



Essar Shipping Limited

Annual Report - 2015-16

BOARD OF DIRECTORS

Mr. P. K. Srivastava
Chairman

Captain Anoop Kumar Sharma*
Managing Director

Mr. N. Srinivasan
Independent Non-Executive Director

Captain Bhupinder Singh Kumar
Independent Non-Executive Director

Ms. S. Gayathri
Non-Executive Director

* Appointed as Managing Director with effect from November 01, 2015
Whole-time Director and CEO up to October 31, 2015.

COMPANY SECRETARY

Mr. Awaneesh Srivastava

AUDITORS

CNK & Associates LLP, Chartered Accountants
(Firm Registration No. 101961W)
Add.: Mistry Bhavan, 3rd Floor, Dinshaw Bachha Road,
Churchgate, Mumbai - 400 020.

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
E-mail: esl.secretarial@essar.com

REGISTRAR & TRANSFER AGENT

Data Software Research Company Pvt. Limited
19, Pycroft 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 Sixth Annual General Meeting (the Meeting) of the members of Essar Shipping Limited (the Company) will be held on Wednesday, August 10, 2016 at 2:00 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, 2016, 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, 2016 and report of Auditors thereon.
2. To appoint a Director in place of Ms. S Gayathri (DIN: 07115908), who retires by rotation and being eligible offers herself for re-appointment.
3. To re-appoint Auditors/ ratify the re-appointment of Auditors for the Financial Year 2016-17

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the provisions of Section and is hereby 188 of the Companies Act, 2013 ("the Act") and Regulation 23 of the LODR regulation 2015 (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 23 of LODR Regulation 2015 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)		
			2015-16	2016-17	From April 01, 2017 till the date of 7th Annual General Meeting to be held in Calendar Year 2017

Sr. No.	Name of Related Party	Nature of Transaction(s)	Amount (₹ in crore)		
1	Essar Steel India Limited	Fleet operating and chartering services on Contract(s) of Affreightment and Spot fixture basis	446.93	600	400
		Equipment lease rental income	00	0.10	0.05
		Interest on inter-corporate deposits	11.29	15	8
		Inter Corporate Deposits	114.41	Nil	Nil
2	Essar Shipping (Cyprus) Limited	Direct Voyage Expenses	83.41	170	110
3	Essar Oil Limited	Purchase of Fuel Oil	Nil	35	20
		Aircraft usage charges	31.00	50	30
		ICDs	271	Nil	Nil
		Interest on Inter Corporate Deposits	7.03	28	Nil
		Fleet operating and chartering services on Contract(s) of Affreightment and Spot fixture basis	0.31	0.50	0.25

"RESOLVED FURTHER THAT consent of the members be and is hereby accorded for ratification of the aforesaid related party transactions already entered into by Company exceeding the threshold limits as specified in Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 and which are material in nature in terms of Regulation 23 (1) of LODR Regulation 2015.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized 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 for sale of upto 51% shares in Arkay Logistics Ltd. (Wholly owned subsidiary)

"RESOLVED THAT pursuant to the provisions of Section 179, 180 of the Companies Act, 2013 and rules made thereunder and Regulation 24 of the SEBI (LODR) Regulations, 2015 the consent of members of the Company be and is hereby given to approve the sale of upto 51% equity shares of Arkay Logistics Limited (wholly owned subsidiary) to the Arkay Holdings Limited or its affiliate at a value of ₹ 155 Crores."

6. To consider and if thought fit to pass the resolution u/s 20 of the Companies Act, 2013, for service of documents to shareholder (s) as per their request by charging the fee for speed post/ registered post/courier as the case may be, and authorise to Board of Directors to fix the charges.

"RESOLVED THAT Pursuant to the provisions Section 20 of Companies Act, 2013 and rules made therein, the consent of members of the Company be and is hereby given to authorize Board of Directors to fix the charges to be deposited/paid by the member who wants the service of documents through any particular mode."

By Order of the Board

Mumbai,
May 25, 2016

Awaneesh Srivastava
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:

- 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.
- 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. 13. 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.
- 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.

- In terms of Section 152 of the Companies Act, 2013, Ms. S. Gayathri (DIN: 07115908), Director, retires by rotation at the Meeting and being eligible, offers herself for reappointment. The Board of Directors of the Company recommends her re-appointment. Brief resume of Director proposed to be re-appointed, nature of her expertise in specific functional areas, names of companies in which she hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under SEBI (LODR) Regulation, 2015, are provided herein after the explanatory statement.
- 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.
- Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
- 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.
- 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.
- The Register of Members and Share Transfer Books of the Company shall remain close from, Thursday, August 04, 2016 to Wednesday, Aug 10, 2016 (both days inclusive) for the purpose of Annual General Meeting.
- 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.
- 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.
- The members can attend the Meeting on Aug 10, 2016, at 2:00 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
- 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 3rd August, 2016 (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, Friday, Aug 05, 2016 and will end at 5.00 p.m. on Tuesday, Aug 09, 2016. The Company has appointed M/s. Martinho Ferrao & Associates, Practicing 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 August 05, 2016 at 9:00 a.m. and ends on August 09, 2016 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 August 03, 2016, 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 changed 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) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store.
- (xix) Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) 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.
- (xxi) 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

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 (ESIL) and Essar Oil Limited (EOL). 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 (ESCL) 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 Regulations 23 of SEBI (LODR) Regulations 2015 / 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/Regulation 23 of SEBI (LODR), Regulations 2015 as they may exceed 10% of the annual 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 / SEBI (LODR), Regulations 2015 these transactions would require the approval of the members by way of a Special Resolution.

The transactions entered during the year with the said related parties are in accordance with the approval taken from Shareholders in the last Annual General Meeting and approval taken from the audit committee at their respective meeting for the quarter in which the transaction took place

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. 4 of the accompanying notice for your approval.

Item No.5.

Arkay Logistics Limited has been primarily formed for catering the various logistics requirements of the Steel, Power, Projects and Oil business of Essar Group and now since most of the project cargo movements have been completed and rest other requirements is being managed independently by respective businesses it becomes imperative for ESL to review the investments made in ALL.

Essar Shipping Limited as part of its strategy wants to focus now on its core business functions and high EBITDA margin businesses viz. Sea Transportation Business and Oilfields Services Business and thus it has been proposed to transfer the sale of investments in Arkay Logistics Limited to Arkay Holdings Limited or its affiliate (which is not a related party as defined under section 2(76) of the Companies Act, 2013).

Valuation:

Essar Shipping Limited has invested into 7.3 Crores equity shares of ₹ 10 each aggregating to ₹ 73 Crores in ALL.

The valuation of these shares is as under;

A) Book Value:

Book value as on March 31, 2015 is ₹ 38.23 per shares aggregating to ₹ 279.14 Crores

B) Independent Valuation:

Company had appointed M/s Kirtane and Pandit, LLP, to carry out an independent valuation of the Company. The valuation provided by them is ₹ 40.92 per share, aggregating to ₹ 298.70 Crores for 100% Share Capital.

The Company had taken another valuation report from M/s Anmol Sekhry Consultants Private Limited, as per their report the valuation of Company is 306.04 Crores for 100 % Share Capital @ ₹ 41.92 per share.

Offer received:

Arkay Holdings Limited has offered a Valuation of ₹ 304 Crores for 100% shares of the ALL. They currently want to acquire 51% shares in ALL at a value of ₹ 155 crores. The payment of the same will be done immediately upon transfer of shares to Arkay Holdings Limited or its affiliate.

The sale of 51% shares will result in a profit of ₹ 117.77 Crores to ESL.

Therefore the Board had considered the proposal and approved the same with recommendation to the Shareholders of the Company to approve the transaction by passing the aforesaid resolution:

Item No. 6.

The company has received a notice from a shareholder/member with a request to service the documents to him through speed post

under the expenses to be borne by him, therefore the resolution in item no, 6 have been proposed as special business for the consideration and approval of the members of the Company.

Details of Director seeking Re-appointment at Sixth Annual General Meeting in pursuance of SEBI (LODR) Regulations 2015.

Ms. S. Gayathri

Ms. S. Gayathri was appointed as Director at Annual General Meeting held on September 23, 2015 who shall retire by rotation under the provisions of section 152 has offered herself for re-appointment.

Ms. S. Gayathri, age 52 yrs. is a Commerce graduate and a Fellow of the Institute of Chartered Accountants of India.

Ms. Gayathri joined the Essar Group in November, 2009 as Group Head, Direct Taxes. In this role, she managed a corporate team that handled tax matters for six businesses and multiple tax jurisdictions in the areas of tax strategies and planning, transactions and structuring, transfer pricing, litigation and day to day advisory, besides driving tax related systems and process improvements and currently serves as Senior Vice President and Head, Direct and Indirect Taxes and Regulatory of Essar Energy.

Ms. Gayathri has 28 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 is also Director in the following Company;

Name of the Company	Director/ Independent Director/ No-Executive Director	Name of Committee	Chairperson/ Member
Essar Projects (India) Limited	Non – Executive Director	Audit Committee	Member
		Nomination and Remuneration Committee	Member
		CSR & Sustainability Committee	Member
		Operating Committee	Member
Essar Offshore Subsea Limited	Non – Executive Director	Audit Committee	Member
		Nomination and Remuneration Committee	Member
		CSR & Sustainability Committee	Member

Essar Power Hazira Limited	Non – Executive Director	Banking and Finance Committee	Member
		Share Committee	Member
		Business Management Committee	Member
Essar Power Gujarat Limited	Non – Executive Director	Nil	
Essar Power Transmission Co. Limited	Non – Executive Director	Nil	
Essar Steel India Limited	Non – Executive Director	Nil	
Essar Ports Limited	Non – Executive Director	Nil	
Essar Power M P Limited	Non – Executive Director	Nil	

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.

Keeping in view the expertise of Ms. S. Gayathri 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. 2 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. 2 of the accompanying Notice.

DIRECTORS' REPORT

To the Members of Essar Shipping Limited

Your Directors are pleased to present the Sixth Annual Report and Audited Financial Statements of the Company for the financial year ended March 31, 2016.

FINANCIAL RESULTS:

The Company's financial performance, for the year ended March 31, 2016 is summarized below:

₹ in Crore

Particulars	Consolidated		Standalone	
	For the year ended 31-03-2016	For the year ended 31-03-2015	For the year ended 31-03-2016	For the year ended 31-03-2015
Total Income	1985.56	2153.29	877.32	998.90
Total Expenditure	1479.11	1683.60	558.11	647.12
EBITDA	506.45	469.69	319.21	351.78
Less: Interest & Finance charges	479.32	477.13	280.37	286.32
Less: Provision for Depreciation	458.25	424.06	149.07	143.96
Less: Exceptional Item	—	—	—	—
Profit / (Loss) before Tax	(431.12)	(431.50)	(110.23)	(78.50)
Less: Tax	(21.94)	(27.38)	(3.39)	(4.50)
Profit / (Loss) for the year before share of profit of associate	(453.06)	(458.88)	(113.62)	(83.00)
Add: Share in Loss of associate	(0.03)	(0.07)	—	—
Profit / (Loss) for the year	(453.09)	(458.95)	(113.62)	(83.00)

DIVIDEND

In view of loss during the year 2015 -16, the Board of Directors has not recommended any dividend for the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of the World Economy & Shipping Industry

Global growth remains moderate, with uneven prospects across the main countries and regions. Growth rate is expected to be 3.4 percent in 2016 and 3.6 percent in 2017, 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.

Throughout the last century shipping industry has seen a general trend of increases in total trade volume. Increasing industrialization and the liberalization of national economies have fuelled free trade and a growing demand for consumer products. Following several years of incredibly buoyant shipping markets, much of the international shipping industry has fallen prey to the worldwide economic downturn.

Overview of the Indian Economy

Notwithstanding the current situation, the longer term outlook for the industry remains good. The world's population continues to expand, and emerging economies will continue to increase their requirements for the goods and raw materials that shipping transports so safely and efficiently. Emerging economies such as India have undertaken several initiatives such as development of coastal shipping, advanced technology ports, incentives to the domestic ship repair and ship building industry, port led development, revival of the manufacturing sector & infrastructure development of the country as a whole. Amongst the developing economies, IMF expects India to report the highest GDP growth of 7.5% in 2016-17 against the growth of world economy.

As per the latest Global Economic Prospects (GEP) report by World Bank, India is leading The World Bank's growth chart for major economies. India's maritime trade is expected to grow at a CAGR of 9.6% increasing India's share to the global sea borne trade to 17% by 2025. Thus, leading to an opportunity to increase cargo handling capacity from 1Bn MTPA to 2.5 Bn MTPA.

BUSINESS PERFORMANCE, OPPORTUNITIES AND OUTLOOK

The business performance is attributed to the demand & supply in the world trade industry. With focus on crude and dry bulk carriers, port to plant logistics and oilfield services, your Company intends to build an integrated value chain by providing 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 has declined in the recent past due to decline in charter rates as a result of continuous slowdown in the Shipping industry. The sector is in a crisis mode as it navigates oil price volatility, a drop in global demand and a glut of supply in ship capacity. The benchmark Baltic Dry Index, which tracks sea trade prices, hit an all-time low of 290 in February'16. It's recovered somewhat since then, but prospects still appear bleak. The shipping industry is experiencing its largest dry bulk market recession since the 1980s. The uncertain global economic outlook and the increased imbalance between supply and demand have led to historical low freight rates.

Given the current oversupply of vessels in the marketplace that has built up over the past five years, rates are expected to remain at depressed levels for at least two more years as the market struggles to find a new equilibrium.

Your 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 using a collective mix model for deployment of vessels into long term contracts to ensure assured returns & to employ few vessels on spot contracts to take advantage of the volatility

in the market. In addition to the same, the company plans to optimise its fleet by scrapping its older tonnage (commercially non-viable) & therefore reduce OPEX in the subsequent financial year. Further your Company has provided a business plan to its lenders on its plan to refinance the existing borrowings in line with the useful life of its assets. All these initiatives will insure sustainable operations in the current challenging market conditions in the shipping industries especially in the dry bulk segment.

Dry Bulk Market

Dry-bulk vessels aren't in demand, principally because China's industrial slowdown has reduced its appetite for raw materials such as iron ore, bauxite and cement. Despite the reduction, the import demand of emerging developing economies, in particular China and India, remained the main driver of growth in dry bulk cargo shipments in 2014.

The state of the dry bulk market especially indicates that economies worldwide are likely to stay weak, much to the disappointment of central banks, FX traders, miners, steel makers, trading houses, and commodity economies.

The dry bulk shipping market is not expected to return to profitability until 2017, despite a modest recovery in earnings anticipated over the next two years.

So far this year there have been a record number of dry bulk demolitions, and at a younger age. The year 2014-15 witnessed the highest number of demolitions increased to 36% from 2013 while deliveries increased a mere 7.7%. With the older tonnage being replaced with a young fleet, the year also witnessed highest number of lay ups in the industry. All this effecting a net change of 2.2% in comparison to 2.9% in 2014 in the global dry bulk fleet. While some improvement in earnings through 2016 is expected, this is unlikely to be sufficient for freight rates to reach breakeven. However, the sector is anticipated to return to profitability by 2017, provided current rates of demolitions persist and ship owners refrain from placing new orders.

India's thermal coal imports are however, projected to grow, which may compensate the decline in coal transport caused by China's reduced coal import. With growing impetus to the power sector by the Indian government, coal trade is expected to increase by 10-12 % in the following year while the Steel industry is expected to ramp up its capacity from the current 81% to 83% utilisation levels with an estimated increase in growth of 6-7% in the year 2016. Overall, the trade growth is projected to remain steady in short term.

Tanker Market

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.

In stark contrast to dry bulk carriers, tankers that transport oil have in recent months enjoyed their best earnings in years. As crude prices have plummeted, bargain-buying has driven up demand.

Demand for oil tankers and the rates they command have surged to their highest levels since 2008 in the past months.

China has been looking to boost strategic reserves of crude, taking advantage of multi-year lows in prices, which has helped the oil tanker market rally. Earlier this month China said it more than doubled the size of its strategic crude oil reserves between November 2014 and the middle of this year, a rate exceeding analysts' estimates.

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 scrapping of tankers, which picked up in 2011, has also shrunk the fleet adding to its advantage. Tankers witnessed a net change of 3.4 % in 2015 in comparison to 1.4 % in 2014 having a net addition of 16,718k dwt in the recent year.

(b) Oilfields Services Business

Offshore Segment:

As the oil price has tumbled since June 2014, Exploration & Production (E&P) companies have continued to curb discretionary spending, including both brownfield development investments and exploration activity, and sanctioned few projects with near-term start-up an effort to match near or medium term investments with operating cash flow. The absence of oil price stabilization and clarity on future investment capacity is also continuing to postpone investment decisions for new longer term projects. The short-term nature of supplier contracts is also resulting in pricing concessions being realized quickly, enabling the E&P's to drill more for less.

Demand projections will remain erratic given the current crude prices. The looming oversupply of floating rigs that has been a feature of the market for some time has been joined by a sudden, significant drop in oil prices, resulting in a less favorable outlook for drilling contractors. On the back of lower oil price projections, floater demand is expected to drop almost 50% from 2014 levels to approximately 150 rigs (Pareto 16-Mar-2016). With few new contracts with near term start-up and some more terminations expected as oil companies right-size their drilling capacity, the 150 rig level is expected to be reached around YE'2016 or early 2017, and a recovery is expected after that. Should the oil price take another hit and remain volatile for some more time, the demand recovery would be postponed further.

The marketed utilization in the worldwide semisubmersible market is expected to further drop to an average of 61.7% in 2016 from the December 2015 level of 67.4%. The marketed utilization of the worldwide jackup market is expected to drop from 73.2% in December 2015 to an average of 66.7% in 2016. The dayrate for 2G/3G mid water floaters is expected to be in the range of \$100,000 to \$110,000 against a dayrate levels of USD 190,000 a year back.

The oilfields services business of your company has been going through extremely challenging market conditions due to

continuous low crude oil prices. This has resulted in various assets of the Company being unemployed for prolonged duration resulting into financial stress. The Management of the oil field business is in active discussion with its creditors, both lenders and vendors to reschedule/extend the payment obligations.

Onshore Segment:

Considering the market for onshore drilling services in India, it has been highly skewed towards the customers such as ONGC, Oil India Limited and Indian Oil Corporation Ltd. In the regime of 12th five year plan, the government is expected to focus majorly on E&P activities, including intensive exploration of existing hydrocarbon reserves and geographical focus on the east coast for exploring oil fields. While ONGC and IOC, are expected to make substantial investments in exploration activities, it is essential to capitalize upon key opportunities that are put forth to maximize deployment of land rig assets on longer duration with these companies. Apart from these two, in the private sector, the E&P companies like Cairn Energy & other marginal field operator in India are expected to increase their spending on exploration of wells. This apart, development of the unconventional energy sources such as shale gas & CBM poses larger opportunities for the deployment of land rig business.

SUBSIDIARIES

As on March 31, 2016, your Company has five direct subsidiaries and three indirect subsidiary. Essar Oilfields Services Limited, Mauritius; Arkay Logistics Limited, India (Formerly known as Essar Logistics Limited); Energy Transportation International Limited, Bermuda; Energy II Limited, Bermuda; and Essar Shipping DMCC (incorporated/ registered on August 5, 2015) are direct subsidiaries of the Company. Essar Oilfield Services India Limited, Cosmic Drilling Services Limited (Incorporated / Registered on March 15, 2016) and Essar Oilfields Middle East DMCC are step down 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 this report 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

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. The audited Consolidated Financial Statements together with Auditors' Report thereon form part of the Annual Report.

AWARDS AND RECOGNITIONS

- In August 2015, your Company received the 'Bulk Operator of the Year' award at the Gateway Awards, for the fourth time consecutively, in appreciation of the impressive performance in dry bulk segment for the year 2014-15. The Gateway Awards is one of the most coveted awards in the maritime industry

honouring individuals, organizations and companies from across India's maritime industry. The awards promote best practices, innovation and motivation encompassed in the performance of such companies that have contributed to the Indian maritime industry. ESL was recognized apart from its performance for the initiatives taken in the areas of safety, environment, technological innovation for fleet operations & sustainability reporting amongst others.

- ESL also won the Samudra Manthan award organized by Bhandarkar Shipping Events for the "Line of the Year (Dry Bulk) – Diamond category" recognizing the companies operational performance in the year 2014-15 in the Dry Bulk category
- "Sailor Today Awards" that recognize talent & performance among employees in the Shipping Industry awarded Ms. Sunita Kotian (Fleet personnel department) with the **"Exemplary Achievement Award for Women on Shore"** in the Indian Shipping industry. Ms. Kotian has been associated with ESL for 29 years & has contributed significantly to the growth of the company. Our company focuses on recognizing talent within the organization & ensuring business excellence with such employee engagement practices.

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 environmental footprint related to the shipping business.

The Company's fifth Sustainability Report titled, "Sustainability- A process for +ve Change has been released on March 31, 2016. 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.

The report has been independently audited as per Global Reporting Initiative (GRI) 2011 & assured by DNV GL Business Assurance using DNV's Verification Protocol for Sustainability Reporting.

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, Ms. S. Gayathri retires by rotation at the ensuing Annual General Meeting and being eligible has offered herself for re-appointment. The Company has received requisite notice in writing from a member proposing Ms. S. Gayathri for appointment as Director.

The brief resume of the Director being re-appointed, the nature of her expertise in specific functional areas, names of companies in which she hold directorships, committee memberships/ chairmanships, their shareholding etc., are provided in the Notes to the Notice of the ensuing Annual General Meeting. Your Directors recommend her 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 Regulation 16 (b) (iv) of SEBI (LODR) Regulations, 2015.

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, 2016, five (5) meetings of the Board were held on May 21, 2015, June 24, 2015, August 14, 2015, November 06, 2015 and February 11, 2016.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards had been followed and there are no material departures from the same;
- 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, 2016 and of the loss of the Company for the year ended on that date;
- 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;
- the Directors had prepared the annual accounts on a going concern basis as explained in Note No. 35 of Standalone Financial Statements .
- the Directors, had laid down internal financial controls followed by the Company and that such internal financial controls are adequate and were operating effectively as endorsed by Statutory Auditor in their separate report annexed to the Annual Report

- 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:

- 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;
- 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;
- Control over the operational matrix of various vessels to reduce cost and reduce downtime of vessels; and
- Control over various OPEX cost of the organization.

As per LODR, Regulation 2015, Compliance related with Risk Management Committee is required to be done by top 100 Companies as per list released by NSE, since our Company doesn't fall in that category hence the Compliance of Risk Management was not needed but your Company do believe in mitigation/minimisation of risk therefore the management had put its best effort to minimise/mitigate the risk.

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 detailed report on Internal Finance Control and Risk Management Systems is given in Corporate Governance Report.

CORPORATE GOVERNANCE

The Company has complied with all mandatory provisions of SEBI (LODR) Regulations 2015, relating to Corporate Governance. A separate report on Corporate Governance as stipulated under the SEBI (LODR) Regulations, 2015 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; and Ms. S. Gayathri.

Since the Company has incurred losses in preceding three financial years hence it is not required to spend on CSR Activities.

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, 2016 are provided in the Annexure - B to this Report.

During the year Company has allotted equity shares to Essar Shipping-Employee Options Stock Scheme Trust which had remitted the Share Application Money considering the number of options vested to the eligible employees, the same was approved by Board of Directors and allotment was made and listing for the trading of the same was approved by NSE and BSE.

AUDITORS

Your Company’s Statutory Auditor, M/s. CNK & Associates LLP, (Registration No. 101961W) will retire at the conclusion of the ensuing Annual General Meeting.

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 LLP, 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.

AUDITORS’ REPORT

With regard to the Auditors’ observation, the Note no. 13 (a) (ii) of Standalone Financial Statement and Note no. 37 of the consolidated Financial Statements are self-explanatory.

Further with regard to the observations made in Annexure 1 to the Auditors’ Report, the management explanation is as under:

- a) TDS & Service Tax dues:
The Company is making all efforts to clear outstanding statutory dues at earliest.
- b) Regarding the dues to the Bank/FI/Debenture-holders
The Company is continuing its negotiation with lenders to refinance the existing loans with balance useful life of its asset, in view of depressed market conditions in the shipping industry.

The delay in repayment of instalments and Interest has been unavoidable due to cash flow mismatch and efforts are being made to avoid the recurrence thereof.

- c) With regard to the apparent excess Managerial Remuneration paid to the Managing Director:

The remuneration paid to the Managing Director includes the performance linked incentive amounting ₹ 30,99,004 pertaining to the financial year 2014-15, accordingly there has been no excess remuneration paid to the Managing Director.

However an application has been made to the Central Government as matter of abundant caution.

SECRETARIAL AUDIT

The Board has appointed M/s. Martinho Ferrao & Associates, Practising Company Secretaries, to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith marked as Annexure - C to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

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.

ARBITRATION AWARD

Subsequent to the closure of Financial Year the Company has won arbitration award in May 2016. The tribunal has passed award in favour of the Company as compensation (including interest) to be paid by SAIL amounting to ₹ 323 Crores approx.

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 receipts, sale of ships, freight, charter hire earnings, interest income, etc.)	: ₹ 359.04 Crore
Foreign Exchanged Used (including cost of acquisition of ships, loan repayments, interest, Operating expenses, etc.)	: ₹ 699.53 Crore

PUBLIC DEPOSITS

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

APPRECIATION AND ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

Captain Anoop Kumar Sharma
Managing Director
(DIN : 03531392)

P.K. Srivastava
Chairman
(DIN : 00843258)

Mumbai
May 25, 2016

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; and Ms. S. Gayathri.
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	Amount 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
Managing Director
(DIN : 03531392)

Captain B. S. Kumar
Chairman CSR Committee
(DIN : 00843258)

Mumbai, May 25, 2016

ANNEXURE - B

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	4,68,949
(d)	Options exercised	NIL*
(e)	The total number of shares arising as a result of exercise of option	Not applicable
(f)	Options lapsed	2,74,450
(g)	Variation of Terms of Options	NIL
(h)	Money realized by Exercise of Options	Not applicable
(i)	Total number of Options in Force	3,77,463
(j)	Employee wise details of Options granted	(i) Senior managerial personnel: Captain Anoop Kumar Sharma – 5,51,533, Mr. Rajeew Nayyer – 3,09,562, Mr. Ranjit Singh – 2,69,843 Mr. P. Ramesh – 2,75,907 Mr. A. R. Ramakrishnan – 6,74,258 * (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 *Superannuated on March 31, 2015.
(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"	Anti-dilutive
(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 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 of the financial statement.
	(i) Risk-free interest rate	8.36
	(ii) Expected life	58
	(iii) Expected volatility	44.5% - 58.60%
	(iv) Expected dividends and	Nil
	(v) The price of the underlying share in market at the time of option grant	₹ 22.30

* Essar Shipping-Employee Stock Options Scheme Trust which had remitted the Share Application Money considering the number of options vested to the eligible employees, the same was approved by Board of Directors and allotment was made and listing for the trading of the same was approved by NSE and BSE.

For and on behalf of the Board

Captain Anoop Kumar Sharma
Managing Director
(DIN : 03531392)

P. K. Srivastava
Chairman
(DIN : 00843258)

Mumbai, May 25, 2016

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[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, 2016**, 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, 2016** 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 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (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.
- (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 authorized 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 23rd September, 2015, to appoint **Ms. Gayathri Sukumar** (DIN: 07115908) as a Director.
2. taken approval of shareholders in the AGM held on 23rd September, 2015, under section 188 of the Companies Act, 2013 ("the Act") and Clause 49(VII) of the Listing Agreement, to authorize the management of the Company to enter into agreement(s) and/or transaction(s), as may be appropriate, with the Related Parties as defined under Section 2(76) of the Act and Clause 49(VII) of the Listing Agreement.

For **Martinho Ferrao & Associates**
Company Secretaries

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

Place : Mumbai
Dated : 19th May, 2016

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 2015-16 and percentage increase in the remuneration of each Director and Key Managerial Personnel (KMP) during the financial year 2015-16 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. ²	N.A. ²
2	Captain Anoop Kumar Sharma	Managing Director *	7.54:1	Nil
3	Mr. N. Srinivasan	Non-executive Director	N.A. ²	N.A. ²
4	Captain Bhupinder Singh Kumar	Non-executive Director	N.A. ²	N.A. ²
5	Ms. S. Gayathri	Non-executive Director	N.A. ²	N.A. ²
6	Mr. Vikram Vinod Gupta	Chief Financial Officer	3.51:1	Nil
7	Mr. Awaneesh Srivastava ¹	Company Secretary	0.45:1	N.A.

* Appointed as Managing Director with effect from November 01, 2015, Whole-time Director and CEO till October 31, 2015.

- Employed with effect from August 10, 2015.
- During the year no remuneration was paid to Mr. P. K. Srivastava, Mr. N. Srinivasan, Captain Bhupinder Singh Kumar, and Ms. S. Gayathri, however sitting fees was paid amounting to ₹ 2,20,000, ₹ 6,50,000, and ₹ 10,10,000 to Mr. P. K. Srivastava (Non-Executive Chairman), Mr. N. Srinivasan, Captain B. S. Kumar, (Independent Directors), respectively. No Sitting Fee was paid to 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 2015-16 was 7.0%.
- The Company had 44 employees excluding off-shore employees on the rolls of the Company as on March 31, 2016.
- Relationship between average increase in remuneration of employees and Company performance:
The average increase in remuneration of employees was 7% during the financial year 2015-16.
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, and 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 Market Capitalization of the Company as on March 31, 2016 was 518.48 crore as compared to 450.47 crore as on March 31, 2015. The market price of the equity shares of the Company as on March 31, 2016 (closing) was ₹ 25.05 per share on Bombay Stock Exchange and was ₹ 25.10 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.
 - Individual Performance as per KPI measures in Balanced Score Card set in the beginning of year.
- 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.
- The Board of Directors hereby affirms that the remuneration is as per the remuneration policy of the Company.
- The statement pursuant to Rule (5)(2) is enclosed.

For and on behalf of the Board

Captain Anoop Kumar Sharma
(DIN : 03531392)
Managing Director

P. K. Srivastava
(DIN : 00843258)
Chairman

Mumbai, May 25, 2016

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
Captain Anoop Kumar Sharma	56	Master (F.G.); P.G. Diploma in Marketing Management; Fellow Institute of Chartered Shipbrokers, London	Managing Director	04-Aug-2008	30	1,66,27,480	The Shipping Corporation Of India Ltd
Suresh Sundaram	74	B.Sc.	Director – Aviation	April 18, 1983	49	1,15,64,295	Binny Ltd.
Ranjit Singh	55	Class I (Motor)	Chief Technical Officer	02-May-2008	29	1,10,24,399	Qatar Shipping Co.
P. Ramesh	43	B.E.	Head -Commercial & Procur	07-Apr-1995	17	83,31,036	Simpson
Rahul Bhargava	56	Master Mariner	Head-Chartering & Operation	11-Sep-2012	35	78,11,400	JSW Steel Ltd
Vikram Gupta	38	B. Com.; MMS	Chief Financial Officer	03-June-2002	14	77,47,608	N.A.
Akshay Srivastava	55	Bachelor Equivalent	General Manager - Technical	Feb 08, 2016	31	50,00,004	Snp Shipping Pvt Ltd
Arun Bhardwaj	55	Master's Equivalent	General Manager – Fleet Management Services	June 01, 2004	30	48,53,592	Ind - aust Maritime Pvt Ltd. and Singapore NOL group
Gopal Varadharajulu	56	CA, B. Com	Head Taxation	February 01, 2015	30	47,46,936	Essar Services India Limited
Raghavan Jagannathan	62	B.com	Head Accounts	Jan 21, 1976	41	4625844	N.A.

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.

For and on behalf of the Board

Captain Anoop Kumar Sharma
Managing Director
(DIN : 03531392)

P. K. Srivastava
Chairman
(DIN : 00843258)

Mumbai, May 25, 2016

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.

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								

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 Oil Limited	Fellow Subsidiary	Purchase of Fuel Oil		Nil	Approved in Last AGM (& in respective board meeting)	Nil
			Aircraft usage charges		31.00		
			Inter Corporate Deposit		271	May 25, 2016	
			Interest on ICD		7.03	May 25, 2016	
2	Essar Shipping (Cyprus) Limited	Fellow Subsidiary	Direct voyage expenses		83.41		
3	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: 446.93	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
			Inter – Corporate Deposit	One Year	Inter Corporate Deposit of ₹ 114.41	In Board Meeting of respective quarter	

For and on behalf of the Board

Captain Anoop Kumar Sharma
Managing Director
(DIN : 03531392)

P. K. Srivastava
Chairman
(DIN : 00843258)

Mumbai, May 25, 2016

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2016

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)

Sr. 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 -

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1	Essar Ports & Shipping Limited (formerly known as Essar Ports Holdings Mauritius Limited) Address: Essar House, 10, Frere Felix de Valois Street, Port Louis, Mauritius	N.A.	Holding	60.09	2(46)
2	Essar Shipping & Logistics Limited Address: Riga feraiou, 4 Omega Court, 1 st Floor, PC 3095, Limassol, Cyprus	N.A.	Holding	10.34	2(46)
3	Imperial Consultants & Securities Private Limited Address: Chennai House, 5 th Floor, New No.7, Esplanade, Chennai	U65993TN1993PTC024724	Holding	3.32	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)

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
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)
11	Essar Shipping DMCC Address: Unit No: 30-01-1903, Jewellery & Gemplex 3 Plot No: DMCC – PH2- J&GPlexS, Jewellery & Gemplex Dubai, United Arab Emirates	N.A.	Subsidiary	100	2(87)(ii)
12	Cosmic Drilling Services Limited Address: Essar House 10, Frere Felix de Valois Street, Port Louis, Mauritius	N.A.	Subsidiary	100	2(87)(ii)
13	Essar Oilfields Middle East DMCC Address: Unit No: 30-01-2702 Jewellery & Gemplex 3 Plot No: DMCC – PH2- J&GPlexS, Jewellery & Gemplex Dubai, United Arab Emirates	N.A.	Subsidiary	100	2(87)(ii)
14	Varada Drilling One Pte Limited Address: 50 Collyer Quay, #09-01 OUE Bayfront, Singapore 049321	N.A.	Associate	28.57%	2(6)
15	Varada Drilling One Pte Limited Address: 50 Collyer Quay, #09-01 OUE Bayfront, Singapore 049321	N.A.	Associate	28.57%	2(6)

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

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% 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	3.94	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	3.94	0.00
(2) Foreign									
a) NRIs - Individuals	0.00	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	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	70.43	0.00
d) Banks/FI	0.00	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	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	70.43	0.00
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	15,39,20,826	0.00	15,39,20,826	75.00	15,39,20,826	0.00	15,39,20,826	74.37	0.00

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	1739	16061	17800	0.01	1657	16028	17685	0.01	0.65
b) Banks / FI	1901	24426	26327	0.01	1701	24426	26127	0.01	0.76
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	0.05	0.00
g) FIs	19372444	6152	19378596	9.44	20069547	6152	20075699	9.69	3.60
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):-	19496176	46655	19542831	9.52	20192997	46622	20239619	9.76	
2. Non-Institutions									
a) Bodies Corp.	15474019	45745	15519764	7.56	11526894	45147	11572041	5.59	25.43
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	7010850	2394050	9404900	4.58	7978450	2339720	10318170	5.00	9.71
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	6179425	36000	6215425	3.03	8518182	0.00	8518182	4.12	37.05
c) Others (specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non Resident Indians	556898	67124	624022	0.30	594632	64298	658930	0.32	5.29
Sub-total (B)(2):-	29221192	2542919	31764111	15.48	28618158	2449165	31067323	15.03	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	48717368	2589574	51306942	25.00	48811155	2495787	51306942	24.79	0.00
C. Shares held by Non-Promoter – Non – Public Shareholder	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
a) Custodian/DR Holder	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Employee Benefit Trust [under SEBI (Share based Employee Benefit) Regulations, 2014]	0.00	0.00	0.00	0.00	1748304	0.00	1748304	0.84	100.00
Total Non-Promoter – Non – Public Shareholding (C)	0.00	0.00	0.00	0.00	1748304	0.00	1748304	0.84	
Grand Total (A+B+C)	202638194	2589574	205227768	100.00	204480285	2495787	206976072	100.00	0.00

Sr. 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 Port & Shipping Limited, Mauritius	124362408	60.60	100.00	124362408	60.09	100.00	
2	Essar Steel India Limited	1273611	0.62	100.00	1273611	0.62	100.00	0.00
3	Imperial Consultants & Securities Private Limited	6878409	3.35	99.01	6878409	3.32	99.01	0.00
4	Essar Shipping & Logistics Limited	21406365	10.43	100.00	21406365	10.34	100.00	0.00
5	Essar Global Fund Limited	33	0.00	0.00	33	0.00	0.00	0.00
	Total	153920826	75.00	99.96	153920826	74.37	99.96	0.00

Sr. No.	Particulars	Shareholding at the beginning of the year (As on March 31, 2015)		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, 2016)		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
----- NIL -----									

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (1-04-2015)/end of the year (31-03-2016)				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, 2015	% of total shares of the company as on April 01, 2015	No. of Shares as on March 31, 2016	% of total shares of the company, as on March 31, 2016			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	Leman Diversified Fund	6427119	3.132	0	0	(6427119)	Sold	0	0
3	Clairvoyance Energy Private Limited	3105000	1.513	0	0	(3105000)	Sold	0	0
4	Kredence Multi Trading Limited	2675179	1.304	2675179	1.304	-	-	2675179	1.304
5	Subodh Maskara	2604359	1.269	0	0	(2604359)	Sold	0	0
6	Stream Value Fund	2280000	1.111	2280000	1.111	0.00	-	-	-
7	Emerging Star Investment Private Limited	2050000	0.999	0	0	(2050000)	Sold	0.00	0.00
8	Corum Securities Pvt Ltd	20,00,000	0.975	26,00,000	1.267	(550000)	Sold	1450000	0.707
						(1450000)	Sold	0	0
						26,00,000	Bought	2600000	1.267
9	The Indiaman Fund (Mauritius) Limited	1450000	0.707	1450000	0.707	-	-	-	-
10	India Capital Markets Private Limited	1300000	0.633	2750000	1.340	1450000	Bought	2750000	1.340

E) Shareholding of Directors and Key Managerial Personnel:

None of the Directors and/or Key Managerial Personnel hold any share of the Company at the beginning, during or 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	1,866.09	1,778.42	0	3,644.51
ii) Interest due but not paid	65.53	49.01	0	114.54
iii) Interest accrued but not due	5.52	73.87	0	79.39
Total (i+ii+iii)	1,937.14	1,901.30	0	3,838.44
Change in Indebtedness during the financial year				
* Addition	266.55	438.21	0	704.76
*Exchange difference	36	101.07	0	137.07
* Reduction	(149.40)	(361.45)	0	(510.85)
Net Change	153.15	177.83	0	330.98
Indebtedness at the end of the financial year				
i) Principal Amount	1,856.59	2,048.75	0	3,905.34
ii) Interest due but not paid	227.21	6.24	0	233.45
iii) Interest accrued but not due	6.49	24.14	0	30.63
Total (i+ii+iii)	2,090.29	2,079.13	0	4,169.42

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

Sr. No..	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Captain Anoop Kumar Sharma	—	—	—	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,66,27,480	—	—	—	1,66,27,480
	(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 (A)	1,66,27,480				1,66,27,480
	Ceiling as per the Act					

B. Remuneration to other directors

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors		Mr. N. Srinivasan	Capt. B. S. Kumar		
	Fee for attending board committee meetings		6,50,000	10,10,000	–	16,60,000
	Commission	–	–	–	–	–
	Others, please specify	–	–	–	–	–
	Total (1)	–	6,50,000	10,10,000	–	16,60,000
2.	Other Non-Executive Directors	Mr. P. K. Srivastava			Ms. S. Gayathri	
	Fee for attending board committee meetings	2,20,000	–	–	–	2,20,000
	Commission	–	–	–	–	–
	Others, please specify	–	–	–	–	–
	Total (2)	2,20,000	–	–	–	2,20,000
	Total (B)=(1+2)	2,20,000	6,50,000	10,10,000	–	18,80,000
	Total Managerial Remuneration					
	Overall Ceiling as per the Act	Only Sitting fees is paid to Independent Directors				

C. Remuneration to Key Managerial Personnel other than MD / MANAGER / WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		MD/CEO	CS	CFO	Total
1	Gross salary	1,66,27,480	9,93,157*	77,47,608	2,53,68,245
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,66,27,480	9,93,157*	77,47,608	2,53,68,245
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	During the year Nil	During the year Nil	During the year Nil	During the year Nil
3	Sweat Equity	During the year Nil	During the year Nil	During the year Nil	During the year Nil
4	Commission	During the year Nil	During the year Nil	During the year Nil	During the year Nil
	- as % of profit	During the year Nil	During the year Nil	During the year Nil	During the year Nil
	others, specify...	During the year Nil	During the year Nil	During the year Nil	During the year Nil
5	Others, please specify	During the year Nil	During the year Nil	During the year Nil	During the year Nil
	Total	1,66,27,480	9,93,157*	77,47,408	2,53,68,245

* Appointed w.e.f August 10, 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
Managing Director
(DIN : 03531392)

P. K. Srivastava
Chairman
(DIN : 00843258)

Mumbai, May 25, 2016

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 2016 are as follows:

(Rupees in crores except currency rates)

Particulars	Arkay Logistics Limited, Mumbai	Energy Transportation International Limited, Bermuda	Energy II Limited, Bermuda	Essar Oilfields Services Limited, Mauritius	Essar Oilfields Services India Limited, Mumbai	Essar Shipping DMCC, Dubai
Reporting period for the subsidiary	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016
Reporting currency	INR	US\$	US\$	US\$	INR	US\$
Exchange rate as on the last date of the Financial year		66.33	66.33	66.33		66.33
Share capital (including share application money pending allotment)	73.00	87.74	270.94	1,543.49	968.53	247.71
Reserves & Surplus	195.64	(147.99)	77.53	(150.53)	(490.67)	2.42
Total assets	655.90	232.62	375.07	3,869.85	2,000.00	250.24
Total liabilities	655.90	232.62	375.07	3,869.85	2,000.00	250.24
Details of investments (except investments in subsidiaries)						62.54
Turnover	894.09	71.27	77.89	49.16	187.58	2.53
Profit / (loss) before taxation	50.35	13.40	22.06	(309.71)	(103.07)	2.42
Provision for taxation	(18.79)			0.24		
Profit / (loss) after taxation	31.56	13.40	22.06	(309.71)	(103.07)	2.42
% of shareholding	100%	100%	100%	100%	100%	100%

* Cosmic Drilling Services Limited, Essar Oilfields Middle East DMCC have not commenced operations hence financial performance is not included herein.

Mumbai, May 25, 2016

Captain Anoop Kumar Sharma
Managing Director
(DIN : 03531392)

For and on behalf of the Board

P. K. Srivastava
Chairman
(DIN : 00843258)

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2015 - 16

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 2015-16 your Company has an optimum combination of executive, non-executive and Independent 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, 2016 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 (Managing Director)	Non-Promoter Executive	1	–	–
Mr. N. Srinivasan	Independent Non-Executive	9	4	5
Captain Bhupinder Singh Kumar	Independent Non-Executive	4	–	4
Ms. S. Gayathri	Non-Promoter Non-Executive	8	–	4

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, 2016, five (5) meetings of the Board were held on May 21, 2015, June 24, 2015, August 14, 2015, November 06, 2015 and February 11, 2016. The last Annual General Meeting (AGM) was held on September 23, 2015. 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 (DIN : 00843258)	5	5	No
Captain Anoop Kumar Sharma (DIN : 03531392)	5	5	Yes
Mr. N. Srinivasan (DIN: 00004195)	5	5	Yes
Captain Bhupinder Singh Kumar (DIN : 00284649)	5	5	Yes
Ms. S. Gayathri (DIN : 07115908)	5	4	Yes

Separate Meeting of Independent Directors

During the Financial Year ended March 31, 2016, the Independent Directors met on March 16, 2016 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, 2016. A declaration to this effect, duly signed by the Managing Director is annexed hereto.

Brief Resumes of Directors seeking Re-Appointment at the Sixth Annual General Meeting of the Company in pursuance of Regulation 36(3)(a) of the SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015.

Ms. S. GAYATHRI

Please refer the profile given in detail annexed with 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 Regulation 18 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 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 21 2015	June 24, 2015,	August 14, 2015	November 06, 2015	February 11, 2016
Captain Bhupinder Singh Kumar – Chairman	Yes	Yes	Yes	Yes	Yes
Mr. N. Srinivasan – Member	Yes	Yes	Yes	Yes	Yes
Ms. S. Gayathri - Member	Yes	Yes	Yes	Yes.	No

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

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 21, 2015	August 14, 2015	November 06, 2015	February 11, 2016
Mr. N. Srinivasan – Chairman	Yes	Yes	Yes	Yes
Captain Bhupinder Singh Kumar - Member	Yes	Yes	Yes	Yes
Mr. P. K. Srivastava – Member	Yes	Yes	Yes	Yes

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 Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 only pays sitting fees to Independent Directors and Non-executive 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	–	–	–	2,20,000	2,20,000
Captain Anoop Kumar Sharma	65,43,880	7,85,266	92,98,334*	–	1,66,27,480
Mr. N. Srinivasan	–	–	–	6,50,000	6,50,000
Captain Bhupinder Singh Kumar	–	–	–	10,10,000	10,10,000
Ms. S. Gayathri	–	–	–	–	–

* The above remuneration includes Performance Bonus of previous year 2014-15 amounting to ₹ 30,99,004, paid to Captain Anoop Kumar Sharma during the year 2015-16.

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 Director(s) of the Company and its subsidiaries pursuant to the, 'Essar Shipping Employees Stock Option Scheme – 2011'. However, the Essar Shipping Employee Stock Options Scheme Trust had applied for equity shares and the Company issued 17, 48,304 equity shares against the options already vested, the new equity shares got listed on BSE and NSE.

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 Ltd. 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 is 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 Regulation 20 of the SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015. 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. The Stakeholders' Relationship Committee comprises Captain B.S. Kumar and Captain Anoop Kumar Sharma.

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. During the year ended on March 31, 2016, four (4) meetings of the Committee were held on May 21, 2015, August 14, 2015, November 06, 2015 and February 11, 2016. The Company received a total of 140 complaints during the year 2015-16. All the complaints received during the year were redressed and no complaint was outstanding as on March 31, 2016.

6. GENERAL BODY MEETING

Details of last three Annual General Meetings

Financial Year	Meeting, Financial Year, Date and Time	Location and Nature of Transaction
2014 - 15	5th AGM, on September 23, 2015 (3:00 p.m.)	Registered office of the Company, Jamnagar, Gujarat Special Resolution passed in respect of following matters: – Approval for Related Party Transactions of the Company – Approval for appointment of Ms. S. Gayatri (DIN: 07115908)
2013-14	4th AGM, on September 26, 2014 (10:00 a.m.)	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	3rd AGM, on September 25, 2013 (2:30 P.M.)	Registered office of the Company, Jamnagar, Gujarat. No Special Resolution was proposed.

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 Managing Director and the Chief Financial Officer have provided the Compliance Certificate to the Board of Directors as per regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2011 for the Financial Year Ended March 31, 2016.

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 Company has Risk Management Committee comprising of two Directors of the Company and Chief Financial Officer.

Internal Finance Control and Risk Management Systems

The 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.

The Audit Committee meeting was held on March 16, 2016 to review the Internal Finance Control System and procedure, a certificate on the same has been submitted by Internal Auditor to Audit Committee stating that Internal Finance Controls are in place and have operated effectively throughout FY 2015 -16.

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 material 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, 2016
Second Quarter Results	On or before November 15, 2016
Third Quarter Results	On or before February 14, 2017
Annual Results for the Year	On or before May 30, 2017

9. GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting details

Date	August 10, 2016
Venue	Administrative Building, Essar Refinery Complex Okha Highway (SH-25), Taluka Khambalia District Jamnagar, Gujarat - 361 305
Time	2:00 p.m.
Book Closure Dates	August 04, 2016 to August 10, 2016 (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

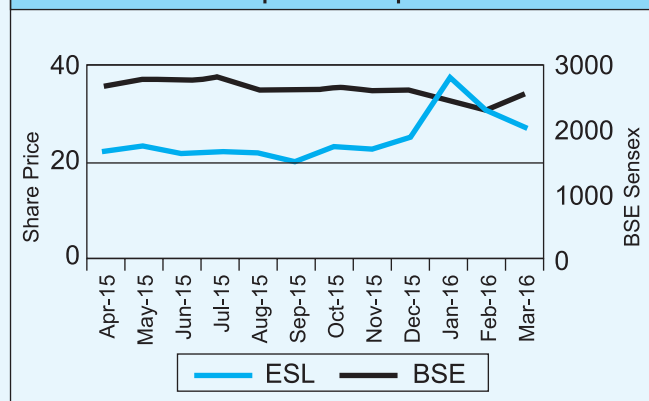
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 023.
Code : 533704

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

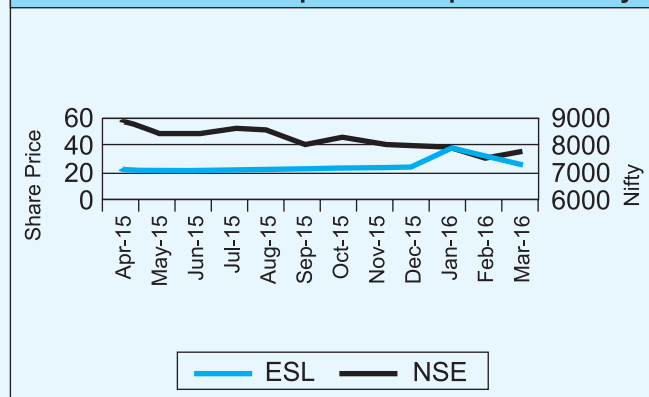
Market price data (High/Low) during each month in the Year 2015-16

BSE Limited			National Stock Exchange of India Limited		
Month	Highest	Lowest	Month	Highest	Lowest
April 2015	22.40	20.00	April 2015	22.50	20.10
May 2015	23.85	20.00	May 2015	22.00	19.20
June 2015	21.60	18.15	June 2015	21.95	19.00
July 2015	22.45	19.05	July 2015	22.50	18.50
August 2015	22.00	16.85	August 2015	21.85	17.15
September 2015	20.05	17.40	September 2015	21.85	17.95
October 2015	23.40	15.20	October 2015	23.45	18.10
November 2015	22.85	19.80	November 2015	22.90	19.50
December 2015	25.35	20.15	December 2015	25.40	19.80
January 2016	38.00	24.00	January 2016	38.10	24.00
February 2016	29.90	22.15	February 2016	29.85	22.30
March 2016	27.45	21.00	March 2016	27.50	22.10
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.

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, 2016

No. of Equity Shareholders	No of Share-holders	% of Share-holders	Total No of Shares	% of Holding
Upto 5000	90625	99.60	89,54,902	4.33
5001 to 10000	140	0.15	10,20,935	0.49
10001 to 20000	104	0.11	15,27,521	0.74
20001 to 30000	32	0.04	7,79,108	0.38
30001 to 40000	22	0.02	7,57,519	0.37
40001 to 50000	11	0.01	5,12,377	0.25
50001 to 100000	23	0.03	17,03,305	0.82
100001 and above	31	0.03	19,17,20,405	92.63
Total	90988	100.00	20,69,76,072	100.00

Dematerialisation of Shares as on March 31, 2016

Mode	No. of Shares	No. of Folio	%
Physical	2495787	49905	1.21
Demat	204480285	41083	98.79
TOTAL	20,69,76,072	90988	100.00

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

As on March 31, 2016, 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 extended to 24th August, 2017 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 Email: esl.secretarial@essar.com

Secretarial Audit

A qualified Practising Company Secretary (V. Mahesh & Associates) carries out secretarial audit on quarterly basis 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.

M/s Martinho Ferrao & Associates, Practicing Company Secretaries has conducted the secretarial Audit for the Financial Year 2015-16. The Secretarial Audit Report is annexed with the Directors' Report.

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/SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. The status of compliance of non-mandatory requirements under Clause 49 of the Listing Agreement/SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 is as follow:

The Board

Mr. P. K. Srivastava, a non-executive Chairman is entitled to 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 Managing Director/CEO

Mr. P. K. Srivastava holds the office of Chairman of the Company and Captain Anoop Kumar Sharma holds the office of Managing Director w.e.f November 1, 2015 and Whole-time Director & CEO upto October 31, 2015.

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:

- a) Captain Anoop Kumar Sharma, Managing Director
- b) Mr. Vikram Gupta, Chief Financial Officer
- c) Mr. Awaneesh Srivastava, Company Secretary

Reporting of Internal Auditor

The Internal auditor reports directly to the Audit Committee.

AUDITOR'S 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"), as stipulated under clause 49 of the Listing Agreement ("Listing Agreement") of the Company with the Stock exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with the Stock Exchanges of India as referred to in Regulation 15 (2) of the Listing Regulations for the period 1st December, 2015 to 31st March 2016.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/ Listing Regulations as applicable.

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

For and on behalf of

CNK & Associates LLP
Chartered Accountants
Firm Registration No. 101961W

Himanshu Kishnadwala
Partner
Membership No. 37391

Place : Mumbai
Date : May 25, 2016

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/Regulation 34(3), Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2016.

Captain Anoop Kumar Sharma
Managing Director

Place : Mumbai
Date : May 25, 2016

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 March 31, 2016, the Statement of Profit and Loss and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 and presentation 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 provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 misstatements, 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. 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 except for the matter described in Basis for Qualified opinion paragraph, the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Basis for Qualified Opinion

Attention is invited to note 13(a)(ii) of the financial statements regarding Managements ongoing assessment of 'other than temporary' decline in the value of long term investment of ₹ 4747.78 crores as at March 31, 2016 in equity shares of Essar Oilfields Services Limited, Mauritius, a wholly owned subsidiary of the Company, in terms of Accounting Standard 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 a 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 said 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 matters 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 March 31, 2016 and its loss and its cash flows for the year ended on that date.

Emphasis of matter paragraph

Managerial Remuneration paid to a Director of the Company for the year ended March 31, 2016, to the extent of ₹ 0.16 crores exceeds the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013. We have been informed by the management that approval has already been sought for the same and is currently awaited.

Our opinion is not modified in respect of this Matter.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in the paragraph 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 possible effects of the matter described in Basis for Qualified Opinion paragraph above, obtained all the information and

explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (b) In our opinion, except for the possible effects of the matter described in Basis for Qualified Opinion paragraph above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, except for the possible effects of the matter described in Basis for Qualified Opinion paragraph above, 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, in our opinion, may have an adverse effect on the functioning of the Company.
- (f) On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2016 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 are as stated in the Basis for Qualified Opinion paragraph above.
- (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in '**Annexure B**'; and
- (i) 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 that were required to be transferred to the investor education protection fund by the Company.

For **CNK & ASSOCIATES LLP**

Chartered Accountants

Firm's registration number: 101961W

Himanshu Kishnadwala

Partner

Membership number: 37391

Mumbai, May 25, 2016

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets;
- (b) During the year, the fixed assets were physically verified 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;
- (c) The title deeds of immovable properties are held in the name of the company;
- (ii) As informed to us, the inventory has been physically verified by the Management at reasonable intervals during the year and no material discrepancies have been noticed on such verification;
- (iii) The Company has granted unsecured loan, to one company covered in the register maintained under Section 189 of the Companies Act 2013;
- (a) In respect of the aforesaid loan, the terms and conditions of the grant of such loan are not prejudicial to the company's interest;
- (b) In respect of the aforesaid loan, since the loan is repayable on demand the regularity of the repayments of principal and payment of interest cannot be commented upon;
- (c) In respect of the aforesaid loan, since the loan is repayable on demand the overdue amounts cannot be determined;
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, Investments, guarantees and security;
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the rules framed there under to the extent notified;
- (vi) According to the information and explanations given to us, 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) (a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including provident fund, duty of customs and value added tax and other material statutory dues as applicable with appropriate authorities. However delays in deposits of tax deducted at source and service tax were observed ranging from 228 to 289 days. The extent of the arrears of tax deducted at source and service tax outstanding as at

March 31, 2016, for a period of more than six months from the date the same became payable is ₹ 27.38 crores and ₹ 7.66 crores due for 206 to 238 days and 206 to 694 days respectively;

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax and duty of customs at March 31, 2016 which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of Dues	Amount in crores	Period to which the amount relates	Forum where the matter is pending
Income Tax Act, 1961	Income Tax	7.29	1993-94	The High Court of Bombay
Foreign Trade (Development and Regulation Act, 1992)	Custom Duty	27.40	2006-07	The High Court of Bombay

- (viii) According to the records of the Company examined by us and the information and explanations given to us, except for the loans, borrowings and dues mentioned in the below table, the Company has not defaulted in repayment of loans or borrowings to any Financial Institution, Bank, Government or dues to Debenture Holders as at the balance sheet date;

(Amounts in crores)

Lender Name	Amount of Default		Total	Period of Default
	Principal	Interest		
<u>Debenture Holders</u>				
Life Insurance Corporation	700.00	178.00	878.00	1 to 740 days
CSEB (Chattisgarh State Electricity Board) Gratuity and Pension fund Trust	–	1.38	1.38	4 to 300 days
MTNL – Employees Provident Fund Trust	–	0.16	0.16	15 days
Rajasthan Rajya Vidyut Prasaran Nigam Limited	–	0.54	0.54	53 to 145 days
<u>Banks</u>				
State Bank of India	3.52	–	3.52	1 day
State Bank of Patiala	1.35	–	1.35	1 day
State Bank of Bikaner & Jaipur	2.43	–	2.43	1 day
State Bank of Travancore	1.50	–	1.50	1 day
Syndicate Bank	5.57	–	5.57	63 to 155 days
Indian Overseas Bank	4.58	–	4.58	67 to 159 days
Export Import Bank of India	2.35	–	2.35	31 days
<u>Financial Institutions</u>				
IL&FS Financial Services Limited	1.40	–	1.40	1 day
Total	722.70	180.08	902.78	

- (ix) According to the records of the Company examined by us and the information and explanation given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the

- year and in case of term loans taken during the year, the same were applied for the purposes for which those were raised;
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit;
 - (xi) According to the records of the Company examined by us and the information and explanations given to us, managerial remuneration to the extent of ₹ 0.16 crores exceeds the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013. Approval has already been sought for the same and is currently awaited;
 - (xii) The Company is not a Nidhi company and therefore the provisions of clause 3 (xii) of the Order are not applicable to the company;
 - (xiii) According to the records of the Company examined by us and the information and explanation given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details thereof have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
 - (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore clause 3(xiv) is not applicable to the Company;
 - (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable to the Company;
 - (xvi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934;

For **CNK & ASSOCIATES LLP**
Chartered Accountants
Firm's registration number: 101961W

Himanshu Kishnadwala
Partner
Membership number: 37391

Mumbai, May 25, 2016

ANNEXURE - B TO THE AUDITORS' REPORT**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Essar Shipping Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

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

Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **CNK & ASSOCIATES LLP**

Chartered Accountants

Firm's registration number: 101961W

Himanshu Kishnadwala

Partner

Membership number: 37391

Mumbai, May 25, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

(₹ in crore)

Particulars	Note No.	As at 31 st March, 2016	As at 31 st March, 2015
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	206.98	205.23
(b) Reserves and surplus	4	4,416.92	4,600.01
		<u>4,623.90</u>	<u>4,805.24</u>
2 Non-current liabilities			
(a) Long-term borrowings	5	2,464.85	1,578.20
(b) Other long-term liabilities	6	–	44.49
(c) Long-term provisions	7	22.11	12.88
		<u>2,486.96</u>	<u>1,635.57</u>
3 Current liabilities			
(a) Short-term borrowings	8	464.84	175.68
(b) Trade payables			
Due to			
– Micro and small enterprises	9	0.04	0.07
– Other than micro and small enterprises	9	272.15	241.66
(c) Other current liabilities	10	1,411.30	2,134.93
(d) Short-term provisions	11	5.16	5.52
		<u>2,153.49</u>	<u>2,557.86</u>
TOTAL EQUITY AND LIABILITIES		<u><u>9,264.35</u></u>	<u><u>8,998.67</u></u>
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
Tangible assets	12	1,287.79	1,500.43
(b) Non-current investments	13 (a)	6,022.87	5,261.83
(c) Long-term loans and advances	14	19.62	443.28
(d) Other non-current assets	16	36.91	29.96
		<u>7,367.19</u>	<u>7,235.50</u>
2 Current assets			
(a) Current investments	13 (b)	1,164.64	1,099.03
(b) Inventories	17	17.42	14.18
(c) Trade receivables	15	45.59	68.90
(d) Cash and bank balances	18	22.64	24.40
(e) Short-term loans and advances	14	336.37	414.57
(f) Other current assets	16	310.50	142.09
		<u>1,897.16</u>	<u>1,763.17</u>
TOTAL ASSETS		<u><u>9,264.35</u></u>	<u><u>8,998.67</u></u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For **CNK & Associates LLP**
Chartered Accountants

Himanshu Kishnadwala
Partner

Mumbai, 25th May, 2016

For and on behalf of the Board

Captain Anoop Kumar Sharma
Managing Director

Vikram Gupta
Chief Financial Officer

Mumbai, 25th May, 2016

N. Srinivasan
Director

Awaneesh Srivastava
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in crore)

Particulars	Note no.	Year ended 31 st March, 2016	Year ended 31 st March, 2015
INCOME			
1 Revenue from operations	19	728.70	791.14
2 Other income	20	148.62	207.76
Total		877.32	998.90
3 Expenses:			
Operating expenses	22	409.34	480.06
Employee benefits expense	21	105.06	107.63
Other expenses	23	43.71	59.43
Total		558.11	647.12
Profit before finance costs, depreciation and tax		319.21	351.78
4 Finance costs	24	280.37	286.32
5 Depreciation	12	149.07	143.96
Loss before tax		(110.23)	(78.50)
7 Tax expense:			
Current tax		(3.39)	(4.50)
8 Loss for the year		(113.62)	(83.00)
9 Earnings per equity share (face value of ₹ 10 each) :	29	390.86	472.39
Basic and diluted (in ₹)		(5.53)	(4.04)

See accompanying notes forming part of the financial statements

In terms of our report attached

For **CNK & Associates LLP**
Chartered Accountants**Himanshu Kishnadwala**
Partner

Mumbai, 25th May, 2016

For and on behalf of the Board

Captain Anoop Kumar Sharma
Managing Director**Vikram Gupta**
Chief Financial Officer

Mumbai, 25th May, 2016

N. Srinivasan
Director**Awaneesh Srivastava**
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in crore)

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(110.23)	(78.50)
Adjustments for :		
Depreciation expense	149.07	143.96
Finance costs	280.37	286.32
Interest income	(57.96)	(88.79)
Gain on foreclosure of finance leases	(53.27)	(64.17)
(Gain) / loss on sale of other assets	(0.09)	(0.02)
Dividend from a subsidiary company	–	(1.37)
Miscellaneous expenditure written off	–	0.41
Amortisation of stock based employee compensation	(0.25)	0.45
Gain on buy-back of equity shares by a subsidiary	(5.81)	(25.62)
Provision for diminution in value of assets held for sale	28.86	–
Unrealised foreign exchange loss	(48.01)	30.62
Operating profit before working capital changes	182.68	203.29
Changes in working capital:		
(Increase) / Decrease in inventories	(3.24)	8.54
(Increase) / Decrease in trade receivables, loans and advances and other assets	(23.45)	(23.49)
Increase / (Decrease) in trade payables, other liabilities and short term provisions	88.29	(2.64)
Cash generated from operations	244.28	185.70
Income taxes refunded / (paid), net	(15.30)	18.33
Net cash generated from operating activities	228.98	204.03
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	–	(0.11)
Proceeds from sale of fixed assets	0.09	21.02
Advance against asset held for sale	32.65	–
Share Application money given to a subsidiary	(252.57)	–
Proceeds from redemption of investments in a subsidiary	12.53	71.42
Redemption of investments in preference shares	–	6.32
Fixed deposits placed for a period of more than three months	(6.94)	(11.04)
Loans and advances given to a subsidiary	(2.45)	(16.73)
Loans and advances repaid by a subsidiary	53.80	22.57
Interest received	4.09	8.54
Dividend received from a subsidiary company	–	1.37
Net cash (used in) / generated from investing activities	(158.80)	103.36

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in crore)

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term loans	190.16	256.77
Proceeds from short-term loans	49.05	34.48
Proceeds from intercorporate deposits	385.41	—
Issue of equity shares at a premium	5.11	—
Repayment of long-term loans	(249.40)	(207.37)
Repayment of short-term loans	(12.18)	(6.07)
Repayment/cancellation of finance lease obligations	(199.74)	(242.04)
Finance costs paid	(235.35)	(156.42)
Net cash used in financing activities	(66.94)	(320.65)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	3.24	(13.26)
Unrealised foreign currency loss on cash and cash equivalents	0.01	(0.02)
Cash and cash equivalents at the beginning of the year	0.43	13.71
Cash and cash equivalents at the end of the year (refer note 18A)	3.68	0.43
See accompanying notes forming part of the financial statements		
Note:		
Reconciliation between cash and cash equivalents and cash and bank balances.		
Particulars	As at 31st March, 2016	As at 31st March, 2015
Cash and cash equivalents as per cash flow statement	3.68	0.43
Add: margin money deposits not considered as cash and cash equivalents as per AS-3	18.96	23.97
Cash and bank balances as per note 18	22.64	24.40

In terms of our report attached

For **CNK & Associates LLP**
Chartered Accountants**Himanshu Kishnadwala**
Partner

Mumbai, 25th May, 2016

For and on behalf of the Board

Captain Anoop Kumar Sharma
Managing Director**Vikram Gupta**
Chief Financial Officer

Mumbai, 25th May, 2016

N. Srinivasan
Director**Awaneesh Srivastava**
Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

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.

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
Aircraft	17 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.

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. VALUATION 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. 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:

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

c) Post-employment benefit plan:

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

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

The retirement benefit obligation recognised in the balance sheet represents the present value of the

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

d) Short-term employee benefits

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

e) Long-term employee benefits

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

f) Employee Stock Option Scheme:

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

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

O. 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:

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

currency monetary item or 31 March 2020, whichever is earlier.

P. 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.

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, 2016		As at 31 st March, 2015	
	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	206,976,072	206.98	205,227,768	205.23
	<u>206,976,072</u>	<u>206.98</u>	<u>205,227,768</u>	<u>205.23</u>
(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period				
	As at 31 st March, 2016		As at 31 st March, 2015	
	Number	₹ in crore	Number	₹ in crore
Equity shares of ₹ 10/- each				
At the beginning of the year	205,227,768	205.23	205,227,768	205.23
Add: Issued during the year	1,748,304	1.75	—	—
At the end of the year	<u>206,976,072</u>	<u>206.98</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, 2016			As at 31 st March, 2015		
	Number	₹ in crore	%	Number	₹ in crore	%
Equity shares of ₹ 10/- each						
Essar Ports & Shipping Limited, Mauritius, the immediate holding company	124,362,408	124.36	60.09%	124,362,408	124.36	60.60%
Essar Shipping & Logistics Limited, Cyprus, the intermediate holding company	21,406,365	21.41	10.34%	21,406,365	21.41	10.43%
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%
b) Others (if holding shares more than 5%)	—	—	—	—	—	—
	<u>147,042,417</u>	<u>147.04</u>	<u>71.04%</u>	<u>147,042,417</u>	<u>147.04</u>	<u>71.65%</u>

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

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

	Year (Aggregate no. of shares)					
	2015-16	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 3,77,463 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) (e) to note 5 for details.

4. RESERVES AND SURPLUS

Particulars	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore
a. Debenture redemption reserve (refer foot note below)		
Opening balance	55.00	55.00
Closing balance	55.00	55.00
b. Share options outstanding account		
Opening balance	1.47	1.02
Additions during the year	(0.97)	0.45
Closing balance	0.50	1.47
c. Tonnage tax (utilised) reserve		
Opening balance	20.00	20.00
Closing balance	20.00	20.00
d. Tonnage tax reserve		
Opening balance	45.00	45.00
Closing balance	45.00	45.00
e. Cash flow hedge reserve		
Opening balance	(12.88)	—
Addition during the year (refer note 31.A)	(9.23)	(12.88)
Closing balance	(22.11)	(12.88)
f. Securities Premium		
Addition during the year (refer note 34 (a))	3.36	—
g. General reserve	4,835.22	4,835.22
h. Foreign currency monetary items translation difference account (FCMITDA)		
Opening balance	(16.97)	(28.83)
Add: Effect of foreign exchange rate variation during the year	(15.44)	(10.29)
Less: Amortisation during the year	(47.19)	22.15
Closing balance	(79.60)	(16.97)
i. Deficit in Statement of Profit and Loss		
Opening balance	(326.83)	(243.41)
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life	—	(0.42)
Less: Net loss for the year	(113.62)	(83.00)
Closing balance	(440.45)	(326.83)
Total	4,416.92	4,600.01

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, 2016. 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, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ 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%, 190 non convertible debentures and 12.30% 205 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 receivable)	259.54	278.06	43.93	38.32
Foreign currency term loans (secured by first charge on five bulk carriers and its receivables)	244.63	271.38	65.42	44.43
Rupee term loan (secured by extended charge on a supramax bulk carrier of the Company, six tugs and two barges of a subsidiary company and corporate guarantee given by Essar Shipping & Logistics Limited, Cyprus)	223.38	119.38	26.00	49.96
(ii) from others				
Rupee term loan (secured by first charge on three mini bulkers and four tugs of a subsidiary company as well as a corporate guarantee of Essar Global Fund Limited)	62.76	–	112.00	44.38
Rupee term loan (secured by assignment of rights under shipbuilding contract by the holding company with third party)	–	–	–	105.00
Total secured loans [A]	829.81	708.32	947.35	982.09
Unsecured				
(a) Foreign currency convertible bonds (FCCBs) (refer note (i) (e) below)	1,591.99	697.44	–	804.74
(b) Finance lease obligations [refer note 26(a)]	–	158.65	–	83.11
(c) Others	43.05	13.79	28.30	20.69
Total unsecured loans [B]	1,635.04	869.88	28.30	908.54
Total [A+B]	2,464.85	1,578.20	975.65	1,890.63
Less: Amount disclosed under the head 'other current liabilities' (refer note 10)	–	–	(975.65)	(1,890.63)
Long - term borrowings	2,464.85	1,578.20	–	–

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 instalments starting from October, 2010 to December, 2019.
- d) **Secured foreign currency term loans from banks:** Repayable in quarterly instalments starting from March, 2006 to July, 2019
- e) **Foreign currency convertible bonds:** i) 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 got extended to 24th August, 2017, 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.
- f) **Interest rates:** Loans availed from banks, financial institutions, NBFC's and Alternate Investment Funds carry a weighted average interest rate of 7.53% per annum (previous year: 7.48% per annum)
- g) **Scheduled repayments:** Contractual repayments in case of loans from banks, financial institutions, NBFC's and Alternate Investment Funds are provided below:

Particulars	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore
Between one to three years	2,848.13	2,700.91
Between three to five years	186.97	246.62
Over five years	334.04	245.06

6. OTHER LONG - TERM LIABILITIES

Particulars	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore
Others		
Security deposit from a related party (refer note 33)	—	9.00
Interest accrued but not due	—	35.49
Total	<u>—</u>	<u>44.49</u>

7. LONG - TERM PROVISIONS

Particulars	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore
Provisions for estimated losses on derivative contracts (refer note 31.A)	22.11	12.88
	<u>22.11</u>	<u>12.88</u>

8 SHORT - TERM BORROWINGS

Particulars	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore
Secured		
(a) Loans repayable on demand		
(i) from banks	54.43	50.68
Cash credit facility from bank (secured by first parri passu charge on a very large crude carrier)		
(ii) from others	25.00	125.00
Short-term loan (secured by subservient charge on present and future surplus cash flows of the Company)		
(A)	79.43	175.68
Unsecured		
(a) Loan from related parties (refer note 33)	385.41	—
(B)	385.41	—
Total	464.84	175.68

9. TRADE PAYABLES

Particulars	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore
Trade payables:		
– Dues to micro and small enterprises(refer note below)	0.04	0.07
– Other than micro and small enterprises	272.15	241.66
Total	272.19	241.73

Note: Micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

Particulars	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore
Principal amount due and remaining unpaid	—	—
Interest due and unpaid on the above amount	—	—
Interest paid by the Company in terms of section 16 of the Micro, Small and Medium enterprises Act, 2006	—	—
Payment made beyond the appointed day during the year	—	—
Interest due and payable for the period of delay	—	—
Interest accrued and remaining unpaid	—	—
Amount of further interest remaining due and payable	—	—

10. OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2016 ₹ in crore	As at 31st March, 2015 ₹ in crore
Unearned revenue on services	8.32	5.58
Advance from customers	5.09	9.17
Current maturities of long-term borrowings (including instalments overdue at the year end ₹ 127.67 crores (previous year ₹ 47.17) crores (refer note 5)	275.65	302.78
Foreign currency convertible bonds (refer note 5)	—	804.74
Non convertible debentures, called but not paid (refer foot note (i)(a) to note 5 and note 35)	700.00	700.00
Current maturities of finance lease obligations (refer note 5)	—	83.11
Interest accrued but not due on borrowings	30.63	43.90
Interest accrued and due on borrowings, including interest overdue at the year end ₹ 227.28 crores	233.45	114.54
Temporary overdrawn bank balances	0.05	2.73
Advance received against sale consideration (Refer footnote (ii) of Note 12)	32.65	—
Security deposits from related parties (refer note 33)	13.50	4.50
Statutory and other related dues	111.96	63.88
Total	1,411.30	2,134.93

11. SHORT - TERM PROVISIONS

Particulars	As at 31st March, 2016 ₹ in crore	As at 31st March, 2015 ₹ in crore
Provisions for employee benefits		
Superannuation	0.02	0.08
Gratuity	4.22	3.95
Compensated absences	0.92	1.49
Total	5.16	5.52

12. TANGIBLE ASSETS

₹ in crore

Particulars	Gross block				Accumulated depreciation					Net block	
	As at 01.04.2015	Additions	Exchange differences (refer note 25)	Disposals	As at 31.03.2016	As at 01.04.2015	For the year (refer note (ii) below)	Transfer to opening reserve (refer note (iii) below)	Disposals	As at 31.03.2016	As at 31.03.2016
Land	0.13 (0.13)	— —	— —	— —	0.13 (0.13)	— —	— —	— —	— —	— —	0.13 (0.13)
Buildings	6.44 (6.44)	— —	— —	— —	6.44 (6.44)	4.18 (3.71)	0.47 (0.47)	— —	— —	4.65 (4.18)	1.79 (2.26)
Fleet	1,786.30 (1,349.11)	447.00 (412.16)	36.57 (25.03)	— —	2,269.87 (1,786.30)	647.66 (423.99)	134.90 (110.18)	— —	(136.08) (113.49)	918.64 (647.66)	1,351.23 (1,138.64)
Fleet (taken on lease)	433.35 (833.94)	— —	13.65 (11.57)	447.00 (412.16)	0.00 (433.35)	128.44 (214.84)	7.64 (27.09)	— —	136.08 (113.49)	— (128.44)	— (304.91)
Plant and equipment (refer note (i) below)	38.84 (38.84)	— —	— —	— —	38.84 (38.84)	38.84 (38.84)	— —	— —	— —	38.84 (38.84)	— —
Aircraft	98.38 (96.40)	— —	— (1.98)	— —	98.38 (98.38)	44.17 (38.26)	5.91 (5.91)	— —	— —	50.08 (44.17)	48.29 (54.21)
Furniture and fixtures	0.65 (0.65)	— —	— —	— —	0.65 (0.65)	0.54 (0.48)	0.05 (0.06)	— —	— —	0.59 (0.54)	0.05 (0.11)
Office equipment	2.55 (2.44)	— (0.11)	— —	— —	2.55 (2.55)	2.41 (1.89)	0.07 (0.11)	— (0.41)	— —	2.48 (2.41)	0.07 (0.14)
Vehicles	1.42 (1.60)	— —	— —	1.11 (0.18)	0.31 (1.42)	1.39 (1.41)	0.03 (0.14)	— (0.01)	1.11 (0.17)	0.31 (1.39)	0.00 (0.03)
	2,368.06	447.00	50.22	448.11	2,417.17	867.63	149.07	—	1.11	1,015.59	1,401.58
Less: Transferred to fixed asset held for sale (refer foot note (ii) below)					228.36					114.57	113.79
Total	2,368.06	447.00	50.22	448.11	2,188.81	867.63	149.06	—	1.11	901.02	1,287.79
Previous year	(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)

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).
- The Company has entered into a memorandum of agreement with a customer to sell the aircraft and has received advance payment of ₹ 32.65 crore (previous year Nil). The written down value of the same amounting to ₹ 84.93 crores (previous year: Nil) has been shown as fixed assets held for sale. (Refer Note 16). The company has also entered into a Memorandum of agreement dated 11th May, 2016 to sell a vessel and has provided for the diminution in value of the same amounting to ₹ 28.86 crore (Refer Note 23).
- 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 is higher than their respective carrying amount.
- Previous year figures are disclosed in brackets.

13 (a) NON-CURRENT INVESTMENTS

Particulars	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ 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 Arkay 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
40,845,026 (previous year 42,340,626) Equity shares of US\$ 1 each of Energy II Limited	183.48	190.19
50 Equity shares of AED 1000/- each of Essar Shipping DMCC, Dubai*	0.09	—
	324.23	330.85
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 subsidiaries (unquoted, fully paid up)		
2,315,785 (Previous year 2,315,785), 7% cumulative non convertible redeemable preference shares of US\$ 10 each of Essar Oilfields Services Limited	153.61	144.95
850,000, 7% cumulative compulsorily convertible preference shares of US\$ 10 each of Essar Oilfields Services Limited	38.25	38.25
75,90,00,000, 14.5% optionally convertible cumulative (redeemable) participating preference shares of ₹ 10 each of Essar Oilfield Services (India) Limited*	759.00	—
	950.86	183.20
Total	6,022.87	5,261.83
Aggregate amount of unquoted non - current investments	6,022.87	5,261.83
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, 2016. The management is in 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 assessment, no provision for diminution in the carrying value, if any, of the aforesaid investment has been recognised as on 31st March, 2016.		
* These investments were made during the year for general business purposes		

13 (b) CURRENT INVESTMENTS

Particulars	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore
Investment in mutual fund (Unquoted, fully paid up) (At lower of cost and net realisable value)		
Nil (previous year 1,00,000) units of ₹ 10 each of Union KBC Capital Protection Oriented Fund (NAV as on 31st March 2015 ₹ 13.85 each))	–	0.10
Current Portion of long term investment	1,164.64	1,098.93
17,557,442 (Previous year 17,557,442), 7% cumulative non convertible redeemable preference shares of US\$ 10 each of Essar Oilfields Services Limited		
Total	1,164.64	1,099.03
Aggregate amount of unquoted current investment	1,164.64	1,099.03

14. LONG-TERM / SHORT-TERM LOANS AND ADVANCES (UNSECURED AND CONSIDERED GOOD)

Particulars	Non - current		Current	
	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore
a. Security deposits	1.06	18.66	6.25	3.00
b. Loans and advances to related parties (refer note 33)*	–	418.00	28.23	369.60
c. Advances recoverable in cash or kind or for value to be received	–	–	7.43	11.35
d. Other loans and advances				
Advance towards allotment of shares	–	–	252.57	–
Advance income-tax and tax deducted at source (net of provision for taxation ₹ 23.15 (previous year ₹ 16.60) crore)	18.50	6.52	16.54	16.60
Prepaid expenses	0.06	0.10	6.53	6.08
Loans and advances to employees/others	–	–	3.94	0.04
Cenvat credit / Service tax receivable	–	–	14.88	7.90
Total	19.62	443.28	336.37	414.57

* Current loans and advances outstanding as at 31st March 2016 relate to interest accrued on loans given to Essar Oilfields Services (India) Limited for general business purposes. These loans alongwith interest accrued thereon amounting to ₹ 759 crores were converted to investments during the year carried an interest rate of 13.50% per annum.

15 TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD)

Particulars	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore
Secured, considered good		
(i) Outstanding for a period exceeding six months from the date they were due for payment	0.01	1.28
(ii) Other trade receivables	45.58	67.62
Total	45.59	68.90

16. OTHER NON - CURRENT / CURRENT ASSETS (UNSECURED, CONSIDERED GOOD)

Particulars	Non - current		Current	
	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore
Bank deposits held as margin money	19.06	7.10	—	—
Unbilled revenue	—	—	53.38	7.34
Receivables on sale of fixed assets	—	—	—	0.20
Unamortised operating lease expenses	—	—	127.84	122.79
Unamortised upfront fee and other ancillary borrowing costs	17.85	22.86	36.31	6.16
Insurance claim receivable	—	—	6.46	0.03
Interest accrued on fixed deposits	—	—	1.58	0.85
Other receivable	—	—	—	4.72
Fixed assets held for sale (refer foot note (ii) of note 12)	—	—	84.93	—
Total	36.91	29.96	310.50	142.09

17. INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

Particulars	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore
Fuel, oil and lubricants	17.42	14.18
Total	17.42	14.18

18. CASH AND BANK BALANCES

Particulars	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore
A. Cash and cash equivalents		
Balances with banks in current accounts	3.68	0.43
	3.68	0.43
B. Other bank balances		
Margin money deposits (lien marked against guarantee issued by bank)	18.96	23.97
	18.96	23.97
Total	22.64	24.40

19. REVENUE FROM OPERATIONS

Particulars	Year ended 31 st March, 2016 ₹ in crore	Year ended 31 st March, 2015 ₹ in crore
Sale of services		
Fleet operating and chartering earnings	725.15	787.85
Other operating income		
Supervision/ management fees	3.55	3.29
Total	728.70	791.14

20. OTHER INCOME

Particulars	Year ended 31 st March, 2016 ₹ in crore	Year ended 31 st March, 2015 ₹ in crore
Interest income		
– from banks	2.95	1.99
– from related parties on intercorporate deposits (refer note 33)	54.90	83.70
– from others	0.11	3.10
Dividend from a subsidiary company	–	1.37
Net gain on foreign currency translation and transactions	29.29	–
Other non operating income	2.20	27.79
Gain on foreclosure of finance leases	53.27	64.17
Gain on buy-back of equity shares by a subsidiary	5.81	25.62
Profit on sale of other assets	0.09	0.02
Total	148.62	207.76

21. EMPLOYEE BENEFITS EXPENSE

Particulars	Year ended 31 st March, 2016 ₹ in crore	Year ended 31 st March, 2015 ₹ in crore
Offshore staff		
Salaries, wages and bonus	76.03	76.85
Contribution to staff provident and other funds	1.58	1.61
Staff welfare expenses	10.72	10.45
Office staff		
Salaries, wages and bonus	13.93	14.93
Contribution to staff provident and other funds	0.82	1.43
Staff welfare expenses	1.73	1.91
Employee Stock Option Scheme (refer note 4 and 34)	0.25	0.45
Total	105.06	107.63

22. OPERATING EXPENSES

Particulars	Year ended 31 st March, 2016 ₹ in crore	Year ended 31 st March, 2015 ₹ in crore
Consumption of stores and spares	11.27	16.00
Consumption of fuel, oil and water	100.93	178.64
Direct voyage expenses	236.75	226.88
Commission, brokerage and agency fees	0.89	2.16
Standing costs	16.10	18.37
Dry docking expenses	11.55	10.93
Insurance, protection and indemnity club fees	31.85	27.08
Total	409.34	480.06

23. OTHER EXPENSES

Particulars	Year ended 31st March, 2016 ₹ in crore	Year ended 31st March, 2015 ₹ in crore
Rent	4.78	4.99
Rates and taxes	0.15	0.13
Repairs and maintenance		
– buildings	0.04	0.17
– others	0.31	0.29
Legal and professional fees	6.50	15.85
Travelling and conveyance	1.34	1.78
Auditor's remuneration (refer note below)	0.26	0.99
Net loss on foreign currency translation and transaction (other than considered as finance cost)	–	32.32
Diminution in value of fleet held for sale (refer foot note (ii) of note 12)	28.86	–
Other establishment expenses	1.47	2.91
Total	43.71	59.43

Note	Year ended 31st March, 2016 ₹ in crore	Year ended 31st March, 2015 ₹ in crore
Auditor's remuneration comprises (net of service tax)		
As auditor	0.26	0.68
Reimbursement of expenses	0.01	0.01
For other services	–	0.30
Total	0.26	0.99

24. FINANCE COSTS

Particulars	Year ended 31st March, 2016 ₹ in crore	Year ended 31st March, 2015 ₹ in crore
Interest expense		
– on bank loans	59.13	50.68
– on loans from financial Institutions	36.57	48.04
– on finance lease obligations	0.28	5.22
– on foreign currency convertible bonds	29.65	75.17
– on debentures	95.83	85.09
– on others	50.54	14.17
Loan commitment / processing charges, guarantee fees and other charges	8.37	7.95
Total	280.37	286.32

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, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore
a) Exchange loss capitalised to the cost of the fixed assets	50.22	38.58
b) Depreciation on the above exchange loss for the year in which exchange difference has been capitalised	5.36	3.47
c) Exchange loss transferred to Foreign Currency Monetary Items Translation Difference Account (FCMITDA) for the year (net)	15.44	10.29
d) Amortisation of exchange differences for the year from FCMITDA (net)	(47.19)	22.15

26. DETAILS OF LEASING ARRANGEMENTS:
a) Finance leases : Company as a lessee

During the year, the Company has foreclosed the lease arrangement for a vessel and therefore the future minimum lease payments (MLP) together with the present value of the MLP payable by the Company are ₹ Nil :

Particulars	– not later than one year	– later than one year but not later than five years	– later than five years	Total
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
As at 31st March, 2016				
Future minimum lease payments	–	–	–	–
Unmatured finance charges	–	–	–	–
Present value of minimum lease payments	–	–	–	–
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

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:	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore
– not later than one year	231.25	221.12
– later than one year but not later than five years	822.32	808.09
– later than five years	808.76	937.76
Total	1,862.33	1,966.97

c) Lease payments for the year ₹ 83.41 crore (previous year ₹ 133.06 crore) have been recognised under direct voyage expenses (refer note 22)

27. CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at 31 st March, 2016 ₹ in crore	As at 31 st March, 2015 ₹ in crore
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*	712.02	592.03
ii) Bills discounted with bank	82.15	48.85
* Includes corporate guarantees issued during the year on behalf of Essar Oilfields Services Limited amounting to ₹ 43.12 crores and Essar Oilfields Services (India) Limited amounting to ₹ 76.87 crores for general 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	Year ended 31 st March, 2016 ₹ in crore	Year ended 31 st March, 2015 ₹ in crore
India	527.63	546.94
China	—	7.17
Switzerland	—	27.53
Singapore	95.01	133.04
Cyprus	1.75	1.61
UAE	50.03	27.50
South Korea	28.14	36.09
Bermuda	26.13	—
Marshall Island	—	9.87
Rest of the world	—	1.39
Total	728.70	791.14

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	Year ended 31 st March, 2016 ₹ in crore	Year ended 31 st March, 2015 ₹ in crore
Loss for the year	(113.62)	(83.00)
Equity shares at the beginning of the year (nos.)	205,227,768	205,227,768
Equity shares issued during the year	1,748,304	—
Equity shares at the end of the year (nos.)	206,976,072	205,227,768
Weighted average equity shares for the purpose of calculating basic earnings per share (nos.)	205,299,420	205,227,768
Weighted average equity shares for the purpose of calculating diluted earnings per share (nos.)	205,521,807	205,450,155
Earnings per share-basic (face value of ₹ 10/- each) (₹)	(5.53)	(4.04)
Earnings per share-diluted (face value of ₹ 10/- each) (₹)	(5.53)	(4.04)

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 anti dilutive.

30. DISCLOSURE UNDER REGULATION 34(3) OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015

₹ in crore

Particulars	Year ended 31 st March, 2016		Year ended 31 st March, 2015	
	Amount outstanding	Maximum amount outstanding	Amount outstanding	Maximum amount outstanding
Subsidiary companies				
a) Essar Oilfield Services India Limited	28.23	797.22	786.14	786.14
b) Energy Transportation International Limited	—	—	—	11.13

31. DERIVATIVE INSTRUMENTS, UNHEDGED FOREIGN CURRENCY EXPOSURE AND TRANSACTIONS IN FOREIGN CURRENCY :

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

The Company follows 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 ₹ 22.11 (previous year ₹ 12.88) crore has been carried over to cash flow hedge reserve as of 31st March, 2016 for Currency Swap hedging.

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, 2016	As at 31 st March, 2015	Currency	As at 31 st March, 2016	As at 31 st March, 2015
	₹ in crore	₹ in crore		F.C in million	F.C. In million
i) Export of goods and services	32.17	12.58	USD	4.85	2.01
ii) Advances to vendors	2.00	6.34	USD	0.30	1.01
	0.49	0.27	EUR	0.07	0.00
	0.25	0.05	JYP	0.02	0.94
	0.10	0.04	SGD	0.02	0.01
	0.18	—	AED	0.10	—
iii) Receivable from holding company	—	1.32	USD	—	0.21
iv) Bank balances	0.09	0.04	USD	0.01	0.01
v) 7% Cumulative non convertible preference shares	1,318.25	1,243.88	USD	198.73	198.73
Total	1,353.53	1,264.52			

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

Particulars	As at 31 st March, 2016	As at 31 st March, 2015	Currency	As at 31 st March, 2016	As at 31 st March, 2015
	₹ in crore	₹ in crore		F.C in million	F.C. In million
i) Import of goods and services	146.65	70.40	USD	22.11	11.25
	0.54	0.49	GBP	0.06	0.05
	1.26	1.62	EUR	0.17	0.23
	9.70	0.73	JPY	16.43	13.87
	2.06	2.88	SGD	0.42	0.62
	0.48	0.45	KWD	0.02	0.02
	2.10	2.04	AED	1.17	1.20
	—	0.07	AUD	—	0.02
	162.80	78.68			

Particulars	As at 31 st March, 2016	As at 31 st March, 2015	Currency	As at 31 st March, 2016	As at 31 st March, 2015
	₹ in crore	₹ in crore		F.C in million	F.C. In million
ii) Temporary overdrawn bank balances	–	0.31	USD	–	0.05
iii) Secured and unsecured borrowings payable (including interest accrued and due and not due)	621.42	640.43	USD	93.68	102.32
iv) Foreign currency convertible bonds (including interest accrued and due and not due)	1,598.23	1,575.94	USD	240.94	251.79
v) Finance lease obligations (including interest accrued and due and not due)	–	242.13	USD	–	38.63
Total	2,382.44	2,537.49			

(c) Transactions in foreign currency

Particulars	Year ended 31 st March, 2016		Year ended 31 st March, 2015	
(i) CIF value of imports				
Components and spare parts	6.14		8.56	
Capital goods	–		–	
Total	6.14		8.56	
(ii) Expenditure in foreign currency				
Direct voyage expenses	260.87		302.40	
Standing costs	84.21		81.63	
Insurance and protection club fees	7.85		3.17	
Legal and professional fees	2.31		0.86	
Interest and finance costs	66.61		117.54	
Others	11.86		7.48	
Total	433.72		513.09	
(iii) Earning in foreign currency				
Fleet operating and chartering	199.21		242.33	
Supervision and management fees	3.31		3.05	
Others	59.94		98.48	
Total	262.46		343.85	
Particulars	Year ended 31 st March, 2016		Year ended 31 st March, 2015	
	₹ in crore	% of total	₹ in crore	% of total
(iv) Consumption of Imported and Indigenous components and spare parts				
Imported	6.14	54.49	8.56	53.50
Indigenous	5.13	45.51	7.44	46.50
Total	11.27	100.00	16.00	100.00

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 21)

Particulars	Year ended 31 st March, 2016 ₹ in crore	Year ended 31 st March, 2015 ₹ in crore
a) Employer's contribution to gratuity fund (offshore crew staff)	0.25	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	0.34
d) Employer's contribution to provident fund (offshore crew staff)	0.24	0.24
	0.84	0.82

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)	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Present value of defined benefit obligations as at the beginning of the year	41.08	29.63	2.08	1.85	3.30	2.64	1.49	1.84
Current service cost	1.00	4.45	0.10	0.10	0.31	0.35	—	0.13
Current service contribution- employee	1.16	4.68	—	—	—	—	—	—
Interest cost	2.33	1.95	0.15	0.16	0.25	0.24	0.11	0.16
Transfer in	0.46	0.07	—	—	—	—	—	—
Benefits paid	(9.48)	(2.09)	(0.39)	(0.32)	(0.26)	—	(0.12)	(0.17)
Actuarial (gain)/loss on obligations	0.19	2.39	(0.27)	0.29	0.14	0.07	(0.56)	(0.47)
Present value of defined benefit obligations as at the end of the year	36.74	41.08	1.67	2.08	3.74	3.30	0.92	1.49

(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)	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Fai value of plan assets at the beginning of the year	41.08	29.63	1.43	1.40	—	—	—	—
Expected return on plan assets	—	—	0.11	0.11	—	—	—	—
Actual return on plan assets	2.52	4.34	0.03	0.22	—	—	—	—
Actuarial (gain) / loss	—	—	0.01	0.01	—	—	—	—
Contributions by the employer/ employees	2.61	9.20	—	—	—	—	—	—
Benefits paid	(9.47)	(2.09)	(0.39)	(0.31)	—	—	—	—
Fair value of plan assets as at the end of the year	36.74	41.08	1.19	1.43	—	—	—	—

(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)	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Present value of defined benefit obligations as at the end of the year	36.74	41.08	1.67	2.08	3.74	3.30	0.92	1.49
Fair value of plan assets as at end of the year	36.74	41.08	1.19	1.43	—	—	—	—
Liability recognised in the Balance Sheet (included in provisions) (note 11)	—	—	0.48	0.65	3.74	3.30	0.92	1.49

(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)	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Expected return on plan assets	(2.33)	(1.95)	—	—	—	—	—	—
Net actuarial (gain)/ loss recognised in the year	—	—	0.05	0.29	—	—	(0.45)	(0.47)
Total expenses recognised in the Statement of Profit and Loss (Included in Contribution to provident and other funds (note no. 21)	1.00	4.45	0.15	0.42	0.56	0.09	(0.45)	(0.47)

(E) Experience history:

₹ in crore

Particulars	Provident fund (funded)					Gratuity-office staff (funded)				
	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Defined benefit obligations at the end of the year	(36.74)	(41.08)	(29.63)	(24.77)	(22.29)	(1.67)	(2.08)	(1.85)	(1.99)	(1.79)
Plan assets at the end of the period	36.74	41.08	29.63	24.77	22.29	1.19	1.43	1.40	1.08	1.17
Funded status	–	–	–	–	–	(0.48)	(0.65)	(0.45)	(0.91)	(0.62)
Experience gain /(loss) adjustments on plan liabilities	–	–	–	–	–	0.28	(0.18)	0.25	(0.02)	(0.01)
Experience gain /(loss) adjustments on plan assets	–	–	–	–	–	0.01	0.01	0.06	(0.10)	–
Actuarial gain/(loss) due to change in assumptions	–	–	–	–	–	–	(0.11)	0.10	(0.03)	0.04

₹ in crore

Particulars	Gratuity - Offshore officers (non-funded)					CA - paid leave (non-funded)				
	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Defined benefit obligations at the end of the year	(3.74)	(3.30)	(2.64)	(3.51)	(2.98)	(0.92)	(1.49)	(1.84)	(1.98)	(1.68)
Plan assets at the end of the period	–	–	–	–	–	–	–	–	–	–
Funded status	(3.74)	(3.30)	(2.64)	(3.51)	(2.98)	(0.92)	(1.49)	(1.84)	(1.98)	(1.68)
Experience gain /(loss) adjustments on plan liabilities	(0.13)	0.21	1.44	0.38	(0.03)	0.56	0.10	0.29	–	(0.06)
Experience gain /(loss) adjustments on plan assets	–	–	–	–	–	–	–	–	–	–
Actuarial gain/(loss) due to change in assumptions	(0.01)	(0.28)	0.24	(0.14)	0.11	–	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)	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
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)	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Discount rate (per annum)	7.75%	7.80%	7.75%	7.80%	7.75%	7.80%	7.75%	7.80%
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%	0.00%	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:

Leave balance as at the valuation date and each subsequent year following the valuation date to the extent not availed by the employee accrued till 31st December, 2014, 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: (AS PER AS18)**a) Holding companies :**

- i) Essar Global Fund Limited, Cayman Island, ultimate holding company
- ii) Essar Shipping & Logistics Limited, Cyprus, intermediate holding company
- iii) Essar Ports & Shipping Mauritius Limited, Mauritius, intermediate holding company
- iv) Essar Ports & Shipping HoldCo Limited, Mauritius, intermediate holding company
- v) Essar Ports & Shipping Jersey Ltd, Jersey, intermediate holding company
- vi) Essar Ports and Shipping Limited, Mauritius, immediate holding company

b) Subsidiaries:

- i) Arkay Logistics Limited, India (Formerly known as Essar Logistics Limited)
- ii) Energy Transportation International Limited, Bermuda
- iii) Energy II Limited, Bermuda
- iv) Essar Oilfields Services Limited, Mauritius
- v) Essar Oilfield Services India Limited, India
- vi) Essar Shipping DMCC, Dubai (w.e.f. 5th August, 2015)

c) Associates

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

d) Key management personnel

Captain Anoop Kumar Sharma

e) Fellow subsidiaries where there have been transactions:

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

f) Details of transactions with related parties during the year
₹ in crore

Nature of transactions	Holding Company		Subsidiaries		Other related parties		Key Management Personnel		Total	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
INCOME										
Revenue from operations										
Essar Steel India Limited	-	-	-	-	446.93	481.82	-	-	446.93	481.82
Essar Oil Limited	-	-	-	-	0.31	-	-	-	0.31	-
Essar Power Gujarat Limited	-	-	-	-	-	1.55	-	-	-	1.55
Arkay Logistics Limited	-	-	70.65	34.03	-	-	-	-	70.65	34.03
Energy II Limited	-	-	24.59	-	-	-	-	-	24.59	-
Energy Transportation International Limited	-	-	1.56	1.43	-	-	-	-	1.56	1.43
Essar Shipping & Logistics Limited	1.75	1.61	-	-	-	-	-	-	1.75	1.61
Essar Ports Limited	-	-	-	-	0.24	0.24	-	-	0.24	0.24
Equipment lease rental income										
Essar Steel India Limited	-	-	-	-	-	0.01	-	-	-	0.01
Interest income on intercorporate deposits										
Essar Steel India Limited	-	-	-	-	-	1.49	-	-	-	1.49
Essar Oilfield Services India Limited	-	-	54.90	82.22	-	-	-	-	54.90	82.22
Guarantee commission received										
Essar Oilfields Services Limited	-	-	0.85	0.80	-	-	-	-	0.85	0.80
Dividend income										
Essar Oilfields Services Limited	-	-	-	1.37	-	-	-	-	-	1.37
Profit on buyback of long term investment										
Energy II Limited	-	-	2.51	25.62	-	-	-	-	2.51	25.62
Gain on foreclosure of finance lease obligation										
Essar Shipping & Logistics Limited	53.27	61.94	-	-	-	-	-	-	53.27	61.94
Managerial remuneration #										
A. R. Ramakrishnan	-	-	-	-	-	-	-	2.62	-	2.62
Captain Anoop Kumar Sharma	-	-	-	-	-	-	1.66	1.77	1.66	1.77
Purchase of fuel oil										
Essar Oil Limited	-	-	-	-	-	26.00	-	-	-	26.00
Essar Bulk Terminal Limited	-	-	-	-	-	0.13	-	-	-	0.13
Essar Oilfields Services Limited	-	-	-	1.74	-	-	-	-	-	1.74

₹ in crore

Nature of transactions	Holding Company		Subsidiaries		Other related parties		Key Management Personnel		Total	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Direct Voyage expenses										
Essar Shipping (Cyprus) Limited	–	–	–	–	83.41	133.06	–	–	83.41	133.06
Essar Oilfields Services Limited	–	–	–	1.55	–	–	–	–	–	1.55
Energy II Limited	–	–	3.51	3.15	–	–	–	–	3.51	3.15
Arkay Logistics Limited	–	–	0.09	0.15	–	–	–	–	0.09	0.15
Essar Bulk Terminal Limited	–	–	–	–	0.22	0.28	–	–	0.22	0.28
Professional fees										
Aegis Limited	–	–	–	–	0.77	0.86	–	–	0.77	0.86
Aircraft usage charges reimbursed										
Essar Oil Limited	–	–	–	–	31.00	38.00	–	–	31.00	38.00
Interest on finance lease obligations										
Essar Shipping & Logistics Limited	0.28	4.16	–	–	–	–	–	–	0.28	4.16
Interest on intercorporate deposits										
Vadinar Ports & Terminals Limited	–	–	–	–	4.17	–	–	–	4.17	–
Essar steel India Limited	–	–	–	–	11.29	–	–	–	11.29	–
Essar Oil Limited	–	–	–	–	7.03	–	–	–	7.03	–
Redemption of preference shares										
Essar Oilfields Services Limited	–	–	–	6.32	–	–	–	–	–	6.32
Buy back of long term investment										
Energy II Limited	–	–	10.02	45.80	–	–	–	–	10.02	45.80
Loans and advances received										
Vadinar Ports & Terminals Limited	–	–	–	–	43.05	–	–	–	43.05	–
Essar Steel India Limited	–	–	–	–	114.41	–	–	–	114.41	–
Essar Oil Limited	–	–	–	–	271.00	–	–	–	271.00	–
Loans and advances given										
Energy Transportation International Limited	–	–	–	–	–	–	–	–	–	–
Essar Oilfield Services India Limited	–	–	2.40	16.73	–	–	–	–	2.40	16.73
Essar Shipping DMCC	–	–	0.11	–	–	–	–	–	0.11	–
Advance for allotment of shares										

₹ in crore

Nature of transactions	Holding Company		Subsidiaries		Other related parties		Key Management Personnel		Total	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Essar Shipping DMCC - Dubai	-	-	252.57	-	-	-	-	-	252.57	-
Investment in shares										
Essar Shipping DMCC - Dubai (equity)	-	-	0.09	-	-	-	-	-	0.09	-
Essar Oilfield Services India Limited (preference)	-	-	759.00	-	-	-	-	-	759.00	-
Guarantees given on behalf of others										
Essar Oilfield Services India Limited	-	-	76.87	238.22	-	-	-	-	76.87	238.22
Essar Oilfield Services Limited	-	-	43.12	-	-	-	-	-	43.12	-

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

g) Outstanding balances with related parties:

₹ in crore

Nature of transactions	Holding Company		Subsidiaries		Other related parties		Key Management Personnel		Total	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Trade and other receivables										
Essar Steel India Limited	-	-	-	-	-	55.16	-	-	-	55.16
Arkay Logistics Limited	-	-	9.27	-	-	-	-	-	9.27	-
Essar Oilfields Services Limited	-	-	-	0.81	-	-	-	-	-	0.81
Essar Oil Limited	-	-	-	-	3.71	-	-	-	3.71	-
Essar Shipping & Logistics Limited	0.44	-	-	-	-	-	-	-	0.44	-
Essar Oilfield services Limited	-	-	0.22	-	-	-	-	-	0.22	-
Energy Transportation International Limited	-	-	0.12	-	-	-	-	-	0.12	-
Energy II Limited	-	-	12.54	-	-	-	-	-	-	-
Essar Ports Limited	-	-	-	-	-	0.25	-	-	-	0.25
Unbilled revenue receivable										
Essar Steel India Limited	-	-	-	-	10.35	-	-	-	10.35	-
Arkay Logistics Limited	-	-	35.80	-	-	-	-	-	35.80	-

₹ in crore

Nature of transactions	Holding Company		Subsidiaries		Other related parties		Key Management Personnel		Total	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Advance for allotment of shares										
Essar Shipping DMCC - Dubai	—	—	252.57	—	—	—	—	—	252.57	—
Loans and advances (including interest accrued)										
Essar Oilfield Services India Limited	—	—	28.23	786.21	—	—	—	—	28.23	786.21
Essar Shipping DMCC - Dubai	—	—	0.11	—	—	—	—	—	0.11	—
Essar Ports Limited	—	—	—	—	—	0.07	—	—	—	0.07
Essar Shipping & Logistics Limited	—	1.32	—	—	—	—	—	—	—	1.32
Finance lease obligation										
Essar Shipping & Logistics Limited	—	241.76	—	—	—	—	—	—	—	241.76
Advance received from customer										
Essar Steel India Limited	—	—	—	—	4.70	—	—	—	4.70	—
Essar Oil Limited	—	—	—	—	—	4.59	—	—	—	4.59
Arkay Logistics Limited	—	—	—	4.10	—	—	—	—	—	4.10
Inter corporate deposits received										
Vadinar Ports & Terminals Limited	—	—	—	—	43.05	—	—	—	43.05	—
Essar Steel India Limited	—	—	—	—	114.41	—	—	—	114.41	—
Essar Oil Limited	—	—	—	—	271.00	—	—	—	271.00	—
Interest accrued but not due on intercorporate deposits										
Vadinar Ports & Terminals Limited	—	—	—	—	3.75	—	—	—	3.75	—
Essar Steel India Limited	—	—	—	—	10.16	—	—	—	10.16	—
Essar Oil Limited	—	—	—	—	6.32	—	—	—	6.32	—
Trade Payables										
Arkay Logistics Limited	—	—	0.20	0.15	—	—	—	—	0.20	0.15
Essar Oilfields Services Limited	—	—	0.02	0.15	—	—	—	—	0.02	0.15
Energy II Limited	—	—	—	1.82	—	—	—	—	—	1.82

₹ in crore

Nature of transactions	Holding Company		Subsidiaries		Other related parties		Key Management Personnel		Total	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Essar Bulk Terminal Limited	–	–	–	–	3.22	3.31	–	–	3.22	3.31
Aegis Limited	–	–	–	–	0.02	0.76	–	–	0.02	0.76
Essar Ports Limited	–	–	–	–	0.09	–	–	–	0.09	–
Essar Power Gujarat Limited	–	–	–	–	0.01	–	–	–	0.01	–
Essar Shipping & Logistics Limited	1.48	–	–	–	–	–	–	–	1.48	–
Essar Shipping Cyprus Limited	–	–	–	–	48.16	57.71	–	–	48.16	57.71
Essar Projects India Limited	–	–	–	–	–	0.10	–	–	–	0.10
Essar Oil Limited	–	–	–	–	32.50	32.40	–	–	32.50	32.40
Vadinar Oil Terminal Limited	–	–	–	–	0.02	0.02	–	–	0.02	0.02
Interest accrued but not due on lease loan										
Essar Shipping & Logistics Limited	–	0.38	–	–	–	–	–	–	–	0.38
Security deposit received										
Essar Oil Limited	–	–	–	–	9.00	9.00	–	–	9.00	9.00
Vadinar Oil Terminal Limited	–	–	–	–	1.50	1.50	–	–	1.50	1.50
Vadinar Ports & Terminals Limited	–	–	–	–	1.50	1.50	–	–	1.50	1.50
Essar Bulk Terminal Limited	–	–	–	–	1.50	1.50	–	–	1.50	1.50
Guarantees given on behalf of others										
Essar Oilfield Services India Limited	–	–	668.90	592.03	–	–	–	–	668.90	592.03
Essar Oilfields Services Limited	–	–	43.12	–	–	–	–	–	43.12	–

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.

In this regard, the Company had received share application money from IL&FS Trust Company ₹ 3,89,87,179/- towards allotment of shares to Essar Shipping Employees Stock Option Scheme trust at exercise price of ₹ 22.30 each. The Company has allotted 17,48,304 shares of ₹ 10/- each at a premium of ₹ 12.30 each, against the option vested to the employees.

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

Particulars	Year ended 31 st March, 2016		Year ended 31 st March, 2015	
	Options (Numbers)	Weighted average exercise price per option (₹)	Options (Numbers)	Weighted average exercise price per option (₹)
Option outstanding at the beginning of the year	1,120,862	22.30	3,506,684	22.30
Granted during the year	—	22.30	—	22.30
Vested during the year	468,949	22.30	1,370,839	22.30
Exercised during the year (Allotment made to the Essar Shipping Employee Stock Options Trust of 17,48,304 on March 16, 2016)	—	22.30	—	22.30
Lapsed during the year	274,450	22.30	1,014,983	22.30
Options outstanding at the end of the year	377,463	22.30	1,120,862	22.30

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

Particulars	₹ in crore	
	Year ended 31 st March, 2016	Year ended 31 st March, 2015
Net loss (as reported)	(113.62)	(83.00)
Add / (Less): stock based employee compensation (intrinsic value) (refer note 21)	0.25	0.48
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued	(0.54)	(1.01)
Net loss (proforma)	(113.90)	(83.53)
Basic earnings per share (as reported) (refer note 29)	(5.53)	(4.04)
Basic earnings per share (proforma)	(5.54)	(4.07)
Diluted earnings per share (as reported) (refer note 29)	(5.53)	(4.04)
Diluted earnings per share (proforma)	(5.54)	(4.07)

- 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%	8.36%
Expected life	58	58
Expected annual volatility of shares	44.5% - 58.60%	44.5% - 58.60%
Expected dividend yield	0.00%	0.00%

35. GOING CONCERN

At 31st March 2016 the Current Liabilities of the Company exceed its Current Assets primarily on account of current maturities of long term debt. The Management has taken the following initiatives in order to meet its short term liabilities in a timely manner.

- a) Refinancing its debt (including debentures) with longer terms of repayment which will be commensurate with the useful life of its assets. The management has made representation to its lenders through the Joint Lenders Forum (JLF) for refinancing its current debt with longer maturities. Approval from the lead bank for the same has been received and balance approvals are expected shortly.
- b) Claim receivable from an arbitration award, received by the Company in its favour on account of illegal termination of a Contract of Affreightment by a charterer, which will enable the Company to augment its working capital requirements..
- c) Revival in tanker segments and recent increase in the Baltic dry index will assist company in increasing margins.

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. SUBSEQUENT EVENTS

- a) The Company has entered into a Memorandum of Agreement for sale of one of its capsize dry bulk carrier. The diminution in value of ₹ 28.86 crore has been provided on account of asset held for sale.
- b) The Company has received an award in its favour for an amount of US\$ 47.13 million on account of arbitration initiated by the Company against a charterer for illegally terminating a Contract of Affreightment (COA) entered between the Company and the Charterer and no impact of the same has been considered in the financials.

37. THE PREVIOUS YEAR FIGURES HAVE BEEN REGROUPED / RECLASSIFIED WHEREVER NECESSARY TO CORRESPOND WITH THE CURRENT YEAR'S CLASSIFICATION / DISCLOSURE.

For and behalf of the Board

Captain Anoop Kumar Sharma
Managing Director

Vikram Gupta
Chief Financial Officer

N. Srinivasan
Director

Awaneesh Srivastava
Company Secretary

Mumbai
25th May, 2016

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 March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow statement for the year then ended, and a summary of 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 Board of 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. 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 except for the matter described in Basis for Qualified opinion paragraph, the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, 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 of possible impairment of Goodwill of Rs. 6062.56 crores related to Oilfield Services Business and that of certain Rigs of the said business having carrying amounts of Rs. 137.03 crores (including Capital work-in-progress of Rs. 79.04 crores), as at March 31, 2016 in terms of Accounting Standard (AS) 28- Impairment of Assets as notified pursuant section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 Oilfield Services Business and consequent effect on the recoverable amount of Goodwill and aforesaid Rigs. Pending conclusion of the said assessment, we are unable to comment on the extent of diminution, if any, which may be required in respect of carrying amount of the Goodwill and the aforesaid 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 March 31, 2016 and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of matter

Managerial Remuneration paid to a Director of the Holding Company for the year ended March 31, 2016, to the extent of Rs. 0.16 crores exceeds the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013. We have been informed by the management that approval has already been sought for the same and is currently awaited.

Our opinion is not modified in respect of this Matter.

Other Matters

- a) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs 3,869.85 crores as at 31 March, 2016, total revenues of Rs 49.16 crores and net cash flows of Rs 3.43 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has 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 this subsidiary, is based solely on the reports of the other auditor.
- b) The consolidated financial statements also includes the Group's share of net loss of Rs. 0.03 crores for the year ended March 31, 2016, as considered in the consolidated financial statements, in respect of one subsidiary and two associates, whose financial statements have not been audited by us. These financial statements 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 this subsidiary and two associates is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these unaudited financial statements are not material to the Group.
- c) 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 work done and the reports of the other auditor and the unaudited financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, to the extent applicable that:
 - (a) We have sought and, except for the possible effects of the matter described in Basis for Qualified Opinion paragraph 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 matter described in 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 matter described in 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 matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016, taken on record by the Board of Directors of the Holding Company, none of the directors of the Group's companies, incorporated in India are disqualified as on March 31, 2016 from being appointed as directors 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 adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
 - (i) 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 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 that were required to be transferred to the investor education protection fund by the Holding Company and its subsidiary companies incorporated in India.

For **CNK & Associates LLP**

Chartered Accountants

Firm's registration number: 101961W

Himanshu Kishnadwala

Partner

Membership number: 37391

Mumbai, May 25, 2016

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of Essar Shipping Limited ("the Holding Company") for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary companies, incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

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

Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For CNK & Associates LLP

Chartered Accountants

Firm's registration number: 101961W

Himanshu Kishnadwala

Partner

Membership number: 37391

Mumbai, May 25, 2016

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016

(₹ in crore)

Particulars	Note No.	As at 31 st March, 2016	As at 31 st March, 2015
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	206.98	205.23
(b) Reserves and surplus	4	6,526.62	6,674.82
		6,733.60	6,880.05
2 Non-current liabilities			
(a) Long-term borrowings	5	3,219.73	2,464.10
(b) Deferred tax liabilities (net)	6	15.49	17.40
(c) Other long-term liabilities	7	6.04	50.64
(d) Long-term provisions	8	30.57	26.80
		3,271.83	2,558.94
3 Current liabilities			
(a) Short-term borrowings	9	511.41	241.58
(b) Trade payables	10		
Total dues to			
– Micro and small enterprises		0.04	0.89
– Other than micro and small enterprises		753.13	762.91
(c) Other current liabilities	11	2,261.09	2,873.99
(d) Short-term provisions	12	130.55	133.89
		3,656.22	4,013.26
TOTAL EQUITY AND LIABILITIES		13,661.65	13,452.25
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	13 (a)	3,689.52	4,088.00
(ii) Capital work-in-progress	13 (b)	79.04	78.37
(b) Goodwill on consolidation (refer note no 37)		6,067.87	5,725.86
(c) Non-current investments	14	62.51	62.48
(d) Long-term loans and advances	15	144.74	149.44
(e) Other non-current assets	19	44.87	86.68
		10,088.55	10,190.83
2 Current assets			
(a) Current investments	16	–	0.10
(b) Inventories	17	87.25	77.93
(c) Trade receivables	18	267.96	301.08
(d) Cash and bank balances	20	35.00	43.62
(e) Short-term loans and advances	15	1,410.93	1,139.62
(f) Other current assets	19	1,771.96	1,699.07
		3,573.10	3,261.41
TOTAL ASSETS		13,661.65	13,452.25

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **CNK & Associates LLP**
Chartered Accountants

Himanshu Kishnadwala
Partner

Mumbai, 25th May, 2016

For and on behalf of the Board

Captain Anoop Kumar Sharma
Managing Director

Vikram Gupta
Chief Financial Officer

Mumbai, 25th May, 2016

N. Srinivasan
Director

Awaneesh Srivastava
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in crore)

Particulars	Note No.	Year ended 31 st March, 2016	Year ended 31 st March, 2015
INCOME:			
1 Revenue from operations	21	1,719.63	1,910.62
2 Other income	22	265.93	242.67
Total		1,985.56	2,153.29
3 Expenses:			
Operating expenses	24	1,228.12	1,334.98
Employee benefits expense	23	136.70	203.40
Other expenses	25	114.29	145.22
Total		1,479.11	1,683.60
Profit before finance costs, depreciation, exceptional item and tax		506.46	469.69
4 Finance costs	26	479.32	477.13
5 Depreciation	13 (a)	458.25	424.06
Loss before tax		(431.12)	(431.50)
7 Tax expense:			
Current tax		(23.86)	(33.38)
Deferred tax (net)		1.92	6.00
8 Loss for the year before share in profit of associates		(453.06)	(458.88)
9 Share in loss of associates		(0.03)	(0.07)
Loss for the year		(453.09)	(458.95)
10 Earnings per equity share (face value of ₹ 10 each) :			
Basic and diluted (in ₹)	31	(22.05)	(22.36)

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **CNK & Associates LLP**
Chartered Accountants**Himanshu Kishnadwala**
Partner

Mumbai, 25th May, 2016

For and on behalf of the Board

Captain Anoop Kumar Sharma
Managing Director**Vikram Gupta**
Chief Financial Officer

Mumbai, 25th May, 2016

N. Srinivasan
Director**Awaneesh Srivastava**
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in crore)

Particulars	Year ended 31 st March, 2016	Year ended 31 st March, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(431.12)	(431.50)
Adjustments for :		
Depreciation	458.25	424.06
Finance costs	479.32	477.13
Interest income	(85.70)	(92.81)
Loss on sale of tangible assets	—	20.70
Miscellaneous expenditure written off	—	1.17
Gain on foreclosure of finance leases	(53.27)	—
Amortisation of stock based employee compensation	(0.25)	0.45
Bad debts written off	8.34	10.62
Diminution in value of fleet held for sale	28.86	—
Unrealised foreign exchange loss	(65.93)	17.23
Operating profit before working capital changes	338.50	427.05
Changes in working capital:		
Decrease / (Increase) in inventories	(6.44)	90.88
Decrease in trade receivables, loans and advances and other assets	75.85	138.39
Increase in trade payables, other liabilities and short term provisions	(18.27)	(93.48)
Cash generated from operations	389.64	562.84
Income taxes paid, (net)	(44.15)	(4.28)
Net cash generated from operating activities	345.49	558.56
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress and advance	(8.04)	(93.41)
Proceeds from sale of fixed assets	1.35	255.96
Advance received against assets held for sale	32.65	—
Fixed deposits matured for a period of more than three months	9.59	36.46
Fixed deposits placed for a period of more than three months	(14.94)	(17.38)
Loans and advances given to body corporate	(504.05)	(10.35)
Loans and advances received / repaid by body corporate	418.33	75.13

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in crore)		
Particulars	Year ended 31 st March, 2016	Year ended 31 st March, 2015
Interest received	92.56	132.05
Net cash generated from investing activities	27.45	378.46
C CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of equity shares at a premium	5.11	—
Finance costs paid	(364.85)	(354.26)
Proceeds from long term loans	715.77	227.13
Proceeds from short term loans	52.80	46.24
Proceeds from unsecured loans	—	25.00
Repayment of long term loans	(322.50)	(573.03)
Repayment of short term loans	(12.18)	(5.40)
Repayment / cancellation of finance lease obligations	(244.16)	(326.47)
Repayment of unsecured loans	(203.71)	—
Net cash used for financing activities	(373.72)	(960.79)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(0.78)	(23.77)
Cash and cash equivalents at the beginning of the year	14.98	37.72
Foreign currency translation reserve	(1.44)	1.03
Cash and cash equivalents at the end of the year (refer note 20)	12.76	14.98

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

(₹ in crore)

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Cash and cash equivalents as per cash flow statement	12.76	14.98
Add: margin money deposits not considered as cash and cash equivalents	22.24	28.64
Cash and bank balances (refer note 20)	35.00	43.62

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **CNK & Associates LLP**
Chartered Accountants**Himanshu Kishnadwala**
Partner

Mumbai, 25th May, 2016

For and on behalf of the Board

Captain Anoop Kumar Sharma
Managing Director**Vikram Gupta**
Chief Financial Officer

Mumbai, 25th May, 2016

N. Srinivasan
Director**Awaneesh Srivastava**
Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

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, 2016. 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	
				31st March, 2016	31st March, 2015
Arkay Logistics Limited ("ALL")	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%
Essar Oilfields Middle East DMCC	Subsidiary	Dubai	EOSL	100%*	–
Essar Shipping DMCC	Subsidiary	Dubai, UAE	ESL	100%**	–
Cosmic Drilling Services Limited ("CDSL")	Subsidiary	Mauritius	EOSL	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 September 15, 2015

** with effect from August 5, 2015

*** with effect from March 15, 2016

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 2016		As at 31 st March 2015	
	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	206,976,072	206.98	205,227,768	205.23
	<u>205,227,768</u>	<u>206.98</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	1,748,304	1.75	—	—
At the end of the year	<u>206,976,072</u>	<u>206.98</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 2016			As at 31 st March 2015		
	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	60.09	124,362,408	124.36	60.60
Essar Shipping & Logistics Limited, Cyprus, the intermediate holding company	21,406,365	21.41	10.34	21,406,365	21.41	10.43
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>71.04</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)					
	2015-16	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**

- (i) The Company has reserved issuance of 3,77,463 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.
- (ii) 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 2016 ₹ in crore	As at 31 st March 2015 ₹ 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	1.47	1.02
Additions during the year	(0.97)	0.45
Closing balance	0.50	1.47
c. Tonnage tax (utilised) reserve		
Opening balance	20.00	20.00
Add: Transferred from tonnage tax reserve	—	—
	20.00	20.00
d. Tonnage tax reserve		
Opening balance	45.00	45.00
Less: Transferred to tonnage tax (utilised) reserve	—	—
Closing balance	45.00	45.00
e. Cash flow hedge reserve		
Opening balance	(26.43)	(18.54)
Additions during the year (refer note 32A)	(4.02)	(7.89)
Closing balance	(30.45)	(26.43)
f. Securities Premium		
Additions during the year (refer note 35 (a))	3.36	—
g. General reserve	4,835.22	4,835.22
h. Foreign currency translation reserve		
Opening balance	2,369.09	2,123.42
Add: Effect of foreign exchange rate variation during the year	369.14	245.67
Closing balance	2,738.23	2,369.09
i. Foreign currency monetary items translation difference account (FCMITDA)		
Opening balance	(16.97)	(28.83)
Add: Effect of foreign exchange rate variation during the year	(15.44)	(10.29)
Less: Amortisation during the year	(47.19)	22.15
Closing balance	(79.60)	(16.97)
j. (Deficit) / Surplus in the Consolidated Statement of Profit and Loss		
Opening balance	(607.55)	(148.03)
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life	—	(0.57)
Less: Net loss for the year	(453.09)	(458.95)
Closing balance	(1,060.64)	(607.55)
Total	6,526.62	6,674.82

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 ₹ 185 crore) in respect of Debentures issued and outstanding as of 31st March, 2016. 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 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ 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 Arkay Logistics Limited. (refer foot note i(a))	—	—	700.00	700.00
13.10%, 190 non convertible debentures and 12.30% 205 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	39.50	700.00	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)	259.54	278.06	43.93	38.32
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 and corporate guarantee given by the holding company)	223.38	119.38	26.00	49.96
Rupee term loan (secured by first charge against the vehicles)	—	—	—	0.82
Rupee term loan (secured by corporate guarantee issued by the holding company)	—	5.00	5.00	6.67
Rupee term loan (secured by first charge on two land rigs, 2nd pari passu charge on hypothecation of three Schramm rigs and receivable thereon and corporate guarantee by the Company.)	60.00	24.15	10.50	7.50
Rupee term loan (refer foot note to note 13 (b)) (secured by charge on Jack up rigs and receivable thereon and corporate guarantee by the Company.)	—	—	150.58	222.96
Foreign currency term loans (secured by first charge on five bulk carriers and its receivables)	244.63	271.38	65.42	44.43
Foreign currency term loan (secured by first charge on a semi submersible rig and corporate guarantee by the Company and Essar Shipping & Logistics Limited.)	474.78	590.54	312.72	201.57
(B)	1,262.33	1,288.51	614.15	572.23

Particulars	Non-current		Current	
	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore
(ii) from financial institutions				
Rupee term loan (secured by corporate guarantee by a subsidiary)	—	—	75.00	75.00
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).	48.04	59.69	13.91	9.52
(C)	48.04	59.69	88.91	84.52
(iii) from others				
Rupee term loan (secured by first charge on three mini bulkers and four tugs of a subsidiary company and corporate guarantee by ultimate holding company)				
(D)	62.76	—	112.00	44.38
Rupee term loan (secured by assignment of rights under shipbuilding contract by the holding company with third party)	—	—	—	105.00
Total secured loans [E = A+B+C+D]	1,412.63	1,387.70	1,515.05	1,506.13
Unsecured loans				
(a) Foreign currency convertible bonds (FCCBs) (refer note (i) (f) below)	1,591.99	697.44	—	804.74
(b) Finance lease obligations (refer foot note i (e) and refer note 28 (a))	172.06	365.17	46.82	125.58
(c) Others	43.05	13.79	28.30	20.69
Total unsecured loans [F]	1,807.10	1,076.40	75.12	951.01
Total [E+F]	3,219.73	2,464.10	1,590.17	2,457.14
Less: Amount disclosed under the head 'other current liabilities' (refer note 11)	—	—	(1,590.17)	(2,457.14)
Long-term borrowings	3,219.73	2,464.10	—	—

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

- 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).
- 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.
- 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 got extended to 24th August, 2017 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.
- g) **Interest rates:** Loans availed from banks, financial institutions, NBFC's and Alternate Investment Funds carry a weighted average interest rate of 7.84% per annum (previous year: 7.95% per annum)
- h) **Scheduled repayments:** Contractual repayments in case of loans from banks, financial institutions, NBFC's and Alternate Investment Funds are provided below.

Particulars	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore
Between one to three years	3,941.04	3,799.86
Between three to five years	229.60	349.65
Over five years	349.04	246.50

- 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 net deferred tax liabilities/assets are as follows:-

Particulars	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore
The effect of items constituting deferred tax liabilities		
on difference between book balance and tax balance of fixed assets	34.18	40.33
(A)	34.18	40.33
The effect of items constituting deferred tax assets		
Disallowance u/s 40(a) of the Income Tax Act, 1961	3.85	3.68
Unabsorbed depreciation carried forward	14.22	18.63
Provision for compensated absences, gratuity and other employee benefits	0.62	0.62
(B)	18.69	22.93
Total	(A-B) 15.49	17.40

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 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore
Security deposits (from a related party ₹ 5.00 (previous year ₹ 14.00) crore)	6.04	15.14
(refer note 34)		
Interest accrued but not due	—	35.50
Total	6.04	50.64

8. LONG-TERM PROVISIONS

Particulars	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore
Provision for estimated losses on derivative contracts (refer note 32A)	30.57	26.80
	30.57	26.80

9. SHORT - TERM BORROWINGS

Particulars	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore
Secured		
(i) from banks		
Cash credit facility from bank (secured by first pari passu charge on a very large crude carrier)	54.43	50.68
Rupee short term loan (secured by first charge on six land rigs and receivables thereon, corporate guarantee of the Company)	—	39.41
(ii) from others		
Short term loan (secured by subservient charge on present and future surplus cash flows of the Company)	25.00	137.00
	79.43	227.09
Unsecured		
(a) Loan from related parties (refer note 34)	418.27	3.99
(b) Loan from others	13.71	10.50
	431.98	14.49
Total	511.41	241.58

10. TRADE PAYABLES:

Particulars	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore
Dues to micro and small enterprises (refer note below)	0.04	0.89
Other than micro and small enterprises	753.13	762.91
Total	753.17	763.80

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 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore
Unearned revenue on services	8.32	5.58
Current maturities of long-term borrowings (including instalments due at the year end ₹ 369.73 (previous year ₹ 143.62) crore) (refer footnote (ii) to note 5)	844.80	826.82
Foreign currency convertible bonds (refer note 5)	—	804.74
Non convertible debentures (refer note (i) (a) to note 5 and note 36)	700.00	700.00
Current maturities of finance lease obligations (refer note 5)	46.82	125.58
Interest accrued but not due on borrowings	40.31	50.92
Interest accrued and due on borrowings	320.96	175.50
Advance received against sale consideration (refer foot note (iii) of note 13(a))	32.65	—
Temporary overdrawn bank balances	0.05	2.73
Security deposits [from related parties (refer note 34)]	13.50	4.50
Advances from customers	39.28	33.84
Statutory and other related dues	154.51	78.76
Payables in respect of capital goods	31.87	35.48
Deferred profit on sale and lease back	0.60	1.61
Other payable	27.42	27.93
Total	2,261.09	2,873.99

12. SHORT-TERM PROVISIONS

Particulars	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore
(a) Provisions for employee benefits		
Superannuation	0.02	0.09
Gratuity (refer note 33)	4.73	4.41
Compensated absences (refer note 33)	1.21	2.75
(b) Others		
Provisions for taxation (net of advance tax ₹ 87.05 (previous year ₹ 107.48) crore)	25.72	33.34
Other provisions (refer foot note below)	98.87	93.30
Total	130.55	133.89

Foot note:-

One of the customer is holding back on its dues to the subsidiary on account of its claim towards supply of equipment and other support services during the trial run period of Wildcat Rig. The Group has provided ₹ 98.87 (previous year ₹ 93.30) crore against such claim expecting its settlement in the near future and the trade receivables of ₹ 98.87 (previous year ₹ 93.30) crore from that customer towards provision of subsequent oilfield drilling services is considered to be fully realisable.(refer note 18).

13 (a) TANGIBLE ASSETS

₹ in crore

Particulars	Gross block						Accumulated Depreciation						Net Block	
	As at 1 st April, 2015	Additions	Disposals	Exchange differences (refer note 27)	Foreign currency translation reserve	As at 31 st March 2016	As at 1 st April, 2015	For the year	Transfer to opening reserve	Disposals	Foreign currency translation reserve	As at 31 st March 2016	As at 31 st March, 2016	
Land	0.18 (0.18)	—	—	—	—	0.18 (0.18)	—	—	—	—	—	—	0.18 (0.18)	
Buildings	6.43 (6.43)	—	—	—	—	6.43 (6.43)	4.18 (3.71)	0.47 (0.47)	—	—	—	4.65 (4.18)	1.78 (2.25)	
Fleet	2,042.50 (1,591.79)	447.00 (425.68)	1.43	36.58 (25.03)	—	2,524.65 (2,042.50)	799.37 (566.25)	144.37 (119.62)	—	(135.95) (113.50)	—	1,079.69 (799.37)	1,444.96 (1,243.13)	
Fleet (taken on lease)	851.42 (1,238.48)	—	447.00 (412.14)	13.65 (11.57)	19.10 (13.51)	437.17 (851.42)	335.84 (395.94)	31.93 (49.56)	—	136.08 (113.49)	6.74 (3.83)	238.43 (335.84)	198.75 (515.58)	
Plant and equipment (refer note (i) and (ii) below)	3,672.54 (3,498.54)	6.71 (67.29)	0.02 (9.83)	—	177.25 (116.54)	3,856.48 (3,672.54)	1,411.81 (1,133.34)	269.93 (239.82)	—	0.00 (3.87)	71.35 (42.52)	1,753.08 (1,411.81)	2,103.40 (2,260.73)	
Aircraft	98.38 (96.40)	—	—	—	—	98.38 (98.38)	44.16 (38.25)	5.91 (5.91)	—	—	—	50.07 (44.16)	48.32 (54.22)	
Furniture and fixtures	1.69 (1.61)	0.03 (0.08)	—	—	—	1.72 (1.69)	1.40 (1.28)	0.19 (0.12)	—	0.21	—	1.38 (1.40)	0.35 (0.29)	
Office equipment	5.41 (5.02)	0.27 (0.37)	0.24	—	0.03 (0.02)	5.47 (5.41)	4.47 (3.41)	0.28 (0.53)	—	0.00	0.02 (0.01)	4.77 (4.47)	0.70 (0.94)	
Vehicles	48.05 (62.22)	—	4.27 (14.22)	—	—	43.78 (48.05)	37.37 (39.76)	5.17 (8.03)	—	3.66 (10.47)	—	38.88 (37.37)	4.89 (10.68)	
	6,726.60	454.01	452.95	50.23	196.38	6,974.26	2,638.60	458.25	—	4.01	78.11	3,170.95	3,803.31	
Less asset held for sale (refer note (iii) below)													113.79	
Total as at 31 st March, 2016	6,726.60	454.01	452.95	50.23	196.38	6,974.26	2,638.60	458.25	—	4.01	78.11	3,170.95	3,689.52	
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)	

(* 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).
- Schedule II of the Companies Act, 2013 requires companies to follow component accounting for fixed assets. During the year, pursuant to this, the company revised the estimated useful life of each major component of the rigs 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 higher by ₹ 16.47 crores.
- The Company has entered into a memorandum of agreement with a customer to sell the aircraft and has received advance payment of ₹ 32.65 crore (previous year Nil). The written down value of the same amounting to ₹ 84.93 crores (previous year: Nil) has been shown as fixed assets held for sale. (Refer Note 16). The company has also entered into a Memorandum of agreement dated 11th May, 2016 to sell a vessel and has provided for the diminution in value of the same amounting to ₹ 28.86 crore (Refer Note 23).
- 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 brackets.

13 (b) CAPITAL WORK-IN-PROGRESS

Particulars	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore
Capital work in progress	78.37	92.04
Expenditure during construction (see details below)	0.67	13.43
	79.04	105.47
Less: Capitalised during the year	—	(27.10)
Total	79.04	78.37

Expenditure during construction	As at 31 st March 2015 ₹ in crore	Incurred during the year	Capitalised during the year	As at 31 st March 2016 ₹ in crore
Equipment and materials	62.95	—	—	62.95
Interest and finance costs	12.12	0.67	—	12.79
Other finance costs	—	—	—	—
Repairs and maintenance	3.09	—	—	3.09
Others	0.21	—	—	0.21
Total	78.37	0.67	—	79.04

Foot note:

During the previous 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.

14. NON-CURRENT INVESTMENTS

Particulars	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore
Non trade investments (At cost)		
Investments in equity shares (unquoted, fully paid up)		
440 equity shares of ₹ 10/- each of Essar Bulk Terminal Paradip Limited*	*0.00	*0.00
Trade investments (At cost)		
Investments in equity shares of associates (unquoted, fully paid up)		
50,00,000 (previous year Nil) ordinary shares of USD.1/- each of Varada Drilling One Pte Limited	31.24	31.27
Add: Share of Profit /(loss)	0.06	(0.03)
Sub total	31.30	31.24
50,00,000 (previous year Nil) ordinary shares of USD.1/- each of Varada Drilling Two Pte Limited	31.24	31.27
Add: Share of Profit /(loss)	(0.03)	(0.03)
Sub total	31.21	31.24
Total	62.51	62.48
Note :		
Aggregate amount of unquoted non-current investments	62.51	62.48
* 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 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore
a. Capital advances	116.22	116.00	–	–
b. Security deposits	6.07	23.68	6.90	3.68
c. Loans and advances to related parties (refer note 34)	–	–	1,047.11	955.54
d. Loans and advances to others	0.17	0.18	115.03	75.00
e. Advances recoverable in cash or in kind or for value to be received	–	–	167.18	52.70
f. Other loans and advances Advance income-tax and tax deducted at source [net of provision for taxation ₹ 23.15 (previous year ₹ 85.27) crore]	22.22	9.48	16.54	16.60
Prepaid expenses	0.06	0.10	13.22	11.01
Loans to employees	–	–	3.94	0.04
Cenvat credit / service tax receivable	–	–	34.75	24.99
Bills receivable	–	–	6.25	0.06
Total	144.74	149.44	1,410.93	1,139.62

16. CURRENT INVESTMENTS

Particulars	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ 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)	–	0.10
Total	–	0.10

17. INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

Particulars	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore
Stores and spares	69.83	63.75
Fuel, oil and lubricants	17.42	14.18
Total	87.25	77.93

18. TRADE RECEIVABLES

Particulars	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ 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)	176.86	171.14
Doubtful	36.55	28.08
Less: Provision for doubtful trade receivables	(36.55)	(28.08)
	<u>176.86</u>	<u>171.14</u>
(ii) Other trade receivables	91.10	129.94
Total	<u>267.96</u>	<u>301.08</u>

19. OTHER NON-CURRENT / CURRENT ASSETS (UNSECURED, CONSIDERED GOOD)

Particulars	Non-current		Current	
	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore
Bank deposits held as margin money	19.06	7.30	—	—
Unbilled revenue	—	—	30.24	34.61
Receivables on sale of fixed assets	—	—	—	0.20
Unamortised operating lease expenses	—	—	127.84	122.79
Unamortised upfront fee and other ancillary borrowing costs	25.81	35.57	41.24	11.12
Insurance claims receivable	—	—	6.56	47.72
Interest accrued on fixed deposits	—	—	1.73	1.10
Interest accrued on Inter corporate deposits with related parties	—	—	145.84	147.76
Interest accrued on Inter corporate deposits with others	—	—	—	5.57
Fixed assets held for sale [refer foot note (iii) of note 13(a)]	—	—	84.93	—
Other receivables	—	43.81	1,333.58	1,328.20
Total	<u>44.87</u>	<u>86.68</u>	<u>1,771.96</u>	<u>1,699.07</u>

20. CASH AND BANK BALANCES

Particulars	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore
A. Cash and cash equivalents		
Balances with banks		
– In current accounts	12.55	14.85
– Deposits with original maturity of less than three months	0.13	0.05
Cash on hand	0.08	0.08
	<u>12.76</u>	<u>14.98</u>
B. Other bank balances		
Bank deposits held as margin money (lien marked against bank guarantees and acceptances)	22.24	28.64
	<u>22.24</u>	<u>28.64</u>
Total	<u>35.00</u>	<u>43.62</u>

21. REVENUE FROM OPERATIONS

Particulars	For the year ended 31 st March 2016 ₹ in crore	For the year ended 31 st March 2015 ₹ in crore
Sale of services		
Fleet operating and chartering earnings	752.35	800.05
Logistics services	858.17	796.31
Rig operating and chartering earnings	103.48	308.32
	<u>1,714.00</u>	<u>1,904.68</u>
Other operating income		
Scrap sales	1.37	1.93
Profit on sale of vessels	1.01	1.01
Supervision/ management fees	3.25	3.00
	<u>5.63</u>	<u>5.94</u>
Total	<u><u>1,719.63</u></u>	<u><u>1,910.62</u></u>

22. OTHER INCOME

Particulars	For the year ended 31 st March 2016 ₹ in crore	For the year ended 31 st March 2015 ₹ in crore
Interest income		
– from banks on deposits	3.31	2.56
– from related parties on intercorporate deposits (refer note 34)	72.97	81.98
– from others	9.42	8.27
Net gain on foreign currency translation and transactions	110.79	–
Other non operating income	16.08	85.50
Gain on foreclosure of finance lease	53.27	64.17
Profit on sale of other assets	0.09	0.19
Total	<u><u>265.93</u></u>	<u><u>242.67</u></u>

23. EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended 31 st March 2016 ₹ in crore	For the year ended 31 st March 2015 ₹ in crore
Offshore staff		
Salaries, wages and bonus	92.64	142.83
Contribution to staff provident and other funds	2.12	1.79
Staff welfare	11.96	13.18
Office staff		
Salaries, wages and bonus	24.77	37.92
Contribution to staff provident and other funds (refer note 33)	1.90	3.16
Staff welfare	3.06	4.07
Employee stock option scheme (refer note 4 and 35)	0.25	0.45
Total	<u><u>136.70</u></u>	<u><u>203.40</u></u>

24. OPERATING EXPENSES

Particulars	For the year ended 31 st March 2016 ₹ in crore	For the year ended 31 st March 2015 ₹ in crore
Consumption of stores and spares	127.16	145.90
Consumption of fuel, oil and water	113.50	211.35
Direct voyage expense	877.02	807.05
Commission, brokerage and agency fees	2.97	9.51
Standing costs	50.70	89.66
Dry docking	14.23	24.08
Insurance, protection and indemnity club fees	42.54	47.43
Total	1,228.12	1,334.98

25. OTHER EXPENSES

Particulars	For the year ended 31 st March 2016 ₹ in crore	For the year ended 31 st March 2015 ₹ in crore
Rent	6.26	12.31
Rates and taxes	0.15	2.80
Repairs and maintenance		
– buildings	0.34	0.64
– others	2.11	5.41
Legal and professional fees	15.05	30.36
Travelling and conveyance	2.68	4.76
Auditor's remuneration (refer note below)	0.59	1.69
Net loss on foreign currency translation and transactions (other than considered as finance cost)	–	26.13
Diminution value of fleet held for sale	28.86	20.51
Other establishment expenses	49.91	29.99
Bad debts written off	8.34	10.62
Total	114.29	145.22
Note: Payments to statutory auditors comprises (net of service tax)	For the year ended 31st March 2016 ₹ in crore	For the year ended 31st March 2015 ₹ in crore
As auditors	0.26	0.68
Reimbursement of out of pocket expenses	0.01	0.01
For other services	0.06	0.39
For audit of subsidiaries	0.26	0.61
Total	0.59	1.69

26. FINANCE COSTS

Particulars	For the year ended 31 st March 2016 ₹ in crore	For the year ended 31 st March 2015 ₹ in crore
Interest expense		
– on bank loans	159.05	154.76
– on loans from financial Institutions	63.46	69.99
– on finance lease obligations	12.29	18.06
– on foreign currency convertible bonds	29.65	64.89
– on debentures	95.83	85.09
– on others	100.39	58.99
Loan commitment / processing charges, guarantee fees and other charges	18.66	25.35
Total	479.32	477.13

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 2016 ₹ in crore	For the year ended 31 st March 2015 ₹ in crore
a) Net exchange loss capitalised to the cost of the fixed assets	50.23	38.58
b) Depreciation on the above net exchange loss for the year in which exchange difference has been capitalised	5.36	3.47
c) Net exchange (gain) / loss transferred to Foreign Currency Monetary Items Translation Difference Account (FCMITDA) for the year (net)	15.44	10.29
d) Amortisation of exchange differences for the year from FCMITDA (net)	(47.19)	22.15

28. DETAILS OF LEASING ARRANGEMENTS**a) Finance leases : Group as a lessee**

The Group has entered into finance lease arrangements for one vessel (previous year two 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, 2016			As at 31 st March, 2015		
	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
	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Future lease rental obligation payable by the Group:						
– not later than one year	46.82	9.88	36.94	137.98	12.40	125.58
– later than one year but not later than five years	172.06	7.49	164.57	382.79	17.62	365.17
– later than five years	–	–	–	–	–	–
Present value of minimum lease payments	218.88	17.37	201.51	520.77	30.02	490.75

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 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore
Future minimum lease payments:		
– not later than one year	232.31	225.65
– later than one year but not later than five years	825.44	812.40
– later than five years	808.76	937.76
Total	1,866.51	1,975.81
c) Lease payments recognised in the Consolidated Statement of Profit and Loss under direct voyage expenses and rent (refer note 24 and 25)	84.29	138.51

29 (A) CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at 31 st March 2016 ₹ in crore	As at 31 st March 2015 ₹ in crore
a) With respect to pending litigations		
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 service tax demand	15.60	65.23
b) Others		
i) Guarantees given by banks	64.70	18.91
ii) Guarantees given on behalf of Associates (refer note 34)	330.79	238.22
iii) Bills discounted with banks	166.15	132.85
iv) Claim against the Group entities not acknowledged as debt	27.96	15.30

(B) COMMITMENTS

a) Capital commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for

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b) Other commitments

For commitment relating to lease arrangement, refer note 28

30. SEGMENT REPORTING

a) Business segment

Particulars	For the year ended 31 st March 2016 ₹ in crore	For the year ended 31 st March 2015 ₹ in crore
Segment revenue		
Operating Income		
Fleet operating and chartering	855.90	841.51
Logistics services	859.64	798.39
Oilfields services	105.83	366.66
Total	1,821.37	2,006.56
Less : Inter segment revenue	(101.74)	(95.94)
Net operating income (A)	1,719.63	1,910.62
Other income		
Unallocated (B)	265.93	242.67
Total income (A + B)	1,985.56	2,153.29
Segment results		
Fleet operating and chartering	(20.50)	(72.42)
Logistic services	117.05	68.85
Oilfields services	(314.28)	(193.47)
Unallocated	265.93	242.67
Profit from operation before interest and finance charges	48.20	45.63
Less: Unallocated interest and finance expense	(479.32)	(477.13)
Loss before tax	(431.12)	(431.50)
Less: Income tax	(21.94)	(27.38)
Loss after tax for the year before share in profit of associates	(453.06)	(458.88)
Share in loss of associates	(0.03)	(0.07)
Loss for the year	(453.09)	(458.95)
Segment assets		
Fleet operating and chartering	1,963.20	2,067.46
Logistics services	497.01	351.76
Oilfields services	9,969.75	9,897.97
Unallocable	1,231.70	1,135.06
Total assets	13,661.66	13,452.25
Segment liabilities		
Fleet operating and chartering	517.50	468.54
Logistics services	320.06	389.63
Oilfields services	345.61	274.07
Unallocable	422.13	277.15
Total segment liabilities	1,605.31	1,409.39
Add: Total borrowings	5,321.31	5,162.81
Total Liabilities	6,926.62	6,572.20

30. SEGMENT REPORTING (contd.)

Particulars	For the year ended 31 st March 2016 ₹ in crore	For the year ended 31 st March 2015 ₹ in crore
Fixed assets acquired during the year		
Fleet operating and chartering	447.00	412.27
Logistics services	0.44	13.93
Oilfields services	6.57	67.27
Total	454.01	493.47
Depreciation		
Fleet operating and chartering	173.36	166.44
Logistics services	19.52	23.19
Oilfields services	265.37	234.43
Total	458.25	424.06

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:

Particulars	For the year ended 31 st March 2016 ₹ in crore	For the year ended 31 st March 2015 ₹ in crore
Revenue from operations		
India	1,434.70	1,428.95
Indonesia	—	209.45
China	—	7.17
South Korea	43.82	36.09
Singapore	114.10	133.04
Cyprus	1.75	2.76
U. K	71.15	23.37
UAE	51.83	27.50
Switzerland	—	27.53
Marshall island	—	9.87
Rest of the world	2.28	4.88
Total	1,719.63	1,910.62

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 2016 ₹ in crore	For the year ended 31 st March 2015 ₹ in crore
(Loss) / profit for the year (₹ in crore)	(453.09)	(458.95)
Equity shares at the beginning of the year (nos.)	205,227,768	205,227,768
Equity shares issued during the year (nos.)	1,748,304	—
Equity shares at the end of the year (nos.)	206,976,072	205,227,768
Weighted average equity shares for the purpose of calculating basic earnings per share (nos.)	205,299,420	205,227,768
Weighted average equity shares for the purpose of calculating diluted earnings per share (nos.)	205,521,807	205,450,155
Earnings per share-basic (face value of ₹ 10/- each) (₹)	(22.05)	(22.36)
Earnings per share-diluted (face value of ₹ 10/- each) (₹)	(22.05)	(22.36)

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 anti dilutive.

32. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE :**A) Derivative contracts outstanding as at the balance sheet are as follows:**

The Group follows 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 also entered into an interest rate swap agreement in order to reduce the impact of potential increases in the interest rate on its floating rate loans. Accordingly mark to market losses of ₹ 4.02 (previous year ₹ 7.89) crore has been carried over to cash flow hedge reserve as of 31st March, 2016 for Currency and interest rate Swap hedging.

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, 2016	As at 31 st March, 2015	Currency	As at 31 st March, 2016	As at 31 st March, 2015
	₹ in crore	₹ in crore		FC in million	FC in million
i) Export of goods and services	79.20	67.32	USD	11.94	10.76
ii) Advances to vendors	2.85	7.63	USD	0.42	1.23
	2.25	1.33	SGD	0.46	0.28
	0.22	0.06	AED	0.12	0.04
	0.25	0.26	GBP	0.03	0.02
	1.25	0.89	EUR	0.17	0.12
	0.23	0.29	NOK	0.28	0.28
	0.01	0.01	AUD	—	0.00
	0.49	0.74	IDR	980.03	1,320.69
	0.35	0.05	JPY	1.71	0.94
iii) Receivable from holding company	—	1.32	USD	—	0.21
iv) Bank balances	0.09	0.05	USD	0.01	0.01
	0.01	—	IDR	23.97	—
v) Sale of fixed assets under constructions	1,313.90	1,314.42	USD	198.08	210.00
Total	1,401.10	1,394.38			

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

Particulars	As at 31 st March, 2016	As at 31 st March, 2015	Currency	As at 31 st March, 2016	As at 31 st March, 2015
	₹ in crore	₹ in crore		FC in million	FC In million
i) Import of goods and services	158.95	82.02	USD	23.96	13.12
	0.96	0.94	GBP	0.10	0.10
	1.44	2.41	EUR	0.19	0.34
	9.93	0.73	JPY	20.34	13.90
	7.31	9.28	SGD	1.48	1.97
	0.04	–	NOK	0.05	–
	0.48	0.45	KWD	0.02	0.02
	1.96	2.19	IDR	3,914.99	4,188.49
	6.20	4.36	AED	3.44	2.58
	187.27	102.39			
ii) Advance from Customers	1.81	–	USD	0.27	–
iii) Temporary overdraft from bank	–	0.31	USD	–	0.05
iv) Secured and unsecured borrowings payable (including interest accrued and due and not due)	621.42	640.43	USD	93.68	102.32
v) Foreign currency convertible bonds (including interest accrued and due and not due)	1,598.23	1,575.94	USD	240.94	251.79
vi) Finance lease obligations (including interest accrued and due and not due)	–	242.13	USD	–	38.63
Total	2,408.73	2,561.21			

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 Statement of Profit and Loss during the year under 'Contribution to staff provident and other funds'. Refer note 23.

Particulars	For the year ended 31 st March 2016 ₹ in crore	For the year ended 31 st March 2015 ₹ in crore
a) Employer's contribution to gratuity fund (offshore crew staff)	0.25	0.23
b) Group accident policy premium (all employees)	0.33	0.33
c) Employer's contribution to pension fund (offshore crew staff)	0.34	0.34
d) Employer's contribution to superannuation fund (office staff)	0.01	0.14
e) Employer's contribution to provident fund (offshore crew staff)	1.09	1.17
	2.02	2.21

II. Defined benefit plans

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

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

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

₹ in crore

Particulars	Provident fund (funded)		Gratuity - office staff (funded)		Gratuity - off shore officers (non-funded)		CA - paid leave (non- funded)	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
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	2.75	3.57
Current service cost	1.00	4.45	0.31	0.31	0.31	0.35	—	0.35
Current service contribution - employee	1.16	4.68	—	—	—	—	—	—
Interest cost	2.33	1.95	0.30	0.38	0.25	0.24	0.17	0.31
Transfer in	0.46	0.07	—	—	—	—	—	—
Benefits paid	(9.48)	(2.09)	(2.23)	(0.80)	(0.26)	—	(1.02)	(0.31)
Actuarial (gain) / loss on obligations	0.19	2.39	(0.43)	0.16	0.14	0.07	(0.63)	(1.27)
Acquisitions	—	—	(0.11)	0.38	—	—	(0.07)	0.11
Present value of defined benefit obligations as at the end of the year	36.74	41.08	2.78	4.94	3.74	3.30	1.20	2.76

(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)	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Fair value of plan assets at the beginning of the year	41.08	29.63	3.82	3.69	—	—	—	—
Expected return on plan assets	—	—	0.26	0.52	—	—	—	—
Actual return on plan assets	2.52	4.34	—	0.02	—	—	—	—
Acquisitions/ Transfers	—	—	—	—	—	—	—	—
Contributions by the employer/ employees	2.61	9.20	0.56	0.39	—	—	—	—
Benefits paid	(9.47)	(2.09)	(2.22)	(0.79)	—	—	—	—
Actuarial Gain / (loss)	—	—	(0.01)	—	—	—	—	—
Fair value of plan assets as at the end of the year	36.74	41.08	2.41	3.82	—	—	—	—

(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)	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Present value of defined benefit obligation as at the beginning of the year	36.74	41.08	2.78	4.94	3.74	3.30	1.20	2.76
Fair value of plan assets as at end of the year	36.74	41.08	2.41	3.82	—	—	—	—
Liability/(asset) recognised in the Balance Sheet (included in provisions) (note 8)	—	—	0.37	1.12	3.74	3.30	1.20	2.76

(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)	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Current service cost	1.00	4.45	0.31	0.31	0.31	0.35	–	0.22
Interest cost	2.33	1.95	0.15	0.25	0.25	0.24	0.06	0.15
Expected return on plan assets	(2.33)	–	0.09	(0.12)	–	–	–	–
Net actuarial (gain)/loss recognised in the period	–	2.39	(0.08)	0.16	–	0.07	(0.52)	(1.27)
Total expenses recognised in the Statement of Profit and Loss (Included in Contribution to provident and other funds (note 23))	1.00	8.79	0.47	0.60	0.56	0.66	(0.46)	(0.90)

(E) Experience history:

₹ in crore

Particulars	Provident fund (funded)					Gratuity - office staff (funded)				
	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Defined benefit obligation at the end of the year	(36.74)	(41.08)	(29.63)	(24.77)	(22.29)	(2.78)	(4.94)	(4.51)	(4.21)	(3.83)
Plan assets at the end of the period	36.74	41.08	29.63	24.77	22.29	2.43	3.83	3.68	3.09	3.14
Funded status	–	–	–	–	–	(0.99)	(1.12)	(0.83)	(1.12)	(0.69)
Experience gain /(loss) adjustments on plan liabilities	–	–	–	–	–	0.44	0.17	0.23	(0.29)	0.29
Experience gain /(loss) adjustments on plan assets	–	–	–	–	–	(0.01)	0.02	0.09	(0.08)	0.01
Actuarial gain/(loss) due to change on assumptions	–	–	–	–	–	(0.01)	(0.33)	0.36	(0.14)	0.07

Particulars	Gratuity - off shore officers (non-funded)					CA - paid leave (non- funded)				
	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Defined benefit obligation at the end of the year	(3.74)	(3.30)	(2.64)	(3.51)	(2.97)	(1.22)	(2.76)	(3.57)	(3.63)	(3.10)
Plan assets at the end of the period	–	–	–	–	–	–	–	–	–	–
Funded status	(3.74)	(3.30)	(2.64)	(3.51)	(2.97)	(1.22)	(2.76)	(3.57)	(3.63)	(3.10)
Experience gain /(loss) adjustments on plan liabilities	(0.13)	0.21	1.44	–	(0.03)	0.63	0.52	0.48	0.03	0.07
Experience gain /(loss) adjustments on plan assets	–	–	–	0.38	–	–	–	–	0.04	–
Actuarial gain/(loss) due to change on assumptions	(0.01)	(0.28)	0.24	(0.14)	–	0.00	0.74	0.29	(0.14)	0.06

(F) Category of plan assets:

₹ in crore

Particulars	Provident fund (funded)		Gratuity - office staff (funded)		Gratuity - off shore officers (non-funded)		CA - paid leave (non- funded)	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
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 (funded)		Gratuity - office staff (funded)		Gratuity - off shore officers (non-funded)		CA - paid leave (non- funded)	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Discount rate (per annum)	7.80%	7.80%	7.75%	7.80%	7.80%	7.80%	7.80%	7.80%
Rate of return on plan assets (for funded scheme)	8.60%	8.60%	8.50%	8.50%	N.A	N.A	N.A	N.A
Expected retirement age of employees (years)	58	58	58	58	58	58	58	58
Separation rate of employees	—	—	8.00%	8.00%	8.00%	8.00%	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:

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 2016-17 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 :

- 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) Associates

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

c) Key management personnel

- i) Mr. A. R. Ramakrishnan (till 31st March, 2015)
- ii) Captain Anoop Kumar Sharma
- iii) Mr. Ankur Gupta (till 31st March, 2015)
- iv) Mr. A. K. Musaddy
- v) Mr. Rahul Himatsingka (till 1st October, 2015)
- vi) Mrs. Kalapana Gurumurthy (from 20th May, 2015)
- vii) Mr. Rajeev Nayyar (from 20th May, 2015)

d) Relative of key management personnel

Mr Amit Musaddy

e) Fellow subsidiaries where there have been transactions:

- | | |
|--|--|
| (i) Aegis Limited | (xiii) Essar Capital Holdings Limited |
| (ii) Essar Bulk Terminal Limited | (xiv) Essar Capital Mauritius Limited |
| (iii) Essar Bulk Terminal (Salaya) Limited | (xv) Energy Holdco Mauritius Limited |
| (iv) Essar Capital (Mauritius) Limited (FKA Essar Global Services Limited) | (xvi) Essar Projects (India) Limited |
| (v) Essar Offshore Subsea Limited | (xvii) Essar Shipping (Cyprus) Limited |
| (vi) Essar Oil Limited | (xviii) Essar Steel India Limited |
| (vii) Essar Ports Limited | (xix) Essar Projects (PNG) Limited |
| (viii) Essar Power Gujarat Limited | (xx) P. T. Essar Indonesia |
| (ix) Essar Power (Jharkand) Limited | (xxi) Essar Steel Minnesota LLC. |
| (x) Essar Power Canada Limited | (xxii) Essar Steel Logistics Limited |
| (xi) Essar Power M. P. Limited | (xxiii) Equinox Business Parks Private Limited |
| (xii) Essar Power Orissa Limited | (xxiv) Vadinar Oil Terminal Limited |

f) Details of transactions with related parties during the year

₹ in crore

Nature of transactions	Holding companies		Fellow subsidiaries		Key management personnel		Total	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
INCOME								
Revenue from operations								
Essar Steel India Limited	—	—	1,236.33	1,181.43	—	—	1,236.33	1,181.43
Essar Power Gujarat Limited	—	—	4.46	8.84	—	—	4.46	8.84
Essar Shipping & Logistics Limited	1.75	1.61	—	—	—	—	1.75	1.61
Essar Power Orissa Limited	—	—	0.03	—	—	—	0.03	—
Essar Power M P Limited	—	—	0.03	—	—	—	0.03	—
Essar Ports Limited	—	—	0.24	0.24	—	—	0.24	0.24
Essar Oil Limited	—	—	33.85	62.23	—	—	33.85	62.23
Essar Bulk Terminal Limited	—	—	44.20	43.81	—	—	44.20	43.81
Essar Projects (India) Limited	—	—	2.00	0.56	—	—	2.00	0.56
Equipment lease rental income								
Essar Steel India Limited	—	—	—	0.01	—	—	—	0.01
Essar Oil Limited	—	—	1.77	0.30	—	—	1.77	0.30
Interest income								
Essar Shipping & Logistics Limited	57.39	55.79	—	—	—	—	57.39	55.79
Essar Shipping Cyprus Limited	—	—	0.89	—	—	—	0.89	—
Essar Global Fund Limited	3.85	6.60	—	—	—	—	3.85	6.60
Essar Offshore Subsea Limited	—	—	—	0.08	—	—	—	0.08
Essar Projects (India) Limited	—	—	0.01	—	—	—	0.01	—
Essar Steel India Limited	—	—	10.17	19.51	—	—	10.17	19.51
Other Income								
Varada Drilling One Pte Limited	—	—	1.34	4.53	—	—	1.34	4.53
Varada Drilling Two Pte Limited	—	—	1.34	4.53	—	—	1.34	4.53
Gain on foreclosure of finance obligation								
Essar Shipping & Logistics Limited	53.27	61.94	—	—	—	—	53.27	61.94
Managerial remuneration #								
A. R. Ramakrishnan	—	—	—	—	—	2.62	—	2.62
Captain Anoop Kumar Sharma	—	—	—	—	1.66	1.77	1.66	1.77
Ankur Gupta	—	—	—	—	—	3.05	—	3.05
A. K. Musaddy	—	—	—	—	1.39	1.21	1.39	1.21
Rahul Himatsingka	—	—	—	—	0.53	0.75	0.53	0.75
Kalpana Gurumoorthy	—	—	—	—	0.13	—	0.13	—
Rajeev Nayyar	—	—	—	—	0.09	—	0.09	—
Remuneration to relative of KMP								
Amit Musaddy	—	—	—	—	0.29	—	0.29	—

₹ in crore

Nature of transactions	Holding companies		Fellow subsidiaries		Key management personnel		Total	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Purchase of fuel oil								
Essar Oil Limited	–	–	47.50	56.99	–	–	47.50	56.99
Essar Shipping (Cyprus) Limited	–	–	–	–	–	–	–	–
Essar Projects (India) Limited	–	–	–	0.13	–	–	–	0.13
Direct Voyage expenses								
Essar Bulk Terminal Limited	–	–	0.22	0.28	–	–	0.22	0.28
Essar Steel Logistics Limited	–	–	–	–	–	–	–	–
Freight / hire charges								
Essar Steel Logistics Limited	–	–	–	2.06	–	–	–	2.06
Essar Ports Limited	–	–	7.56	6.52	–	–	7.56	6.52
Essar Shipping (Cyprus) Limited	–	–	83.41	133.06	–	–	83.41	133.06
Cargo Handling expenses								
Essar Bulk Terminal Limited	–	–	0.10	15.13	–	–	0.10	15.13
Essar Steel Logistics Limited	–	–	–	–	–	–	–	–
Essar Projects (India) Limited	–	–	–	0.06	–	–	–	0.06
Rent								
Equinox Business Parks Pvt. Ltd	–	–	0.88	4.34	–	–	0.88	4.34
Essar Steel India Limited	–	–	0.09	–	–	–	0.09	–
Repair and maintenance								
Aegis Limited	–	–	–	0.39	–	–	–	0.39
Essar Oil Limited	–	–	–	–	–	–	–	–
Essar Steel India Limited	–	–	0.03	3.76	–	–	0.03	3.76
Essar Projects (India) Limited	–	–	0.36	1.06	–	–	0.36	1.06
Reimbursement of expenses								
Essar Steel India Limited	–	–	1.46	3.76	–	–	1.46	3.76
Essar Projects (India) Limited	–	–	–	0.60	–	–	–	0.60
Essar Offshore Subsea Limited	–	–	–	0.02	–	–	–	0.02
P.T. Essar Indonesia	–	–	–	0.13	–	–	–	0.13
Professional / Management fees								
Aegis Limited	–	–	2.02	2.03	–	–	2.02	2.03
Essar Steel Logistics Limited	–	–	–	–	–	–	–	–
Essar Capital (Mauritius) Limited	–	–	0.20	0.17	–	–	0.20	0.17
Aircraft usage charges reimbursed								
Essar Oil Limited	–	–	31.00	38.00	–	–	31.00	38.00
Essar Projects (India) Limited	–	–	–	–	–	–	–	–
Interest expenses								
Essar Steel Logistics Limited	–	–	–	12.37	–	–	–	12.37

₹ in crore

Nature of transactions	Holding companies		Fellow subsidiaries		Key management personnel		Total	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Vadinar Ports and Terminals Limited	—	—	4.17	—	—	—	4.17	—
Essar Steel India Limited	—	—	11.29	—	—	—	11.29	—
Essar Oil Limited	—	—	7.03	—	—	—	7.03	—
Essar Shipping & Logistics Limited	—	0.45	—	—	—	—	—	0.45
Essar Oil Limited	—	—	0.89	—	—	—	0.89	—
Aegis Limited	—	—	2.32	—	—	—	2.32	—
Interest on finance lease obligation								
Essar Shipping & Logistics Limited	0.28	4.16	—	—	—	—	0.28	4.16
Security deposit given								
Essar Steel India Limited	—	—	—	—	—	—	—	—
Advance received from customer								
Essar Oil Limited	—	—	25.91	22.90	—	—	25.91	22.90
Loans and advances given								
Essar Shipping Cyprus Limited	—	—	—	—	—	—	—	—
Essar Steel India Limited	—	—	200.30	283.62	—	—	200.30	283.62
Essar Global Fund Limited	—	—	—	—	—	—	—	—
Essar Offshore Subsea Limited	—	—	—	0.60	—	—	—	0.60
Essar Shipping & Logistics Limited	11.18	10.35	—	—	—	—	11.18	10.35
Loans and advances received								
Aegis Limited	—	—	31.00	—	—	—	31.00	—
Essar Power Canada Limited	—	—	4.31	—	—	—	4.31	—
Vadinar Ports and Terminals Limited	—	—	43.05	—	—	—	43.05	—
Essar Steel Limited	—	—	114.41	—	—	—	114.41	—
Essar Oil Limited	—	—	271.00	—	—	—	271.00	—
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
Guarantee given on behalf of associates								
Varada Drilling One Pte Limited	—	—	46.28	119.11	—	—	46.28	119.11
Varada Drilling Two Pte Limited	—	—	46.28	119.11	—	—	46.28	119.11

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

g) Outstanding balances with related parties

₹ in crore

Nature of balances	Holding and subsidiary companies		Other related parties		Key Management Personnel		Total	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Trade receivables								
Essar Steel India Limited	—	—	52.37	83.74	—	—	52.37	83.74
Essar Oil Limited	—	—	8.53	5.40	—	—	8.53	5.40
Essar Steel Logistics Limited	—	—	6.58	—	—	—	6.58	—
Essar Projects (India) Limited	—	—	21.56	21.89	—	—	21.56	21.89
Vadinar Oil Terminal Limited	—	—	—	—	—	—	—	—
Essar Bulk Terminal (Salaya) Limited	—	—	0.46	0.46	—	—	0.46	0.46
Essar Offshore Subsea Limited	—	—	—	—	—	—	—	—
Vadinar Power Company Limited	—	—	0.21	0.21	—	—	0.21	0.21
Essar Shipping & Logistics Limited	2.45	1.91	—	—	—	—	2.45	1.91
Essar Ports Limited	—	—	—	0.25	—	—	—	0.25
Essar Power Jharkhand Limited	—	—	5.12	6.12	—	—	5.12	6.12
Essar Power Gujarat Limited	—	—	—	2.11	—	—	—	2.11
Essar Power M. P. Limited	—	—	0.26	0.27	—	—	0.26	0.27
Unbilled revenue receivable								
Essar Steel India Limited	—	—	10.35	—	—	—	10.35	—
Other receivables								
Varada Drilling One Pte Limited	—	—	660.76	661.74	—	—	660.76	661.74
Varada Drilling Two Pte Limited	—	—	663.29	661.74	—	—	663.29	661.74
Essar Projects (India) Limited	—	—	—	0.11	—	—	—	0.11
Essar Offshore Subsea Limited	—	—	0.02	0.02	—	—	0.02	0.02
Loans and advances (including interest accrued)								
Essar Steel India Limited	—	—	—	171.89	—	—	—	171.89
Essar Global Fund Limited	29.44	61.21	—	—	—	—	29.44	61.21
Essar Shipping & Logistics Limited	877.74	855.95	—	—	—	—	877.74	855.95
Essar Shipping (Cyprus) Limited	—	—	14.85	13.96	—	—	14.85	13.96
Energy Holdco Mauritius Limited	—	—	9.54	—	—	—	9.54	—
Essar Projects India Limited	—	—	—	0.22	—	—	—	0.22
Essar Capital Holdings Limited	—	—	247.61	—	—	—	247.61	—
Essar Ports Limited	—	—	—	0.07	—	—	—	0.07
Advance received from Customer								
Essar Oil Limited	—	—	22.03	14.69	—	—	22.03	14.69
Essar Steel India Limited	—	—	4.70	—	—	—	4.70	—
Lease loan obligation								
Essar Shipping & Logistics Limited	—	241.76	—	—	—	—	—	241.76
Trade payables								
Essar Steel India Limited	—	—	6.18	—	—	—	6.18	—
Essar Bulk Terminal Limited	—	—	3.22	3.31	—	—	3.22	3.31

₹ in crore

Nature of balances	Holding and subsidiary companies		Other related parties		Key Management Personnel		Total	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Aegis Limited	—	—	2.88	2.63	—	—	2.88	2.63
Essar Projects (India) Limited	—	—	6.13	2.99	—	—	6.13	2.99
Equinox Business Parks Pvt. Limited	—	—	5.78	4.77	—	—	5.78	4.77
Essar Oil Limited	—	—	32.50	33.16	—	—	32.50	33.16
Essar Shipping & Logistics Limited	1.48	—	—	—	—	—	1.48	—
Essar Shipping (Cyprus) Limited	—	—	48.16	57.71	—	—	48.16	57.71
Essar Capital (Mauritius) Limited	—	—	0.14	0.06	—	—	0.14	0.06
Essar Steel Logistics Limited	—	—	0.06	0.06	—	—	0.06	0.06
Essar Ports Limited	—	—	13.01	0.94	—	—	13.01	0.94
Essar Power Gujarat Limited	—	—	0.01	—	—	—	0.01	—
Vadinar Oil Terminal Limited	—	—	0.02	0.02	—	—	0.02	0.02
Interest accrued but not due on lease loan								
Essar Shipping & Logistics Limited	—	0.38	—	—	—	—	—	0.38
Security deposit received								
Essar Oil Limited	—	—	9.00	9.00	—	—	9.00	9.00
Essar Steel India Limited	—	—	5.00	5.00	—	—	5.00	5.00
Vadinar Oil Terminal Limited	—	—	1.50	1.50	—	—	1.50	1.50
Vadinar Ports & Terminals Limited	—	—	1.50	1.50	—	—	1.50	1.50
Essar Bulk Terminal Limited	—	—	1.50	1.50	—	—	1.50	1.50
Loans and advances received								
Essar Shipping & Logistics Limited	2.56	3.99	—	—	—	—	2.56	3.99
Vadinar Ports & Terminals Limited	—	—	43.05	—	—	—	43.05	—
Essar Steel India Limited	—	—	114.41	—	—	—	114.41	—
Essar Oil Limited	—	—	272.56	—	—	—	272.56	—
Essar Steel Minnesota LLC	—	—	1.53	—	—	—	1.53	—
Essar Power Canada Limited	—	—	0.99	—	—	—	0.99	—
Aegis Limited	—	—	30.30	—	—	—	30.30	—
Interest accrued but not due on loans (ICD)								
Vadinar Ports & Terminals Limited	—	—	3.75	—	—	—	3.75	—
Essar Steel India Limited	—	—	10.16	—	—	—	10.16	—
Essar Oil Limited	—	—	6.32	—	—	—	6.32	—
Aegis Limited	—	—	2.09	—	—	—	2.09	—
Guarantee given on behalf of the Company								
Essar Shipping & Logistics Limited	1,326.66	1,251.82	—	—	—	—	1,326.66	1,251.82
Guarantee given on behalf of associates								
Varada Drilling One Pte Limited	—	—	165.39	119.11	—	—	165.39	119.11
Varada Drilling Two Pte Limited	—	—	165.39	119.11	—	—	165.39	119.11

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.

In this regard, the Company had received share application money from IL&FS Trust Company ₹ 3,89,87,179/- towards allotment of shares to Essar Shipping Employees Stock Option Scheme trust at exercise price of ₹ 22.30 each. The Company has allotted 17,48,304 shares of ₹ 10/- each at a premium of ₹ 12.30 each, against the option vested to the employees.

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

Particulars	Year ended 31 st March, 2016		Year ended 31 st March, 2015	
	Options (Numbers)	Weighted average exercise price per option (₹)	Options (Numbers)	Weighted average exercise price per option (₹)
Option outstanding at the beginning of the year	1,120,862	22.30	3,506,684	22.30
Granted during the year	—	22.30	—	22.30
Vested during the year	468,949	22.30	1,370,839	22.30
Exercised during the year	—	22.30	—	22.30
Lapsed during the year	274,450	22.30	1,014,983	22.30
Options outstanding at the end of the year	<u>377,463</u>	<u>22.30</u>	<u>1,120,862</u>	<u>22.30</u>

- 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	For the year ended 31 st March, 2016 ₹ in crore	For the year ended 31 st March, 2015 ₹ in crore
Net (Loss) / profit (as reported)	(453.09)	(458.95)
Add / (Less): stock based employee compensation (intrinsic value) (refer note 23)	0.25	0.45
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued (See note (d) below)	(0.91)	(0.91)
Net (Loss) /Profit (proforma)	(453.74)	(459.41)
Basic earnings per share (as reported) (refer note 31) (₹)	(22.05)	(22.36)
Basic earnings per share (proforma) (₹)	(22.02)	(22.30)
Diluted earnings per share (as reported) (refer note 31) (₹)	(22.08)	(22.36)
Diluted earnings per share (proforma) (₹)	(22.02)	(22.30)

- 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. GOING CONCERN

At 31st March 2016 the Current Liabilities of the Company exceed its Current Assets primarily on account of current maturities of long term debt. The Management has taken the following initiatives in order to meet its short term liabilities in a timely manner.

- Refinancing its debt (including debentures) with longer terms of repayment which will be commensurate with the useful life of its assets. The management has made representation to its lenders through the Joint Lenders Forum (JLF) for refinancing its current debt with longer maturities. Approval from the lead bank for the same has been received and balance approvals are expected shortly.
- Claim receivable from an arbitration award, received by the Company in its favour on account of illegal termination of a Contract of Affreightment by a charterer, which will enable the Company to augment its working capital requirements..
- Revival in tanker segments and recent increase in the Baltic dry index will assist company in increasing margins.

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.

37. Goodwill of ₹ 6062.56 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 ₹ 79.04 crore) which have generally not been deployed for extended period of time of the said business is ₹ 137.02 crore as at 31st March, 2016. The Management is in 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 assessment, the recoverable amounts 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 31st March, 2016 and the Statutory Auditors in their Audit Report have expressed their inability to comment on this matter.

38. SUBSEQUENT EVENTS

- The Company has entered into a Memorandum of Agreement for sale of one of its capsized dry bulk carrier. The diminution in value of ₹ 28.86 crore has been provided on account of asset held for sale.
- The Company has received an award in its favour for an amount of US\$ 47.13 million on account of arbitration initiated by the Company against a charterer for illegally terminating a Contract of Affreightment (COA) entered between the Company and the Charterer and no impact of the same has been considered in the financials.

39. 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	47%	3,169.38	–58%	(264.08)
Subsidiaries				
Indian				
Essar Oilfield Services India Limited	21%	1,387.00	–8%	(35.71)
Arkay Logistics Limited	2%	167.07	19%	87.83
Foreign				
Essar Oilfields Services Limited	22%	1,489.37	–67%	(303.73)
Energy Transportation International Limited	–1%	(69.73)	4%	17.39
Energy II Limited	5%	340.29	9%	42.82
Essar Shipping DMCC	4%	250.22	1%	2.42
Cosmic Drilling Services Limited	0%	–	0%	–
Essar Oilfields Middle East DMCC	0%	–	0%	–
Associates (Investment as per the equity method)				
Foreign				
Varada Drilling One Pte. Limited	@	31.30	@	(0.02)
Varada Drilling Two Pte. Limited	@	31.21	@	(0.01)
@ less than 1%				

40. 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

Captain Anoop Kumar Sharma
Managing Director

N Srinivasan
Director

Vikram Gupta
Chief Financial Officer

Awaneesh Srivastava
Company Secretary

Mumbai
25th May, 2016

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: 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

Attendance Slip

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

6th Annual General Meeting	
Time	: 2:00 p.m.
Date	: Wednesday, August 10, 2016
Venue	: Administrative Building, Essar Refinery Complex Okha Highway (SH-25), Taluka Khambalia, Dist. 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 6th AGM of the Company

Signature of Member/Proxy

ELECTRONIC VOTING PARTICULARS

EVSN (E-voting Sequence Number)	USER ID	PAN/SEQUENCE NO
160709007		

Note: The Voting period starts from 9:00 a.m. (IST) on August 5, 2016 and ends at 5:00p.m. (IST) on August 9, 2016. Thereafter, the voting, module shall be disabled by CDSL. Kindly refer to the e-voting instructions in the Notice.

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

(Contd.....)



Wednesday, August 10, 2016 at 2:00 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	a)	Adoption of 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, 2016, the reports of the Board of Directors and Auditors thereon	Ordinary		
	b)	Adoption of 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, 2016 and report of Auditors thereon	Ordinary		
2	To appoint a Director in place of Ms. S. Gayathri (DIN: 07115908), who retires by rotation and being eligible offers herself for re-appointment.		Ordinary		
3	To re-appoint Auditors/ ratify the re-appointment of Auditors for the Financial Year 2016-17		Ordinary		
4	To approve the Related party Transactions of the Company		Special		
5	To approve the Sale of upto 51% shares in Arkay Logistics Ltd. (wholly owned subsidiary)		Special		
6	To approve and authorise to Board of Directors to fix charges for service of documents to member(s) through any particular mode		Special		

Affix ₹ 1
Revenue
Stamp

Signed this..... day of 2016

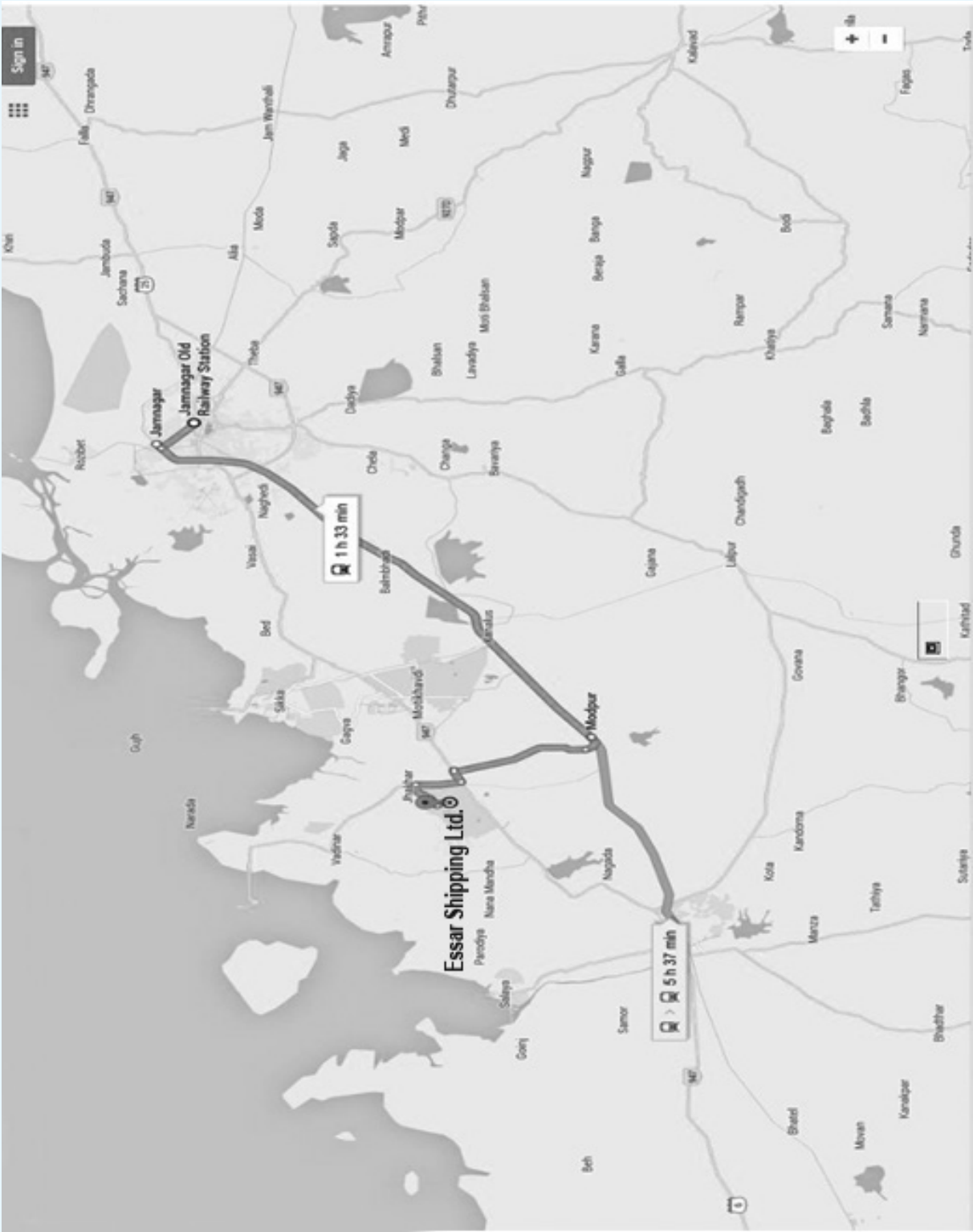
Signature of the Member

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

ESSAR SHIPPING LIMITED
Sixth Annual General Meeting venue - Route Map



This image shows a single sheet of white paper with horizontal blue lines, resembling notebook paper. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal light blue lines across the entire width of the page. The background is a solid off-white or very light gray color. There are no margins, text, or other markings present.

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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