FIXED ASSETS

Fixed assets are recorded at cost or at revalued amounts less accumulated depreciation, amortisation and impairment loss, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure including brokerage and start-up costs on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. The Group has adopted the provisions of para 46 / 46A of AS 11 The Effects of Changes in Foreign Exchange Rates, accordingly, exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project is ready for its intended use.

Capital work-in-progress:

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

K. FOREIGN CURRENCY TRANSACTIONS

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

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

L. INVESTMENTS

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

M. EMPLOYEE BENEFITS

- 1) The Group (employer) and the employees contribute a specified percentage of eligible employees' salary- currently 12%, to the employer established provident fund "Essar Shipping Limited Employees Provident Fund" set up as an irrevocable trust by the Group. The Group is generally liable for annual contributions and any shortfall in the fund assets based on government specified minimum rates of return – currently @ 8.75%, and recognises such provident fund liability, considering fund as the defined benefit plan, based on an independent actuarial valuation carried out at every statutory year end using the Projected Unit Credit Method.
- 2) Provision for gratuity for floating staff is made as under:
 - (i) For offshore officers on actuarial valuation.
 - (ii) For offshore crew on accrual basis as per rules of the National Maritime Board and is charged to the Statement of Profit and Loss.

3) Post-employment benefit plan:

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

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

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

4) Short-term employee benefits

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

5) Long-term employee benefits

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

6) Employee Stock Option Scheme:

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

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

N. BORROWING COSTS

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the

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

O. SEGMENT REPORTING

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

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

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

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

P. LEASES

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

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

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

Q. EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to

expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

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

R. TAXES ON INCOME

Current tax is the amount of tax payable as per special provisions relating to income of shipping companies under the Income Tax Act, 1961 on the basis of deemed tonnage income of the Group and tax payable on other taxable income for the year determined in accordance with the applicable tax rates and provisions of the Income Tax Act, 1961 and other applicable tax laws.

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

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

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

S. IMPAIRMENT OF ASSETS

The carrying values of assets (cash generating units) at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

T. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates

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

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

U. HEDGE ACCOUNTING

The Group enters into derivative contracts in the nature of foreign currency swaps, currency options and forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions in foreign currency. The Group does not enter into derivative contracts for trading or speculative purposes.

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a

forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

The Group uses certain foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Group designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments: Recognition and Measurement" issued by the ICAI. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit or loss.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging

instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss. In case of fair value hedges the adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized in the statement of profit and loss.

V. INSURANCE CLAIMS

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

W. OPERATING EXPENSES

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

X. OPERATING CYCLE

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

3 Share capital

Particulars	As at 31 st March, 2015		As at 31 st March, 2014	
	Number	₹ in Crore	Number	₹ in Crore
(a) Authorised				
Equity shares of ₹10/- each	500,000,000	500.00	500,000,000	500.00
	<u>500,000,000</u>	<u>500.00</u>	<u>500,000,000</u>	<u>500.00</u>
Issued, subscribed and fully paid up				
Equity shares of ₹10/- each	205,227,768	205.23	205,227,768	205.23
	<u>205,227,768</u>	<u>205.23</u>	<u>205,227,768</u>	<u>205.23</u>
(b) Reconciliation of shares outstanding at the beginning and at the end of the reporting period				
Equity shares of ₹ 10/- each				
At the beginning of the year	205,227,768	205.23	205,227,768	205.23
Add: Issue of shares during the year	-	-	-	-
At the end of the year	<u>205,227,768</u>	<u>205.23</u>	<u>205,227,768</u>	<u>205.23</u>

(c) Terms of /rights attached to equity shares

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

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

	As at 31 st March, 2015			As at 31 st March, 2014		
	Number	₹ in Crore	%	Number	₹ in Crore	%
Equity shares of ₹ 10/- each						
Essar Ports & Shipping Mauritius Limited, Mauritius, the intermediate holding company	124,362,408	124.36	60.60	-	-	-
Essar Shipping & Logistics Limited, Cyprus, the intermediate holding company	21,406,365	21.41	10.43	145,768,773	145.77	71.03
Essar Global Fund Limited, Cayman Islands, the ultimate holding company	33	0.00	0.00	33	0.00	0.00
Essar Steel India Limited, Indian subsidiary of the ultimate holding company	1,273,611	1.27	0.62	1,273,611	1.27	0.62
	<u>147,042,417</u>	<u>147.04</u>	<u>71.65</u>	<u>147,042,417</u>	<u>147.04</u>	<u>71.65</u>

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

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

	Year (Aggregate no. of shares)				
	2014-15	2013-14	2012-13	2011-12	2010-11
Equity shares issued for consideration other than cash					
Issued as fully paid up pursuant to a Scheme of arrangement	-	-	-	205,227,768	-

(f) Shares reserved for issue under options

- The Company has reserved issuance of 36,65,270 equity shares of ₹ 10 each for offering to eligible employees of the Company and its subsidiaries under Employee Stock Options Scheme (ESOS). Refer note 35 for details.
- 2,400 Foreign Currency Convertible Bonds (FCCB) are convertible into 122,852,787 equity shares, at the option of the holders, (previous year 122,852,787 equity shares) of ₹ 10/- each. Refer foot note (i) (f) to note 5 for details.

4 Reserves and surplus

Particulars	As at 31st March, 2015 ₹ in Crore	As at 31st March, 2014 ₹ in Crore
a. Debenture redemption reserve (refer foot note below)		
Opening balance	55.00	55.00
Add: Transferred from the Consolidated Statement of Profit and Loss	-	-
Closing balance	55.00	55.00
b. Share options outstanding account		
Opening balance	1.02	0.54
Additions during the year (refer note 23)	0.45	0.48
Closing balance	1.47	1.02
c. Tonnage tax (utilised) reserve		
Opening balance	20.00	-
Add: Transferred from tonnage tax reserve	-	20.00
Closing balance	20.00	20.00
d. Tonnage tax reserve		
Opening balance	45.00	65.00
Less: Transferred to tonnage tax (utilised) reserve	-	(20.00)
Closing balance	45.00	45.00
e. Cash flow hedge reserve		
Opening balance	(18.54)	-
Additions during the year (refer note 32.A)	(7.89)	(18.54)
Closing balance	(26.43)	(18.54)
f. General reserve		
As per last balance sheet	4,835.22	4,835.22
g. Foreign currency translation reserve		
Opening balance	2,123.42	1,509.95
Add: Effect of foreign exchange rate variation during the year	245.67	613.47
Closing balance	2,369.09	2,123.42
h. Foreign currency monetary items translation difference account (FCMITDA)		
Opening balance	(28.83)	1.51
Add: Effect of foreign exchange rate variation during the year	(10.29)	(2.61)
Less: Amortisation during the year	22.15	(27.73)
Closing balance	(16.97)	(28.83)
i. (Deficit) / Surplus in the Consolidated Statement of Profit and Loss		
Opening balance	(148.03)	95.69
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life [refer foot note (iii) to note 13 (a)]	(0.57)	-
Less: Net loss for the year	(458.95)	(243.72)
Closing balance	(607.55)	(148.03)
Total	6,674.82	6,884.26

Foot note: In terms of rule 18 (7) of the Companies (Share Capital and Debentures) Rules 2014, the Company is required to create a Debenture Redemption Reserve (DRR) of ₹185 crore (previous year ₹ 198 crore) in respect of Debentures issued and outstanding as of 31st March, 2015. However in view of losses the Company has not created such DRR.

5 Long-term borrowings

Particulars	Non current		Current	
	As at 31 st March, 2015	As at 31 st March, 2014	As at 31 st March, 2015	As at 31 st March, 2014
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
Secured				
(a) Debentures				
11.35%, 7,000 non convertible debentures of ₹ 1,000,000 each, secured by mortgage on immovable property, first charge on one bulk carrier of the Company, immovable property, eight barges, six land rigs of the subsidiaries, two tugs of Essar Ports Limited and pledge of 49% of investment in equity shares of Essar Logistics Limited. (refer foot note i(a))	-	700.00	700.00	-
13.10%, 395 non convertible debentures of ₹ 10,00,000 each, secured by mortgage of immovable property, repayable in single bullet payment.(refer foot note i(b))	39.50	39.50	-	-
(A)	39.50	739.50	700.00	-
(b) Secured term loans (refer foot note i (c) and (d))				
(i) from banks				
Rupee term loans [converted into foreign currency non resident (Bank) facility] (secured by first charge on a very large crude carrier and its receivables)	278.06	287.53	38.32	30.39
Rupee term loans (secured by extended charge on six tugs and two barges of a subsidiary company)	-	118.50	-	50.00
Rupee term loan (secured by extended charge on a supramax bulk carrier of the Company and on six tugs and two barges of a subsidiary company)	119.38	-	49.96	-
Rupee term loan (secured by first charge on a very large crude carrier and its receivables)	-	11.47	-	1.21
Rupee term loan (secured by first charge against cargo handling equipment)	-	-	-	2.41
Rupee term loan (secured by first charge against the trailers)	-	1.02	0.82	1.20
Rupee term loan (secured by corporate guarantee issued by the holding company)	5.00	11.67	6.67	6.66
Rupee term loan (secured by charge on six land rigs and receivable thereon and corporate guarantee by the Company.)	24.15	31.65	7.50	7.50
Rupee term loan (refer foot note (ii) to note 13 (b) (secured by charge on Jack up rigs and receivable thereon and corporate guarantee by the Company.)	-	-	222.96	464.05
Foreign currency term loans (secured by first charge on five bulk carriers and its receivables)	271.38	176.32	44.43	26.91
Foreign currency term loan (secured by first charge on a semi submersible rig and corporate guarantee by the Company and Essar Shipping & Logistics Limited.)	590.54	703.92	201.57	136.88
(B)	1,288.51	1,342.08	572.23	727.21

Particulars	Non current		Current	
	As at 31 st March, 2015	As at 31 st March, 2014	As at 31 st March, 2015	As at 31 st March, 2014
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
(ii) from financial institutions				
Rupee term loan (secured by corporate guarantee by a subsidiary)	-	50.00	75.00	50.00
Rupee term loan (secured by first pari passu charge by way of hypothecation on three mobile rigs and receivables there on and corporate guarantee by the Company).	59.69	69.20	9.52	-
(C)	59.69	119.20	84.52	50.00
(iii) from others				
Rupee term loan (secured by first charge on three mini bulkers and four tugs of a subsidiary company)	-	44.38	44.38	15.00
Rupee term loan (secured by assignment of rights under shipbuilding contract by the holding company with third party)	-	70.00	105.00	70.00
(D)	-	114.38	149.38	85.00
Total secured loans [E = A+B+C+D]	1,387.70	2,315.16	1,506.13	862.21
Unsecured loans				
(a) Foreign currency convertible bonds (FCCBs) (refer note (i) (f) below)	697.44	1,442.40	804.74	-
(b) Finance lease obligations (refer foot note i(e) and refer note 28 (a))	365.17	625.55	125.58	167.62
(c) Others	13.79	-	20.69	-
Total unsecured loans [F]	1,076.40	2,067.95	951.01	167.62
Total [E+F]	2,464.10	4,383.11	2,457.14	1,029.83
Less: Amount disclosed under the head 'other current liabilities' (refer note 11)	-	-	(2,457.14)	(1,029.83)
Long-term borrowings	2,464.10	4,383.11	-	-

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

- a) **Secured debentures:** 2,000 debentures issued on 25th March 2010 and 5,000 debentures issued on 22nd June 2009 are redeemable at the expiry of 10 years with put and call option exercisable after five years from their respective dates of issue. The Company has received notice from the debenture holder invoking the put option. The Company is in discussion with the debenture holder to waive the option and based on the said discussion, the management is reasonably confident that the debenture holder will waive the option and the debentures would be redeemed at the expiry of ten years from the date of their issue. However, the debentures have been classified as current liabilities till such waiver is received. (refer note 36).
- b) **Secured debentures:** 205 debentures issued on 01st February 2013 are redeemable at the expiry of 10 years from the date of issue and the holder of the debentures have the option to call after 5 years from the date of issue. 40 debentures issued on 12th October 2012, 50 debentures issued on 28th June 2012 and 100 debentures issued on 22nd June 2012 are redeemable at the expiry of 5 years from their respective date of issue.
- c) **Secured rupee term loans from banks, financial institutions and others:** Repayable in quarterly/ monthly instalments starting from October, 2010 to December, 2019.
- d) **Secured foreign currency term loans from banks:** Repayable in quarterly / monthly instalments starting from March, 2006 to July, 2019.
- e) **Finance lease obligations:** Repayable in monthly instalments starting from May, 2006 to September, 2018.
- f) **Foreign currency convertible bonds:** FCCBs of US\$ 111,428,571 (Series B) due on 24th August 2017 and US\$ 128,571,429 (Series A) due on 24th August 2015 carry interest @5% per annum payable semi annually. The FCCBs are convertible into 122,852,787 fully-paid equity shares of ₹ 10 each of the Company, any time upto the date of maturity, at the option of the FCCB holders at conversion price of ₹ 91.70 per share at a predetermined exchange rate of ₹ 46.94 per US\$. The FCCBs, if not converted, till the maturity date will be redeemed at par.
- ii) The classification of loans between current liabilities and non-current liabilities continues based on repayment schedule under respective agreements as no loans have been recalled due to non compliance of conditions under any of the loan agreements.

6 Deferred tax liabilities (net)

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

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
The effect of items constituting deferred tax liabilities		
on difference between book balance and tax balance of fixed assets	40.33	36.37
(A)	40.33	36.37
The effect of items constituting deferred tax assets		
Disallowance u/s 40(a) of the Income Tax Act, 1961	3.68	-
Unabsorbed depreciation carried forward	18.63	12.39
Provision for compensated absences, gratuity and other employee benefits	0.62	0.57
(B)	22.93	12.96
Total	17.40	23.41

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

7 Other long - term liabilities

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
Security deposits (from related parties ₹ 14.00 (previous year ₹ 14.00) crore) (refer note 34)	15.14	15.20
Interest accrued but not due	35.50	-
Total	50.64	15.20

8 Long-term provisions

Provision for estimated losses on derivative contracts (refer note 32.A)

26.80	19.91
26.80	19.91

9 Short - term borrowings

Secured

(i) from banks

Cash credit facility from bank

(secured by first pari passu charge on a very large crude carrier)

Rupee short term loan

(secured by first charge on six land rigs and receivables thereon, corporate guarantee of the Company)

(ii) from others

Short term loan

(secured by subservient charge on present and future surplus cash flows of the Company)

Unsecured

(a) Loan from a related party (refer note 34)

(b) Loans from others

Total

50.68	50.69
39.41	27.65
137.00	100.00
227.09	178.34
3.99	21.01
10.50	12.40
14.49	33.41
241.58	211.75

10 Trade payables:

Dues to micro and small enterprises (refer note below)

Other than acceptances

Total

1.88	0.38
761.92	628.74
763.80	629.12

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

11 Other current liabilities

Particulars	As at 31 st March, 2015	As at 31 st March, 2014
	₹ in Crore	₹ in Crore
Unearned revenue on services	5.58	11.20
Current maturities of long-term borrowings (including instalments due at the year end ₹ 143.62 (previous year ₹ 1.83) crore) (refer footnote (ii) to note 5)	826.82	862.21
Foreign currency convertible bonds (refer note 5)	804.74	-
Non convertible debentures (refer foot note (i) (a) to note 5 and note 36)	700.00	-
Current maturities of finance lease obligations	125.58	167.62
Interest accrued but not due on borrowings	50.92	62.57
Interest accrued and due on borrowings	175.50	7.46
Temporary overdrawn bank balances	2.73	69.12
Security deposits [from related parties ₹ 4.50 (previous year ₹ 4.50) crore] (refer note 34)	4.50	4.53
Advances from customers	33.84	37.09
Statutory and other related dues	106.69	52.87
Payables in respect of capital goods	35.48	61.48
Advances received against novation of jack up rigs (refer note 34)	-	197.86
Deferred profit on sale and lease back	1.61	2.62
Total	2,873.99	1,536.63

12 Short-term provisions**(a) Provisions for employee benefits**

Superannuation	0.09	0.09
Gratuity (refer note 33)	4.41	3.47
Compensated absences (refer note 33)	2.75	6.56

(b) Others

Provisions for taxation (net of advance tax ₹ 107.48 (previous year ₹ Nil) crore)	33.34	34.81
Other provisions (refer foot note below)	93.30	89.58

Total	133.89	134.51
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Foot note:-

One of the customer is holding back on its dues to a subsidiary on account of its claim towards supply of equipment and other support services during the trial run period of Wildcat Rig. The Group has provided ₹ 93.30 (previous year ₹ 89.58) crore against such claim expecting its settlement in the near future and the trade receivables of ₹ 93.30 (previous year ₹ 89.58) crore from that customer towards provision of subsequent oilfield drilling services is considered to be fully realisable. (refer note 18)

13. (a) Tangible assets

13. (a) Tangible assets													₹ in Crore
Particulars	Gross block					Accumulated depreciation					Net Block		
	As at 1 st April, 2014	Additions	Disposals	Exchange differences (refer note 27)	Foreign currency translation reserve	As at 31 st March, 2015	As at 1 st April, 2014	For the year (refer note (iv) below)	Transfer to opening reserve (refer note (iii) below)	Disposals	Foreign currency translation reserve	As at 31 st March, 2015	As at 31 st March, 2015
Land	0.18 (0.07)	- (0.11)	-	-	-	0.18 (0.16)	-	-	-	-	-	-	0.18 (0.07)
Buildings	6.43 (6.43)	-	-	-	-	6.43 (6.43)	3.71 (3.41)	0.47 (0.33)	-	-	-	4.18 (3.71)	2.25 (3.02)
Fleet (refer foot note (vi) below)	1,591.79 (1,696.23)	425.68 (19.42)	-	25.03 (61.83)	-	2,042.50 (1,591.79)	566.25 (539.10)	119.62 (123.46)	-	(113.50) (117.81)	-	799.37 (566.25)	1,243.13 (1,157.13)
Fleet (taken on lease) (refer foot note (vi) below)	1,238.48	-	412.14	11.57	13.51	851.42	395.94	49.56	-	113.49	3.83	335.84	515.58
Plant and equipment (refer note (i) and (ii) below and note 37)	(1,151.83) 3,498.54	- 67.29	- 9.83	(58.25) -	(28.40) 116.54	(1,238.48) 3,672.54	(301.10) 1,133.34	(41.20) 239.82	-	- 3.87	(1.54) 42.52	(395.94) 1,411.81	(850.73) 2,260.73
Aircraft (taken on lease)	(3,117.29) 96.40 (92.18)	(113.84) -	(0.16) -	- 1.98 (4.22)	(267.57) -	(3,498.54) 98.38 (96.40)	(821.21) 38.25 (29.89)	(189.86) 5.91 (3.70)	-	-	(30.25) -	(1,133.34) 44.16 (38.25)	(2,296.08) 54.22 (62.29)
Furniture and fixtures	1.61 (2.87)	0.08 (0.03)	-	-	0.00 (0.15)	1.69 (1.61)	1.28 (1.96)	0.12 (0.25)	-	-	0.00 (0.04)	1.40 (1.28)	0.29 (0.91)
Office equipment	5.02 (7.40)	0.37 (0.24)	(0.00) (2.74)	-	0.02 (0.12)	5.41 (5.02)	3.41 (5.31)	0.53 (0.63)	0.52	-	0.01 (0.04)	4.47 (3.41)	0.94 (2.09)
Vehicles	62.22 (64.53)	0.05 (0.33)	14.22 (2.64)	-	-	48.05 (62.22)	39.76 (33.30)	8.03 (9.88)	0.05	10.47 (0.51)	-	37.37 (39.76)	10.68 (31.23)
Total as at 31 st March, 2015	6,500.67	493.47	436.19	38.58	130.07	6,726.60	2,181.94	424.06	0.57	14.33	46.36	2,638.60	4,088.00
Total as at 31 st March, 2014	(6,138.83)	(133.97)	(192.67)	(124.33)	(296.21)	(6,500.67)	(1,735.28)	(477.88)	-	(105.41)	(74.19)	(2,181.94)	(4,318.73)

(* Amount less than ₹ 1 lakh)

Notes:

- Gross block of plant and equipment includes a water treatment plant of ₹ 38.84 (previous year ₹38.84) crore given on lease. The net book value is ₹ Nil (previous year ₹ Nil).
- During the year, pursuant to the notification of Schedule II to the Companies Act, 2013, with effect from April 1, 2014, the Company revised the estimated useful life of its assets to align the same with those specified in Schedule II or as assessed by an independent valuer. Consequently to the change, the depreciation charge in the Statement of Profit and Loss for the year is higher by ₹ 44.25 crore
- Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on 1st April, 2014, and has adjusted an amount of ₹ 0.57 crore, against the opening balance in the Consolidated statement of Profit and Loss under Reserves and Surplus.
- Plant and equipment includes a semi submersible rig, secured against the syndicated term loan of ₹ 792.11 (previous year ₹ 753.65) crore availed by a subsidiary and also carries second preferred mortgage against the loan availed by Essar Shipping & Logistics Limited, parent company.
- Depreciation for the previous year includes ₹ 30.23 crore on account of prior period adjustments.
- In view of pertinent slowdown in shipping industry, the Company has assessed 'recoverable amount' of each fleet by estimating their "value in use" in terms of accounting standard (AS) 28 "Impairment of Assets". Value in use is estimated by applying appropriate discount rate to projected net cash inflows having regard to existing long term contracts, expected tariff based on past trends and costs to operate the fleet which represents the management's best estimate of the set of economic conditions that will exist over remaining useful life of each fleet. Based on the aforementioned assessment, it has been concluded that 'recoverable amount' of the fleet are higher than their respective carrying amount.
- Previous year figures are disclosed in bracket.

13. (b) Capital work-in-progress

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
Capital work in progress	92.04	1,209.84
Expenditure during construction (see details below)	13.43	591.42
	105.47	1,801.26
Less: Capitalised during the year	(27.10)	(113.84)
Total	78.37	1,687.42
Less: Transferred to asset held for sale (refer foot note (ii) below)	-	(1,595.38)
Total (refer note 37)	78.37	92.04

Expenditure during construction	As at 31 st March, 2014 ₹ in Crore	Incurred during the year ₹ in Crore	Capitalised during the year ₹ in Crore	As at 31 st March, 2015 ₹ in Crore
Equipment and materials	76.62	13.43	(27.10)	62.95
Interest and finance costs	12.12	-	-	12.12
Other finance costs	-	-	-	-
Repairs and maintenance	3.09	-	-	3.09
Others	0.21	-	-	0.21
Total	92.04	13.43	(27.10)	78.37

Foot notes:

- (i) During the year, Essar Oilfield Services India Limited, a subsidiary of the Group, has completed the transfer of under construction jack-up rigs ('the rigs') classified under "Assets held for sale" during the previous year, in favour of Varada Drilling One Pte Limited and Varada Drilling Two Pte Limited (collectively referred to as 'Varada entities') for a total consideration of US\$ 283 million (₹ 1,771.32 crore) duly complying with the terms of novation agreement and also with the consent of the existing lenders. Accordingly, the corresponding term loans have been classified as current.
- (ii) The transfer jack up rigs to associates resulted in a loss of ₹ 20.51 crore.

14 Non-current Investments

Particulars	As at 31 st March, 2015	As at 31 st March, 2014
	₹ in Crore	₹ in Crore
Non trade investments (At cost)		
Investments in equity shares (unquoted, fully paid up)		
440 equity shares of ₹ 10/- each of Essar Bulk Terminal Paradip Limited *	*0.00	*0.00
Trade investments (At cost)		
Investments in equity shares of associates (unquoted, fully paid up)		
50,00,000 ordinary shares of USD.1/- each of Varada Drilling One Pte Limited	31.27	31.27
Add: Share of (loss) / profit	(0.03)	0.03
Sub total	31.24	31.30
50,00,000 ordinary shares of USD.1/- each of Varada Drilling Two Pte Limited	31.27	31.27
Add: Share of (loss) / profit	(0.03)	0.03
Sub total	31.24	31.30
Total	62.48	62.60
Note :		
Aggregate amount of unquoted non- current investments	62.48	62.60

* Amount is less than ₹ 1 lakh

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

Particulars	Non-current		Current	
	As at 31 st March, 2015	As at 31 st March, 2014	As at 31 st March, 2015	As at 31 st March, 2014
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
a. Capital advances	116.00	120.28	-	-
b. Security deposits [to a related party ₹NIL (previous year ₹ 19.78 crore)](refer note 34)	23.68	29.92	3.68	20.58
c. Loans and advances to related parties (refer note 34)	-	-	955.54	988.96
d. Loans and advances to others	0.18	-	75.00	80.00
e. Advances recoverable in cash or in kind or for value to be received	-	-	52.70	46.45
f. Other loans and advances				
Advance income-tax and tax deducted at source [net of provision for taxation ₹ 85.27 (previous year ₹ 66.75) crore]	9.48	28.91	16.60	23.77
Prepaid expenses	0.10	0.18	11.01	16.37
Loans to employees	-	-	0.04	0.41
Cenvat credit / service tax receivable	-	-	24.99	27.78
Bills receivable	-	-	0.06	-
Total	149.44	179.29	1,139.62	1,204.32

16 Current investments

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
Investments in mutual funds (Unquoted, fully paid up) (At lower of cost and net realisable value)		
100,000 units of ₹ 10 each of Union KBC Capital Protection Oriented Fund (NAV as on 31 st March, 2015 ₹ 13.85 (previous year ₹ 11.45 each))	0.10	0.10
Total	0.10	0.10
Aggregate amount of unquoted current investments	0.10	0.10

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

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
Stores and spares	63.75	139.16
Fuel, oil and lubricants	14.18	26.10
Total	77.93	165.26

18 Trade receivables

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
(i) Outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good (refer foot note to note 12)	171.14	156.05
Doubtful	28.08	27.18
Less: Provision for doubtful trade receivables	(28.08)	(27.18)
	171.14	156.05
(ii) Other trade receivables	129.94	184.36
Total	301.08	340.41

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

Particulars	Non-current		Current	
	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
Bank deposits held as margin money	7.30	-	-	-
Unbilled revenue	-	-	34.61	9.49
Receivables on sale of fixed assets	-	-	0.20	0.20
Unamortised operating lease expenses	-	-	122.79	100.37
Unamortised upfront fee and other ancillary borrowing costs	35.57	29.98	11.12	12.51
Unamortised share issue expenses	-	0.41	-	0.76
Insurance claims receivable	-	-	47.72	11.57

Particulars	Non-current		Current	
	As at 31 st March, 2015	As at 31 st March, 2014	As at 31 st March, 2015	As at 31 st March, 2014
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
Interest accrued on fixed deposits	-	-	1.10	1.16
Interest accrued on Inter corporate deposits with related parties (refer note 34)	-	-	147.76	168.56
Interest accrued on Inter corporate deposits with others	-	-	5.57	23.95
Fixed assets held for sale [refer foot note (ii) of note 13(b)]	-	-	-	1,731.02
Other receivables	43.81	-	1,328.20	-
Total	86.68	30.39	1,699.07	2,059.59

20 Cash and bank balances

Particulars	As at 31 st March, 2015 ₹ in Crore	As at 31 st March, 2014 ₹ in Crore
A. Cash and cash equivalents		
Balances with banks		
- In current accounts	14.85	37.20
- Deposits with original maturity of less than three months	0.05	0.45
Cash on hand	0.08	0.07
	14.98	37.72
B. Other bank balances		
Bank deposits held as margin money (lien marked against bank guarantees and acceptances)	28.64	54.49
	28.64	54.49
Total	43.62	92.21

21 Revenue from operations

Particulars	For the Year ended 31 st March, 2015 ₹ in Crore	For the Year ended 31 st March, 2014 ₹ in Crore
Sale of services		
Fleet operating and chartering earnings	800.05	967.09
Logistics services	796.31	230.59
Rig operating and chartering earnings	308.32	657.79
	1,904.68	1,855.47
Other operating income		
Scrap sales	1.93	0.29
Profit on sale of vessels	1.01	-
Supervision/ management fees	3.00	2.78
	5.94	3.07
Total	1,910.62	1,858.54

22 Other income

Particulars	For the Year ended 31 st March, 2015 ₹ in Crore	For the Year ended 31 st March, 2014 ₹ in Crore
Interest income		
- from banks on deposits	2.56	2.32
- from related parties on intercorporate deposits (refer note 34)	81.98	102.32
- from others	8.27	12.83
Profit on sale of other assets	0.19	-
Gain on buy-back of equity shares by a subsidiary	15.77	-
Net gain on foreign currency translation and transactions	-	21.78
Other non operating income	69.73	8.80
Gain on foreclosure of finance lease	64.17	-
Total	242.67	148.05

23 Employee benefits expense

Particulars	For the Year ended 31 st March, 2015 ₹ in Crore	For the Year ended 31 st March, 2014 ₹ in Crore
Offshore staff		
Salaries, wages and bonus	142.83	166.82
Contribution to staff provident and other funds	1.79	1.38
Staff welfare	13.18	15.30
Office staff		
Salaries, wages and bonus	37.92	31.40
Contribution to staff provident and other funds (refer note 33)	3.16	2.00
Staff welfare	4.07	3.54
Employee stock option scheme (refer note 4 and 35)	0.45	0.48
Total	203.40	220.92

24 Operating expenses

Particulars	For the Year ended 31 st March, 2015 ₹ in Crore	For the Year ended 31 st March, 2014 ₹ in Crore
Consumption of stores and spares	145.90	69.80
Consumption of fuel, oil and water	211.35	290.52
Direct voyage expense	807.05	487.94
Commission, brokerage and agency fees	9.51	19.82
Standing costs	89.66	66.05
Dry docking	24.08	20.78
Insurance, protection and indemnity club fees	47.43	49.23
Total	1,334.98	1,004.14

25 Other expenses

Particulars	For the Year ended 31 st March, 2015 ₹ in Crore	For the Year ended 31 st March, 2014 ₹ in Crore
Rent	12.31	13.06
Rates and taxes	2.80	2.92
Repairs and maintenance		
- buildings	0.64	0.79
- others	5.41	2.65
Legal and professional fees	30.36	28.28
Travelling and conveyance	4.76	2.74
Auditor's remuneration (refer note below)	1.69	1.02
Net loss on foreign currency translation and transactions (other than considered as finance cost)	26.13	-
Net loss on sale of assets	20.51	19.86
Third party claim	20.04	-
Other establishment expenses	9.95	5.02
Bad debts written off	10.62	0.15
Provision for doubtful trade receivables	-	26.67
Total	145.22	103.16

Note : Payments to statutory auditors comprises (net of service tax)

	For the Year ended 31 st March, 2015 ₹ in Crore	For the Year ended 31 st March, 2014 ₹ in Crore
As auditors	0.68	0.55
Reimbursement of out of pocket expenses	0.01	0.01
For other services	0.39	0.08
For audit of subsidiaries	0.61	0.38
Total	1.69	1.02

26 Finance costs

Particulars	For the Year ended 31 st March, 2015 ₹ in Crore	For the Year ended 31 st March, 2014 ₹ in Crore
Interest expense		
- on bank loans	154.76	136.55
- on loans from financial Institutions	69.99	36.32
- on finance lease obligations	18.06	47.32
- on foreign currency convertible bonds	64.89	35.17
- on debentures	85.09	87.31
- on others	58.99	37.32
Loan commitment / processing charges, guarantee fees and other charges	25.35	19.38
Total	477.13	399.37

27 Deferral / capitalisation of exchange difference

The following is the effect of option exercised as per para 46/46 A of Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates":-

Particulars	For the Year ended 31 st March, 2015	For the Year ended 31 st March, 2014
	₹ in Crore	₹ in Crore
a) Net exchange loss capitalised to the cost of the fixed assets	38.58	124.33
b) Depreciation on the above net exchange loss for the year in which exchange difference has been capitalised	3.47	8.69
c) Net exchange loss transferred to Foreign Currency Monetary Items Translation Difference Account (FCMITDA) for the year (net)	10.29	2.61
d) Amortisation of exchange differences for the year from FCMITDA (net)	22.15	(27.73)

28 Details of leasing arrangements**a) Finance leases : Group as a lessee**

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

Particulars	As at 31 st March, 2015			As at 31 st March, 2014		
	Future minimum lease payments	Unmatured finance charges	Present value of minimum lease payments	Future minimum lease payments	Unmatured finance charges	Present value of minimum lease payments
Future lease rental obligation payable by the Group:						
- not later than one year	137.98	12.40	125.58	207.05	39.43	167.62
- later than one year but not later than five years	382.79	17.62	365.17	697.53	71.98	625.55
- later than five years	-	-	-	-	-	-
Present value of minimum lease payments	520.77	30.02	490.75	904.58	111.41	793.17

b) Operating leases : Group as a lessee

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

Particulars	As at 31 st March, 2015	As at 31 st March, 2014
	₹ in Crore	₹ in Crore
Future minimum lease payments:		
- not later than one year	225.65	229.60
- later than one year but not later than five years	812.40	817.96
- later than five years	937.76	1,079.58
Total	1,975.81	2,127.14
c) Lease payments recognised in the Consolidated Statement of Profit and Loss under direct voyage expenses ₹ 133.06 (previous year ₹ 202.35) crore (refer note 24) and rent ₹ 5.45 (previous year ₹ 8.83) crore (refer note 25)	138.51	211.18

29 (A) Contingent liabilities (to the extent not provided for)

₹ in Crore

a) With respect to pending litigations	As at 31 st March, 2015	As at 31 st March, 2014
i) Guarantees given by bank against disputed custom duty demand of ₹ 27.40 crore by DGFT	30.00	30.00
ii) Income tax demand -appeal filed by the Income tax department in the High court of Bombay against the order of Appellate Tribunal in favour of the Company	7.29	7.29
iii) Disputed services tax demand	65.23	61.34

₹ in Crore

b) Others	As at 31 st March, 2015	As at 31 st March, 2014
i) Guarantees given by banks	18.91	22.19
ii) Guarantees given on behalf of Associates (refer note 34)	238.22	-
iii) Bills discounted with banks	132.85	108.00
iv) Claims against the Group entities not acknowledged as debt	15.30	14.69
(B) Capital commitments		
a) Capital commitment		
Estimated amount of contracts remaining to be executed on capital account and not provided for.	-	0.46
b) Other commitments		
For commitment relating to lease arrangement (refer note 28)		

30 Segment reporting

a) Business segment

₹ in Crore

Particulars	For the Year ended 31 st March, 2015	For the Year ended 31 st March, 2014
Segment revenue		
Operating income		
Fleet operating and chartering	841.51	989.73
Logistics services	798.39	230.77
Oilfields services	366.66	713.63
Total	2,006.56	1,934.13
Less : Inter segment revenue	(95.94)	(75.59)
Net operating income (A)	1,910.62	1,858.54
Other income		
Unallocated (B)	242.67	148.05
Total income (A + B)	2,153.29	2,006.59
Segment results		
Fleet operating and chartering	(72.42)	(65.74)
Logistic services	68.85	(14.50)
Oilfields services	(193.47)	132.68
Unallocated	242.67	148.05
Profit from operation before interest and finance charges	45.63	200.49
Less: Unallocated interest and finance expense	(477.13)	(399.37)

₹ in Crore

Particulars	For the Year ended 31 st March, 2015	For the Year ended 31 st March, 2014
Loss / Profit before tax	(431.50)	(198.88)
Less: Income tax	(27.38)	(44.89)
Loss after tax for the year before share in profit of associates	(458.88)	(243.77)
Share in profit of associates	(0.07)	0.05
Loss for the year	(458.95)	(243.72)
Segment assets		
Fleet operating and chartering	2,067.46	2,136.84
Logistics services	351.76	412.40
Oilfields services	9,897.97	10,283.53
Unallocable	1,135.06	1,210.36
Total Assets	13,452.25	14,043.13
Segment liabilities		
Fleet operating and chartering	468.54	384.67
Logistics services	389.63	364.88
Oilfields services	274.07	485.97
Unallocable	277.15	93.42
Total segment liabilities	1,409.39	1,328.94
Add: Total borrowings	5,162.81	5,624.69
Total Liabilities	6,572.20	6,953.63
Fixed assets acquired during the year		
Fleet operating and chartering	412.27	7.72
Logistics services	13.93	12.20
Oilfields services	67.27	114.05
Total	493.47	133.97
Depreciation		
Fleet operating and chartering	166.44	207.76
Logistics services	23.19	30.39
Oilfields services	234.43	239.73
Total	424.06	477.88

Notes:

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

b) Geographical segment

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

₹ in Crore		
Revenue from operations	For the Year ended 31 st March, 2015	For the Year ended 31 st March, 2014
India	1,428.95	1,100.70
Indonesia	209.45	581.04
China	7.17	42.48
U.S.A	-	10.45
South Korea	36.09	29.81
Singapore	133.04	29.30
Germany	-	7.38
Cyprus	2.76	2.54
U. K	23.37	1.24
UAE	27.50	16.88
Switzerland	27.53	14.87
Panama	-	12.42
Marshall island	9.87	-
Rest of the world	4.89	9.43
TOTAL	1,910.62	1,858.54

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

31 Earnings per share:

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

Particulars	For the Year ended 31 st March, 2015	For the Year ended 31 st March, 2014
(Loss) / profit for the year (₹ in crore)	(458.95)	(243.72)
Equity shares at the beginning of the year (nos.)	205,227,768	205,227,768
Equity shares at the end of the year (nos.)	205,227,768	205,227,768
Weighted average equity shares for the purpose of calculating basic earnings per share (nos.)	205,227,768	205,227,768
Weighted average equity shares for the purpose of calculating diluted earnings per share (nos.)	205,227,768	205,227,768
Earnings per share-basic (face value of ₹10/- each) (₹)	(22.36)	(11.88)
Earnings per share-diluted (face value of ₹10/- each) (₹)	(22.36)	(11.88)

Note:

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

32 Derivative instruments and unhedged foreign currency exposure :

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

During the year, the Group extended hedge accounting principles of Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" for accounting of certain forward foreign exchange contracts to hedge the exchange risk pertaining to highly forecasted transactions and entered into an interest rate swap agreement in order to reduce the impact of potential increase in the interest rate on its floating rate loans. Accordingly mark to market losses of ₹ 7.89 crore has been carried over to cash flow hedge reserve as of 31st March, 2015 for Currency and interest rate Swap hedging.

The premium on the forward contract amounting to ₹ 3.11 crore (Previous year Nil), entered into by the Group to cover its foreign currency exposure on its receivables, has been charged during the year. There is no forward contract outstanding as on 31st March, 2015.

B) Unhedged foreign currency exposure

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

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

Particulars	As at 31 st March, 2015	As at 31 st March, 2014	Currency	As at 31 st March, 2015	As at 31 st March, 2014
	₹ in Crore	₹ in Crore		FC in million	FC in million
i) Export of goods and services	67.32	46.96	USD	10.76	7.81
	-	0.17	AED	-	0.10
	-	0.18	IDR	-	344.12
ii) Advances to vendors	7.63	4.86	USD	1.23	0.81
	1.33	7.47	SGD	0.28	1.56
	0.06	0.47	AED	0.04	0.08
	0.26	0.32	GBP	0.02	0.03
	0.89	0.45	EUR	0.12	0.06
	0.29	0.33	NOK	0.28	0.33
	0.01	-	AUD	0.00	-
	0.74	3.95	IDR	1,320.69	7,470.95
	0.05	-	JPY	0.94	-
iii) Receivable from holding company	1.32	0.65	USD	0.21	0.11
iv) Bank balances	0.05	0.02	USD	0.01	-
	-	0.63	IDR	-	1,188.39
v) Sale of fixed assets under construction	1,314.42	-	USD	210.00	-
Total	1,394.37	66.46			

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

Particulars	As at 31 st March, 2015	As at 31 st March, 2014	Currency	As at 31 st March, 2015	As at 31 st March, 2014
	₹ in Crore	₹ in Crore		FC in million	FC in million
i) Import of goods and services	82.02	120.46	USD	13.12	20.04
	0.94	0.71	GBP	0.10	0.07
	2.41	4.10	EUR	0.34	0.49
	0.73	1.20	JPY	13.90	20.60
	9.28	14.48	SGD	1.97	3.01
	-	0.09	SAR	-	0.06
	0.45	0.47	KWD	0.02	0.02
	-	0.07	DKK	-	0.06
	2.19	10.73	IDR	4,188.49	20,275.70
	4.36	8.24	AED	2.58	2.58
	102.38	160.55			
ii) Temporary overdraft from bank	0.31	-	USD	0.05	-
iii) Secured and unsecured borrowings payable (including interest accrued and due and not due)	640.43	590.04	USD	102.32	86.98
iv) Foreign currency convertible bonds (including interest accrued and due and not due)	1,575.94	1,474.45	USD	251.79	245.33
v) Finance lease obligations (including interest accrued and due and not due)	242.13	548.72	USD	38.63	91.30
Total	2,561.19	2,773.76			

33 Employee benefits :

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

I. Defined contribution plans:

The Company has recognised the following amounts in the Consolidated Statement of Profit and Loss during the year under 'Contribution to staff provident and other funds. Refer note 23.

Particulars	₹ in Crore	
	Year ended 31 st March, 2015	Year ended 31 st March, 2014
a) Employer's contribution to gratuity fund (offshore crew staff)	0.23	0.23
b) Group accident policy premium (all employees)	0.33	0.32
c) Employer's contribution to pension fund (offshore crew staff)	0.34	0.37
d) Employer's contribution to superannuation fund (office staff)	0.14	0.01
e) Employer's contribution to provident fund (offshore crew staff)	1.17	1.05
	2.21	1.98

II. Defined benefit plans

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

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

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

Particulars	₹ in Crore							
	Provident fund		Gratuity-office staff		Gratuity-off shore officers		CA- paid leave	
	(funded)	(funded)	(funded)	(funded)	(non- funded)	(non- funded)	(non- funded)	(non- funded)
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Present value of defined benefit obligation as at the beginning of the year	29.63	24.77	4.51	4.21	2.64	3.51	3.57	3.63
Current service cost	4.45	1.26	0.31	0.37	0.35	0.53	0.35	0.40
Current service contribution-employee	4.68	1.37	-	-	-	-	-	-
Interest cost	1.95	0.91	0.38	0.31	0.24	0.28	0.31	0.29
Transfer in	0.07	-	-	-	-	-	-	-
Benefits paid	(2.09)	(1.99)	(0.80)	(0.21)	-	-	(0.31)	(0.14)
Actuarial (gain)/loss on obligations	2.39	3.31	0.16	(0.59)	0.07	-	(1.27)	(0.77)
Plan amendment	-	-	-	-	-	(1.68)	-	-
Acquisitions	-	-	0.38	0.42	-	-	0.11	0.16
Present value of defined benefit obligations as at the end of the year	41.08	29.63	4.94	4.51	3.30	2.64	2.76	3.57

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

₹ in Crore

Particulars	Provident fund		Gratuity-office staff		Gratuity-off shore officers		CA- paid leave	
	(funded)		(funded)		(non- funded)		(non- funded)	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Fair value of plan assets at the beginning of the year	29.63	24.77	3.68	3.09	-	-	-	-
Expected return on plan assets	-	-	0.52	0.26	-	-	-	-
Actual return on plan assets	4.34	4.22	0.02	0.10	-	-	-	-
Acquisitions/ Transfers	-	-	-	0.24	-	-	-	-
Contributions by the employer/ employees	9.20	2.63	0.39	0.11	-	-	-	-
Benefits paid	(2.09)	(1.99)	(0.79)	(0.12)	-	-	-	-
Actuarial Gain / (loss)	-	-	-	-	-	-	-	-
Fair value of plan assets as at the end of the year	41.08	29.63	3.82	3.68	-	-	-	-

* Amount is less than ₹ 1 lakh

(C) Amount recognised in balance sheet:

₹ in Crore

Particulars	Provident fund		Gratuity-office staff		Gratuity-off shore officers		CA- paid leave	
	(funded)		(funded)		(non- funded)		(non- funded)	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Present value of defined benefit obligation as at the beginning of the year	41.08	29.63	4.94	4.51	3.30	2.64	2.76	3.57
Fair value of plan assets as at end of the year	41.08	29.63	3.82	3.68	-	-	-	-
Liability/(asset) recognised in the Balance Sheet (included in provisions) (note 8)	-	-	1.12	0.83	3.30	2.64	2.76	3.57

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

₹ in Crore

Particulars	Provident fund		Gratuity-office staff		Gratuity-off shore officers		CA- paid leave	
	(funded)		(funded)		(non- funded)		(non- funded)	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Current service cost	4.45	1.26	0.31	0.37	0.35	0.53	0.22	0.40
Interest cost	1.95	0.91	0.25	0.31	0.24	0.28	0.15	0.29
Expected return on plan assets	-	-	(0.12)	(0.26)	-	-	-	-
Past service cost	-	-	-	-	-	(1.68)	-	-
Net actuarial (gain)/loss recognised in the period	2.39	3.31	0.16	(0.59)	0.07	-	(1.27)	(0.77)
Total expenses recognised in the Statement of Profit and Loss (Included in Contribution to provident and other funds (note 23))	8.79	5.48	0.60	(0.17)	0.66	(0.87)	(0.90)	(0.08)

(E) Experience history:

₹ in Crore

Particulars	Provident fund				
	(funded)				
	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
Defined benefit obligation at the end of the year	(41.08)	(29.63)	(24.77)	(22.29)	(19.53)
Plan assets at the end of the period	41.08	29.63	24.77	22.29	19.53
Funded status	-	-	-	-	-
Experience gain /(loss) adjustments on plan liabilities	-	-	-	-	-
Experience gain /(loss) adjustments on plan assets	-	-	-	-	-
Actuarial gain/(loss) due to change on assumptions	-	-	-	-	-

Particulars	Gratuity-office staff				
	(funded)				
	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
Defined benefit obligation at the end of the year	(4.94)	(4.51)	(4.21)	(3.83)	(3.57)
Plan assets at the end of the period	3.83	3.68	3.09	3.14	1.90
Funded status	(1.12)	(0.83)	(1.12)	(0.69)	(1.67)
Experience gain /(loss) adjustments on plan liabilities	0.17	0.23	(0.29)	0.29	0.28
Experience gain /(loss) adjustments on plan assets	0.02	0.09	(0.08)	0.01	-
Actuarial gain/(loss) due to change on assumptions	(0.33)	0.36	(0.14)	0.07	0.03

Particulars	Gratuity -Offshore officers				
	(non-funded)				
	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
Defined benefit obligation at the end of the year	(3.30)	(2.64)	(3.51)	(2.97)	(2.52)
Plan assets at the end of the period	-	-	-	-	-
Funded status	(3.30)	(2.64)	(3.51)	(2.97)	(2.52)
Experience gain /(loss) adjustments on plan liabilities	0.21	1.44	-	(0.03)	0.25
Experience gain /(loss) adjustments on plan assets	-	-	0.38	-	-
Actuarial gain/(loss) due to change on assumptions	(0.28)	0.24	(0.14)	-	0.03

Particulars	CA- paid leave				
	(non-funded)				
	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11
Defined benefit obligation at the end of the year	(2.76)	(3.57)	(3.63)	(3.10)	(2.85)
Plan assets at the end of the period	-	-	-	-	-
Funded status	(2.76)	(3.57)	(3.63)	(3.10)	(2.85)
Experience gain /(loss) adjustments on plan liabilities	0.52	0.48	0.03	0.07	(0.21)
Experience gain /(loss) adjustments on plan assets	-	-	0.04	-	0.16
Actuarial gain/(loss) due to change on assumptions	0.74	0.29	(0.14)	0.06	0.02

(F) Category of plan assets:

₹ in Crore

Particulars	Provident fund		Gratuity-office staff		Gratuity-off shore officers		CA- paid leave	
	(funded)		(funded)		(non-funded)		(non- funded)	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Administered by Life Insurance Corporation of India	-	-	100%	100%	-	-	-	-
SBI Life Insurance	-	-	100%	100%	-	-	-	-
Government of India security	25%	25%	-	-	-	-	-	-
Public sector bonds/ TDRs	60%	60%	-	-	-	-	-	-
State government securities	15%	15%	-	-	-	-	-	-

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

(G) Actuarial assumptions

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

i) General assumptions:

₹ in Crore

Particulars	Provident fund		Gratuity-office staff		Gratuity-off shore officers		CA- paid leave	
	(funded)		(funded)		(non-funded)		(non- funded)	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Discount rate (per annum)	7.80%	9.20%	7.80%	9.20%	7.80%	9.20%	7.80%	9.20%
Rate of return on plan assets (for funded scheme)	8.60%	8.60%	8.50%	8.50%	N.A	N.A	N.A	N.A
Expected retirement age of employees (years)	58	58	58	58	58	58	58	58
Separation rate of employees	8.00%	10.00%	8.00%	10.00%	8.00%	7.00%	8.00%	10.00%
Rate of increase in compensation	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%

ii) Mortality rates considered are as per the published rates in the India Assured Lives Mortality (2006-08) (modified) ult.

iii) Leave policy:

- There are no balance of sick leave as at valuation date (till previous year the Sick leave balance as at the valuation date was availed by the employee against future sick leave and the balance not available for encashment).
- Leave balance as at the valuation date and each subsequent year following the valuation date to the extent not availed by the employee is available for encashment on separation from the Company up to a maximum of 120 days.

iv) The expected contribution to be made by the Company for funding its liability for gratuity during the financial year 2015-16 will be ₹ 0.09 crore and actual will be made as per demand raised by the fund administrator Life Insurance Corporation of India.

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

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

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

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

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

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

34 Related party relationships, transactions and balances

- a) Holding companies :
- Essar Global Fund Limited, Cayman Islands, ultimate holding company
 - Essar Shipping & Logistics Limited, Cyprus, intermediate holding company (immediate holding company till 27th March 2015)
 - Essar Ports & Shipping Mauritius Limited, Mauritius, intermediate holding company (from 27th March 2015)
 - Essar Ports & Shipping HoldCo Limited, Mauritius, intermediate holding company (from 27th March 2015)
 - Essar Ports & Shipping Jersey Ltd, Jersey, intermediate holding company (from 27th March 2015)
 - Essar Ports and Shipping Limited, Mauritius, immediate holding company (from 27th March 2015)
- b) Associates
- Varada Drilling One Pte. Limited
 - Varada Drilling Two Pte. Limited
- c) Key management personnel
- Mr. A. R. Ramakrishnan (till 31st March, 2015)
 - Mr. Anoop Kumar Sharma
 - Mr. Ankur Gupta
 - Mr. A. K. Mussady
 - Mr. Rahul Himatsingka
- d) Fellow subsidiaries where there have been transactions:
- Aegis Limited (xi) Essar Power M. P. Limited
 - Essar Bulk Terminal Limited (xii) Essar Projects (India) Limited
 - Essar Bulk Terminal Paradip Limited (xiii) Essar Shipping (Cyprus) Limited
 - Essar Bulk Terminal (Salaya) Limited (xiv) Essar Steel India Limited
 - Essar Offshore Subsea Limited (xv) Essar Steel Limited (Indonesia)
 - Essar Oil Limited (xvi) Essar Steel Minnesota LLC.
 - Essar Ports Limited (xvii) Essar Steel Logistics Limited
 - Essar Power Gujarat Limited (xviii) Vadinar Oil Terminal Limited
 - Essar Power (Jharkand) Limited (xix) Vadinar Power Company Limited
 - Essar Power Limited
- e) Details of transactions with related parties during the year

Nature of transactions	₹ in Crore							
	Holding Companies		Fellow subsidiaries / Associates		Key Management Personnel		Total	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
INCOME								
Revenue from operations								
Essar Steel India Limited	-	-	1,181.43	829.04	-	-	1,181.43	829.04
Essar Power Gujarat Limited	-	-	8.84	38.31	-	-	8.84	38.31
Essar Power Jharkand Limited	-	-	-	1.44	-	-	-	1.44
Essar Shipping & Logistics Limited	1.61	1.91	-	-	-	-	1.61	1.91
Essar Bulk Terminal (Salaya) Limited	-	-	-	0.20	-	-	-	0.20
Essar steel Logistics Limited	-	-	-	38.82	-	-	-	38.82
Essar Ports Limited	-	-	0.24	1.19	-	-	0.24	1.19
Essar Oil Limited	-	-	62.23	68.93	-	-	62.23	68.93
Essar Bulk Terminal Limited	-	-	43.81	0.02	-	-	43.81	0.02
Essar Projects (India) Limited	-	-	0.56	5.57	-	-	0.56	5.57

₹ in Crore

Nature of transactions	Holding Companies		Fellow subsidiaries / Associates		Key Management Personnel		Total	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Vadinar Power Company Limited	-	-	-	0.22	-	-	-	0.22
Vadinar Oil Terminal Limited	-	-	-	0.02	-	-	-	0.02
Essar Steel Minnesota LLC	-	-	-	2.09	-	-	-	2.09
Total	1.61	1.91	1,297.11	985.85	-	-	1,298.72	987.76
Equipment lease rental income								
Essar Steel India Limited	-	-	0.01	0.01	-	-	0.01	0.01
Essar Oil Limited	-	-	0.30	0.32	-	-	0.30	0.32
Total	-	-	0.31	0.33	-	-	0.31	0.33
Interest income on intercorporate deposits								
Essar Shipping & Logistics Limited	55.79	55.63	-	-	-	-	55.79	55.63
Essar Shipping Cyprus Limited	-	-	-	0.77	-	-	-	0.77
Essar Global Limited	6.60	6.72	-	-	-	-	6.60	6.72
Essar Steel Minnesota LLC	-	-	-	3.26	-	-	-	3.26
Essar Offshore Subsea Limited	-	-	0.08	-	-	-	0.08	-
Essar Steel India Limited	-	-	19.51	35.94	-	-	19.51	35.94
Total	62.39	62.35	19.59	39.97	-	-	81.98	102.32
Other income								
Varada Drilling One Pte Limited	-	-	4.53	-	-	-	4.53	-
Varada Drilling Two Pte Limited	-	-	4.53	-	-	-	4.53	-
Total	-	-	9.06	-	-	-	9.06	-
Gain on foreclosure of finance obligation								
Essar Shipping & Logistics Limited	61.94	-	-	-	-	-	61.94	-
Managerial remuneration #								
A. R. Ramakrishnan	-	-	-	-	2.62	2.40	2.62	2.40
Anoop Kumar Sharma	-	-	-	-	1.77	1.60	1.77	1.60
Ankur Gupta	-	-	-	-	3.05	2.67	3.05	2.67
A. K. Musaddy	-	-	-	-	1.21	1.15	1.21	1.15
Rahul Himatsingka	-	-	-	-	0.75	0.72	0.75	0.72
Total	-	-	-	-	9.40	8.54	9.40	8.54
Purchase of fuel oil								
Essar Oil Limited	-	-	56.99	65.18	-	-	56.99	65.18
Essar Projects (India) Limited	-	-	0.13	-	-	-	0.13	-
Total	-	-	57.12	65.17	-	-	57.12	65.18
Direct voyage expenses								
Essar Bulk Terminal Limited	-	-	0.28	0.10	-	-	0.28	0.10
Essar Steel Logistics Limited	-	-	-	0.45	-	-	-	0.45
Total	-	-	0.28	0.55	-	-	0.28	0.55
Freight/ hire charges								
Essar Steel Logistics Limited	-	-	2.06	0.13	-	-	2.06	0.13
Essar Projects (India) Limited	-	-	6.52	0.01	-	-	6.52	0.01
Essar Shipping (Cyprus) Limited	-	-	133.06	202.35	-	-	133.06	202.35
Total	-	-	141.64	202.49	-	-	141.64	202.49
Cargo handling expenses								
Essar Bulk Terminal Limited	-	-	15.13	5.34	-	-	15.13	5.34
Essar steel Logistics Limited	-	-	-	1.50	-	-	-	1.50
Essar Projects (India) Limited	-	-	0.06	-	-	-	0.06	-
Total	-	-	15.19	6.84	-	-	15.19	6.84

₹ in Crore

Nature of transactions	Holding Companies		Fellow subsidiaries / Associates		Key Management Personnel		Total	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Rent								
Equinox Business Parks Pvt. Ltd	-	-	4.34	3.96	-	-	4.34	3.96
Essar Steel India Limited	-	-	-	0.08	-	-	-	0.08
Total	-	-	4.34	4.04	-	-	4.34	4.04
Repairs and maintenance								
Aegis Limited	-	-	0.39	0.54	-	-	0.39	0.54
Essar Oil Limited	-	-	-	0.80	-	-	-	0.80
Essar Steel India Limited	-	-	3.76	-	-	-	3.76	-
Essar Projects (India) Limited	-	-	1.06	0.67	-	-	1.06	0.67
Total	-	-	5.21	2.01	-	-	5.21	2.01
Reimbursement of expenses								
Essar Steel India Limited	-	-	-	0.04	-	-	-	0.04
Essar Projects (India) Limited	-	-	0.60	-	-	-	0.60	-
Essar Offshore Subsea Limited	-	-	0.02	-	-	-	0.02	-
P.T. Essar Indonesia	-	-	0.13	0.09	-	-	0.13	0.09
Total	-	-	0.75	0.13	-	-	0.75	0.13
Professional / Management fees								
Aegis Limited	-	-	2.03	2.20	-	-	2.03	2.20
Essar steel Logistics Limited	-	-	-	0.27	-	-	-	0.27
Essar Global Services Limited	-	-	0.17	0.33	-	-	0.17	0.33
Total	-	-	2.20	2.80	-	-	2.20	2.80
Aircraft usage charges reimbursed								
Essar Oil Limited	-	-	38.00	22.06	-	-	38.00	22.06
Essar Projects (India) Limited	-	-	-	2.94	-	-	-	2.94
Total	-	-	38.00	25.00	-	-	38.00	25.00
Interest on intercorporate deposits								
Essar Shipping & Logistics Limited	0.45	1.42	-	-	-	-	0.45	1.42
Essar Steel Minnesota LLC	-	-	-	1.60	-	-	-	1.60
Total	0.45	1.42	-	1.60	-	-	0.45	3.02
Interest on finance lease obligation								
Essar Shipping & Logistics Limited	4.16	32.00	-	-	-	-	4.16	32.00
Security deposit given								
Essar Steel India Limited	-	-	-	19.78	-	-	-	19.78
Advance received from customer								
Essar Oil Limited	-	-	22.90	-	-	-	22.90	-
Loans and advances given								
Essar Shipping Cyprus Limited	-	-	-	9.95	-	-	-	9.95
Essar Steel India Limited	-	-	283.62	352.67	-	-	283.62	352.67
Essar Global Limited	-	0.79	-	-	-	-	-	0.79
Essar Offshore Subsea Limited	-	-	0.60	7.35	-	-	0.60	7.35
Essar Shipping & Logistics Limited	10.35	7.03	-	-	-	-	10.35	7.03
Total	10.35	7.82	284.22	369.97	-	-	294.57	377.79
Sale of fixed asset								
Varada Drilling One Pte Limited	-	-	885.66	-	-	-	885.66	-
Varada Drilling Two Pte Limited	-	-	885.66	-	-	-	885.66	-
Essar Steel India Limited	-	-	0.09	-	-	-	0.09	-
Total	-	-	1,771.41	-	-	-	1,771.41	-

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

f) Outstanding balances with related parties

Nature of transactions	₹ in Crore							
	Holding Companies		Fellow subsidiaries / Associates		Key Management Personnel		Total	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Trade receivables								
Essar Steel India Limited	-	-	83.74	72.01	-	-	83.74	72.01
Essar Oil Limited	-	-	5.40	2.12	-	-	5.40	2.12
Essar Steel Minnesota LLC	-	-	-	24.30	-	-	-	24.30
Essar Projects (India) Limited	-	-	21.89	33.09	-	-	21.89	33.09
Vadinar Oil Terminal Limited	-	-	-	0.02	-	-	-	0.02
Essar Bulk Terminal (Salaya) Limited	-	-	0.46	0.17	-	-	0.46	0.17
Essar Offshore Subsea Limited	-	-	-	1.14	-	-	-	1.14
Vadinar Power Company Limited	-	-	0.21	0.21	-	-	0.21	0.21
Essar Shipping & Logistics Limited	1.91	1.59	-	-	-	-	1.91	1.59
Essar Ports Limited	-	-	0.25	1.47	-	-	0.25	1.47
Essar Power (Jharkhand) Limited	-	-	6.12	6.44	-	-	6.12	6.44
Essar Power Gujarat Limited	-	-	2.11	0.24	-	-	2.11	0.24
Essar Power M. P. Limited	-	-	0.27	0.32	-	-	0.27	0.32
Total	1.91	1.59	120.45	141.53	-	-	122.36	143.12
Other receivables								
Varada Drilling One Pte Limited	-	-	661.74	-	-	-	661.74	-
Varada Drilling Two Pte Limited	-	-	661.74	-	-	-	661.74	-
Essar Projects (India) Limited	-	-	0.11	-	-	-	0.11	-
Essar Offshore Subsea Limited	-	-	0.02	-	-	-	0.02	-
Total	-	-	1,323.61	-	-	-	1,323.61	-
Security deposit given								
Essar Steel India Limited	-	-	-	19.78	-	-	-	19.78
Loans and advances (including interest accrued)								
Essar Steel India Limited	-	-	171.89	175.81	-	-	171.89	175.81
Essar Global Limited	61.21	91.17	-	-	-	-	61.21	91.17
Essar Shipping & Logistics Limited	855.95	875.01	-	-	-	-	855.95	875.01
Essar Offshore Subsea Limited	-	-	-	2.42	-	-	-	2.42
Essar Shipping (Cyprus) Limited	-	-	13.96	13.11	-	-	13.96	13.11
Essar Projects India Limited	-	-	0.22	-	-	-	0.22	-
Essar Ports Limited	-	-	0.07	-	-	-	0.07	-
Total	917.16	966.18	186.14	191.34	-	-	1,103.30	1,157.52
Advance received from Customer								
Essar Oil Limited	-	-	18.08	14.69	-	-	18.08	14.69
Advances received against novation of jack up rigs								
Varada Drilling One Pte Limited	-	-	-	98.99	-	-	-	98.99
Varada Drilling Two Pte Limited	-	-	-	98.87	-	-	-	98.87
Total	-	-	-	197.86	-	-	-	197.86
Lease loan obligation								
Essar Shipping & Logistics Limited	241.76	534.16	-	-	-	-	241.76	534.16
Trade payables								
Essar Bulk Terminal Limited	-	-	3.31	13.95	-	-	3.31	13.95
Aegis Limited	-	-	2.63	0.86	-	-	2.63	0.86
Essar Projects (India) Limited	-	-	2.99	16.49	-	-	2.99	16.49
Essar Constructions Limited	-	-	2.99	2.99	-	-	2.99	2.99

Nature of transactions	₹ in Crore							
	Holding Companies		Fellow subsidiaries / Associates		Key Management Personnel		Total	
	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14	31.03.15	31.03.14
Equinox Business Parks Pvt. Limited	-	-	4.77	-	-	-	4.77	-
Essar Oil Limited	-	-	33.16	33.05	-	-	33.16	33.05
Essar Shipping (Cyprus) Limited	-	-	57.71	50.71	-	-	57.71	50.71
Essar Global services Limited	-	-	0.06	0.19	-	-	0.06	0.19
Essar Steel Logistics Limited	-	-	0.06	207.06	-	-	0.06	207.06
Essar Offshore Subsea Limited	-	-	0.94	-	-	-	0.94	-
Vadinar Oil Terminal Limited	-	-	0.02	0.02	-	-	0.02	0.02
Total	-	-	108.64	325.32	-	-	108.64	325.32
Interest accrued but not due on lease loan								
Essar Shipping & Logistics Limited	0.38	14.48	-	-	-	-	0.38	14.48
Security deposits received								
Essar Oil Limited	-	-	9.00	9.00	-	-	9.00	9.00
Essar Steel India Limited	-	-	5.00	5.00	-	-	5.00	5.00
Vadinar Oil Terminal Limited	-	-	1.50	1.50	-	-	1.50	1.50
Vadinar Ports & Terminals Limited	-	-	1.50	1.50	-	-	1.50	1.50
Essar Bulk Terminal Limited	-	-	1.50	1.50	-	-	1.50	1.50
Total	-	-	18.50	18.50	-	-	18.50	18.50
Loans and advances received (including interest accrued)								
Essar Shipping & Logistics Limited	3.99	-	-	-	-	-	3.99	-
Essar Steel Minnesota LLC	-	-	-	23.02	-	-	-	23.02
Total	3.99	-	-	23.02	-	-	3.99	23.02
Guarantee given on behalf of the Company								
Essar Shipping & Logistics Limited	-	-	1,251.82	-	-	-	1,251.82	-
Guarantees given on behalf of associates								
Varada Drilling One Pte Limited	-	-	119.11	-	-	-	119.11	-
Varada Drilling Two Pte Limited	-	-	119.11	-	-	-	119.11	-
Total	-	-	238.22	-	-	-	238.22	-

35 Employee stock option scheme

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

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

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

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

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

Particulars	Year ended 31 st March, 2015		Year ended 31 st March, 2014	
	Options (Numbers)	Weighted average exercise price per option (₹ in Crore)	Options (Numbers)	Weighted average exercise price per option (₹ in Crore)
Options outstanding at the beginning of the year	3,665,270	22.30	3,665,270	22.30
Granted during the year	-	22.30	-	22.30
Vested during the year	1,221,757	22.30	-	22.30
Exercised during the year	-	22.30	-	22.30
Lapsed during the year	-	22.30	-	22.30
Options outstanding at the end of the year	2,443,513	22.30	3,665,270	22.30

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

Particulars	₹ in Crore	
	Year ended 31 st March, 2015	Year ended 31 st March, 2014
Net (Loss) / profit (as reported)	(458.95)	(243.72)
Add / (Less): stock based employee compensation (intrinsic value) (refer note 23)	0.45	0.48
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued (See note (d) below)	(0.91)	(1.01)
Net (Loss) / Profit (proforma)	(459.41)	(244.25)
Basic earnings per share (as reported) (refer note 31) (₹)	(22.36)	(11.88)
Basic earnings per share (proforma) (₹)	(22.30)	(11.80)
Diluted earnings per share (as reported) (refer note 31) (₹)	(22.36)	(11.88)
Diluted earnings per share (proforma) (₹)	(22.30)	(11.80)

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

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

36 Goodwill of ₹ 5720.55 crore on consolidation in the financial statements of the group pertains to the oilfields services business. The carrying amount of certain rigs (including capital work-in-progress of ₹ 75.46 crore) which have generally not been deployed for extended period of time of the said business is ₹ 349.52 crore as at 31 March, 2015. The Management had initiated an exercise of assessing the valuation of the oilfields services business in terms of Accounting Standard (AS) 28, "Impairment of Assets". In view of recent volatility in crude oil prices, evaluation of possibility of up-gradation and utilization of rigs and the current economic scenario, various operational assumptions for long term projections are being assessed in detail by the Management. Pending conclusion of the said assessment, the recoverable value of the goodwill and the rigs, are not yet estimated and accordingly, provision for impairment of the goodwill and the rigs if any, has not been recognised as at 31 March 2015.

37 Going Concern

At 31st March 2015 the Current Liabilities of the Group exceed its Current Assets primarily on account of current maturities of long term debt. The Management is in discussion with lenders (including debenture holder) to refinance the existing borrowings in a manner such that repayment schedules are aligned with projected debt servicing ability of the fleet. Having regard to above, the Group is confident that it will be able to meet its financial obligations in the foreseeable future, and accordingly the financial statements have been prepared on a going concern basis.

38 Additional information as required under Schedule III to the Companies Act, 2013

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit or loss	
	As % of consolidated net assets	Amount ₹ In crore	As % of consolidated profit or loss	Amount ₹ In crore
Parent				
Essar Shipping Limited	49%	3,387.97	-42%	(194.81)
Subsidiaries				
Indian				
Essar Oilfield Services India Limited	21%	1,459.42	-33%	(150.81)
Essar Logistics Limited	1%	93.39	9%	40.31
Foreign				
Essar Oilfields Services Limited	25%	1,719.62	-26%	(121.03)
Energy Transportation International Limited	-1%	(93.92)	-8%	(37.85)
Energy II Limited	5%	313.57	1%	5.31
Associates (Investment as per the equity method)				
Foreign				
Varada Drilling One Pte. Limited	@	31.24	@	(0.04)
Varada Drilling Two Pte. Limited	@	31.24	@	(0.03)
@ less than 1%				

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

For and on behalf of the Board

Anoop Kumar Sharma
CEO & Wholetime Director

N. Srinivasan
Director

Vikram Gupta
Chief Financial Officer

Hitesh Jain
Company Secretary

Mumbai
May 21, 2015

GREEN INITIATIVE

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

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

E-MAIL REGISTRATION

To

Data Software Research Company Private Limited

Unit: ESSAR SHIPPING LIMITED

19, Pycrofts Garden Road,

Off Haddows Road

Nungambakkam, Chennai - 600 006

Dear Sir/s,

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

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

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

Date: Signature of first holder*

Important Notes:

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

Demat of shares: I would like to know the procedure to demat my physically held shares of Essar Shipping Limited. Please contact at my above contact number.

Yes

No

BUSINESS REPLY INLAND LETTER

Postage
will be
paid by the
Addressee

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

No postage
stamp
necessary 'if'
posted in
INDIA

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

1st Fold

2st Fold

ESSAR SHIPPING LIMITED

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

Attendance Slip

Member's Folio No. : _____	5 th Annual General Meeting
and/or	Time : 3:00 p.m.
DP ID No./Client ID No.* : _____	Date : Wednesday, September 23, 2015
	Vanue : Administrative Building, Essar Refinery Complex Okha Highway (SH-25), Taluka Khambalia, District Jamnagar, Gujarat - 361 305

NOTE:

- Admission restricted to Members/Proxies only.
- Shareholder / Proxy holder wishing to attend the Meeting must bring this Attendance Slip to the meeting and hand it over at the entrance

* Applicable for Investors holding share(s) in electronic form.

Please cut here and bring the above attendance slip to the meeting

Member

Proxy

I hereby record my presence at the 5th AGM of the Company

Signature of Member/Proxy

ESSAR SHIPPING LIMITED

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

FORM MGT 11 Proxy Form

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

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

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

- Name.....Address.....

.....

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

or failing him
- Name.....Address.....

.....

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

or failing him
- Name.....Address.....

.....

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

As my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 5th Annual General Meeting of the Company, to be held on

(Cont.....)

----- ✂ ----- ✂ -----
 Wednesday, September 23, 2015 at 3:00 p.m. at the Registered Office of the Company, Administration Building, Essar Refinery Complex, Okha Highway (SH – 25), Taluka Khambalia, District Jamnagar, Gujarat- 361 305 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Type of Resolution	Optional*	
			For	Against
1	Adoption of Balance Sheet and Statement of Profit and Loss Account together with the Cash Flow Statement, Report of the Board of Directors and Auditors for the financial year ended March 31, 2015.	Ordinary		
2	To appoint a Director in place of Mr. P.K. Srivastava (DIN 00843258), who retires by rotation and being eligible offers himself for re-appointment.	Ordinary		
3	To appoint Messrs. CNK & Associates, Chartered Accountants, Mumbai, having Registration No. 101961W as Statutory Auditors of the Company.	Ordinary		
4	Appointment of Ms. S. Gayathri (DIN: 07115908) as a Non- Executive Director.	Ordinary		
5	To approve the Related party Transactions of the Company.	Special		

Signed this day of 2015.

Signature of the Member

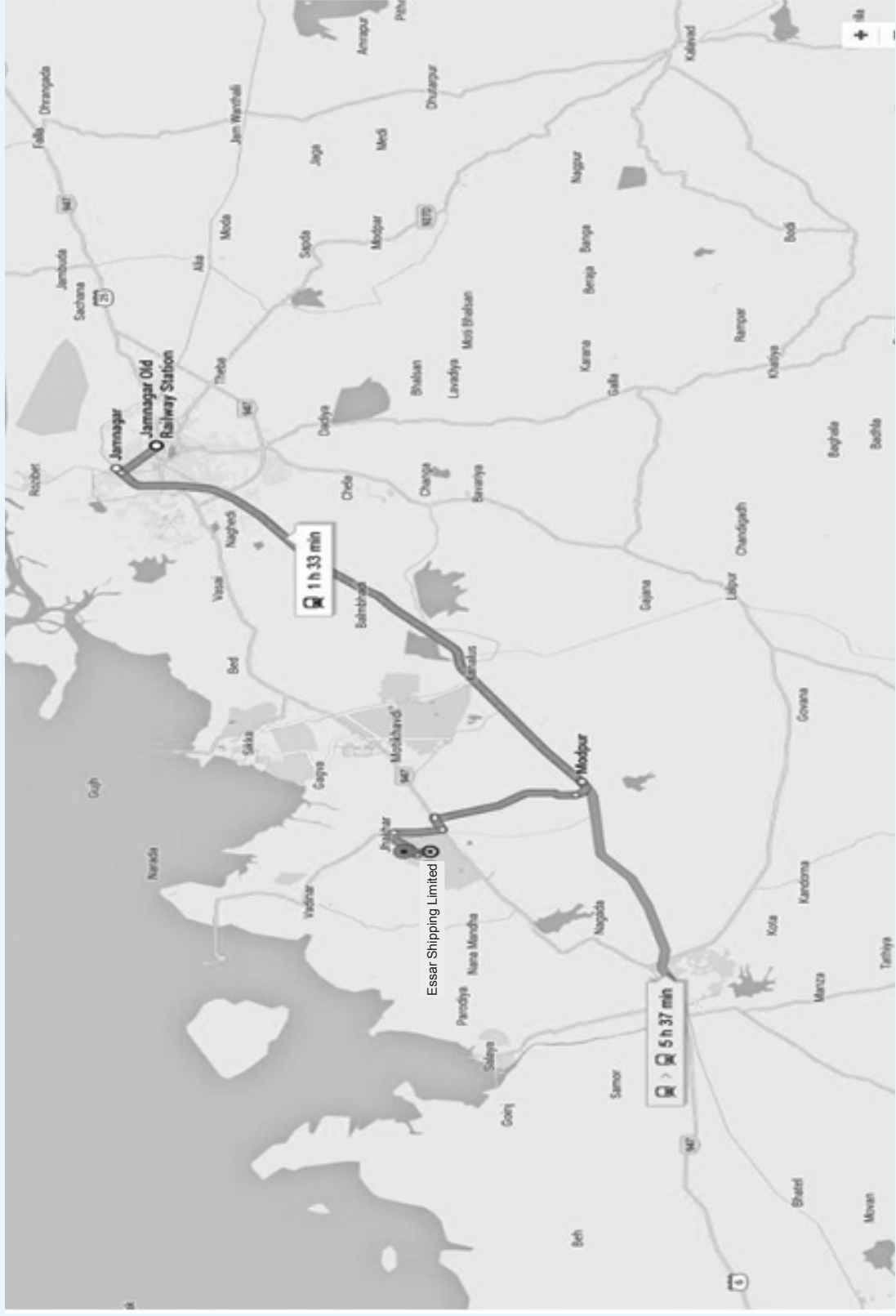
Affix Re. 1
Revenue
Stamp

Signature of the Proxy Holder

Notes:

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

Fifth Annual General Meeting venue - Route Map



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If undelivered, please return to:

Data Software Research Company Private Limited

Unit : **Essar Shipping Limited**

19, Pycroft Garden Road

Off Haddows Road

Nungambakkam, Chennai 600 006

Tel: (044) 2821 3738, 2821 4487

Fax: (044) 2821 4636

Email: essar.shipping@dsrc-cid.in

FORM B
(As per Clause 31(a) of the Listing Agreement)

1.	Name of the Company:	Essar Shipping Limited
2.	Annual financial statements for the year ended	31 st March, 2015 (Standalone financial statements)
3.	Type of Audit qualification	(A) The "Basis of Qualified Opinion" paragraph from the Auditors' Report is reproduced below: Basis of Qualified Opinion Attention is invited to note 13(a)(ii) of the financial statements regarding Management's ongoing assessment from the last financial year of 'other than temporary' decline in the value of long term investment of Rs. 4,747.78 Crore as at 31st March, 2015 in equity shares of Essar Oilfields Services Limited, Mauritius, a wholly owned subsidiary of the Company, in terms of Accounting Standard (AS) 13, Accounting for Investments. We have been informed that the Management has not yet concluded the process of validating various operational assumptions impacting the estimated future cash flows from the operations of the rigs of the said subsidiary, and the consequent effect on the valuation of the subsidiary to determine whether there is any decline, other than temporary, in the value of the aforesaid investment. Pending conclusion of the said exercise, we are unable to comment on the extent of diminution, if any, which may be required in respect of the carrying amount of the investment. Qualified Opinion In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date. (B) The Auditors' comments in respect of Emphasis of Matter is reproduced below: Emphasis of Matter We draw attention to Note 35 regarding preparation of the financial statements on a going concern basis which is predicated on the expectation that the Company will be able to refinance its existing borrowings in a manner such that repayment schedules are aligned with projected debt servicing ability of the fleet. Our report is not modified in respect of this matter. Notes 13(a)(ii) and Note 35 as appearing in the Standalone financial statements : 1. Note 13(a)(ii) : The carrying amount of investment in equity shares of Essar Oilfields Services Limited, Mauritius, a wholly owned subsidiary of the Company, is Rs. 4,747.78 crore as at 31st March, 2015. The management had initiated an exercise of assessing the value of the said investment during the last financial year in terms of Accounting Standard (AS 13), "Accounting of Investments". In view of recent volatility in crude oil prices, considering the current economic scenario, and evaluation of possibility of upgradation and utilization of rigs, assumptions for long term projections are being assessed in detail by the management. Pending conclusion of the aforesaid exercise, no provision for



		diminution in the carrying value, if any, of the aforesaid investment has been recognised. 2. Note 35 : At 31st March, 2015 the Current Liabilities of the Company exceed its Current Assets primarily on account of current maturities of long term debt. The Management is in discussion with lenders (including debenture holder) to refinance the existing borrowings in a manner such that repayment schedules are aligned with projected debt servicing ability of the fleet. Having regard to above, the Company is confident that it will be able to meet its financial obligations in the foreseeable future, and accordingly the financial statements have been prepared on a going concern basis.
4.	Frequency of qualification	Frequency of Audit Qualification shown in Sr. no.3 above are as follows: <u>Basis of Qualified Opinion</u> Sr. no 3 (A) – 2 years (including 2014-15) <u>Emphasis of Matter:</u> Sr.no 3 (B) – Current Year
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report	Please refer point 3 above for relevant note. For management's response on qualification, refer page number 11 of Directors' report.
6.	Additional comments from the board/audit committee chair:	Same as given in Sr.no. 5 above.

Refer our Audit Report dated 21st May, 2015
on the standalone financial statements of the Company

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



Samir R. Shah

Partner

Membership No. 101708


Captain Anoop Kumar Sharma
Wholetime Director & CEO



Vikram Gupta

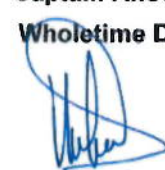
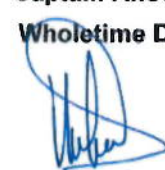
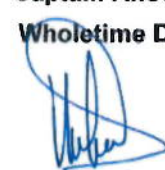
Chief Financial Officer


Captain B. S. Kumar
Audit Committee Chairman

FORM B
(As per Clause 31(a) of the Listing Agreement)

1.	Name of the Company:	Essar Shipping Limited
2.	Annual financial statements for the year ended	31 st March, 2015 (Consolidated financial statements)
3.	Type of Audit qualification	(A) The "Basis of Qualified Opinion" paragraph from the Auditors' Report is reproduced below: Basis of Qualified Opinion Attention is invited to Note 36 of the financial statements regarding Management's ongoing assessment from the last financial year of possible impairment of Goodwill of Rs. 5,720.55 Crore related to Oilfield Services Business and that of certain Rigs of the said business with carrying amounts of Rs. 349.52 Crore (including capital work-in-progress of Rs. 75.46 Crore), as at 31st March, 2015, in terms of Accounting Standard (AS) 28, Impairment of Assets. We have been informed that the Management has not yet concluded the process of validating various operational assumptions impacting the estimated future cash flows from the Oilfield Services Business and consequent effect on the recoverable amount of Goodwill and aforesaid rigs. Pending conclusion of the said exercise, we are unable to comment on the extent of diminution, if any, which may be required in respect of the carrying amounts of the Goodwill and the Rigs. Qualified Opinion In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31st March, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date. (B) The Auditors' comments in respect of Emphasis of Matter is reproduced below: Emphasis of Matter We draw attention to Note 37 regarding preparation of the financial statements on a going concern basis which is predicated on the expectation that the Company will be able to refinance its existing borrowings in a manner such that repayment schedules are aligned with projected debt servicing ability of the fleet and the semi- submersible rig. Our report is not modified in respect of this matter. Notes 36 and Note 37 as appearing in the Consolidated financial statements : 1. Note 36 : Goodwill of Rs. 5,720.55 crore on consolidation in the financial statements of the group pertains to the oilfields services business. The carrying amount of certain rigs (including capital work-in-progress of Rs. 75.46 crore) which have generally not been deployed for extended period of time of the said business is Rs. 349.52 crore as at 31 March, 2015. The Management had initiated an exercise of assessing the valuation of the oilfields services business in terms of Accounting Standard (AS) 28, "Impairment of Assets". In view of recent volatility in crude oil prices, evaluation of possibility of up-gradation and utilization of rigs and the current economic scenario, various operational assumptions for long term projections are being assessed in detail by the



		Management. Pending conclusion of the said assessment, the recoverable value of the goodwill and the rigs, are not yet estimated and accordingly, provision for impairment of the goodwill and the rigs if any, has not been recognised as at 31 March 2015. 2. Note 37 : At 31st March 2015 the Current Liabilities of the Group exceed its Current Assets primarily on account of current maturities of long term debt. The Management is in discussion with lenders (including debenture holder) to refinance the existing borrowings in a manner such that repayment schedules are aligned with projected debt servicing ability of the fleet and the semi-submersible rig. Having regard to above, the Group is confident that it will be able to meet its financial obligations in the foreseeable future, and accordingly the financial statements have been prepared on a going concern basis.			
4.	Frequency of qualification	Frequency of Audit Qualification shown in Sr. no.3 above are as follows: <u>Basis of Qualified Opinion</u> Sr. no 3 (A) – 2 years (including 2014-15) <u>Emphasis of Matter:</u> Sr.no 3 (B) – Current Year			
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Please refer point 3 above for relevant note. The management response to the qualification is as follows : The Management had initiated an exercise of assessing the valuation of the oilfields services business in terms of Accounting Standard (AS) 28, "Impairment of Assets". In view of recent volatility in crude oil prices, evaluation of possibility of up-gradation and utilization of rigs and the current economic scenario, various operational assumptions for long term projections are being assessed in detail by the Management. Pending conclusion of the said assessment, the recoverable value of the goodwill and the rigs, are not yet estimated and accordingly, provision for impairment of the goodwill and the rigs if any, has not been recognised as at 31 March 2015.			
6.	Additional comments from the board/audit committee chair:	Same as given in Sr.no. 5 above.			
Refer our Audit Report dated 21st May, 2015 on the consolidated financial statements of the Company					
<table border="0"> <tr> <td style="vertical-align: top;"> For DELOITTE HASKINS & SELLS Chartered Accountants (Firm's Registration No. 117365W)  Samir R. Shah Membership No. 101708 </td><td style="vertical-align: top; text-align: center;">  Captain Anoop Kumar Sharma Wholetime Director & CEO  Vikram Gupta Chief Financial Officer </td><td style="vertical-align: top; text-align: center;">  Captain B.S. Kumar Audit Committee Chairman </td></tr> </table>			For DELOITTE HASKINS & SELLS Chartered Accountants (Firm's Registration No. 117365W)  Samir R. Shah Membership No. 101708	 Captain Anoop Kumar Sharma Wholetime Director & CEO  Vikram Gupta Chief Financial Officer	 Captain B.S. Kumar Audit Committee Chairman
For DELOITTE HASKINS & SELLS Chartered Accountants (Firm's Registration No. 117365W)  Samir R. Shah Membership No. 101708	 Captain Anoop Kumar Sharma Wholetime Director & CEO  Vikram Gupta Chief Financial Officer	 Captain B.S. Kumar Audit Committee Chairman			
MUMBAI, 31 August, 2015					
MUMBAI, 31 August, 2015					