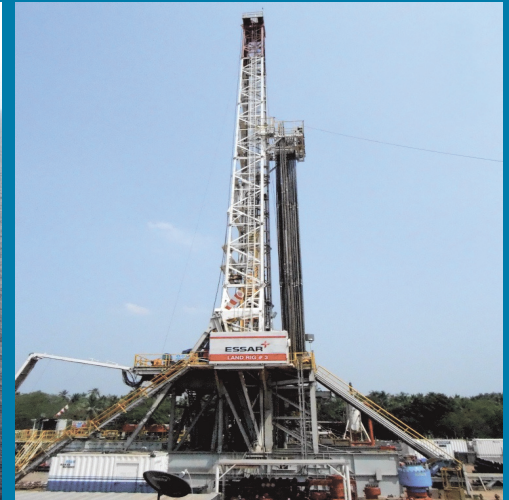
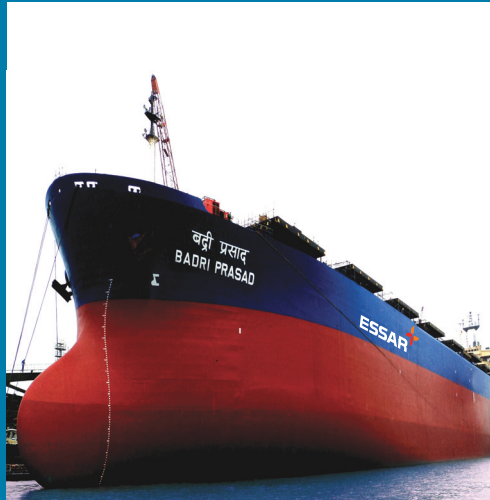




Essar Shipping Limited

3rd Annual Report 2012-13

Second Sustainability Report

for

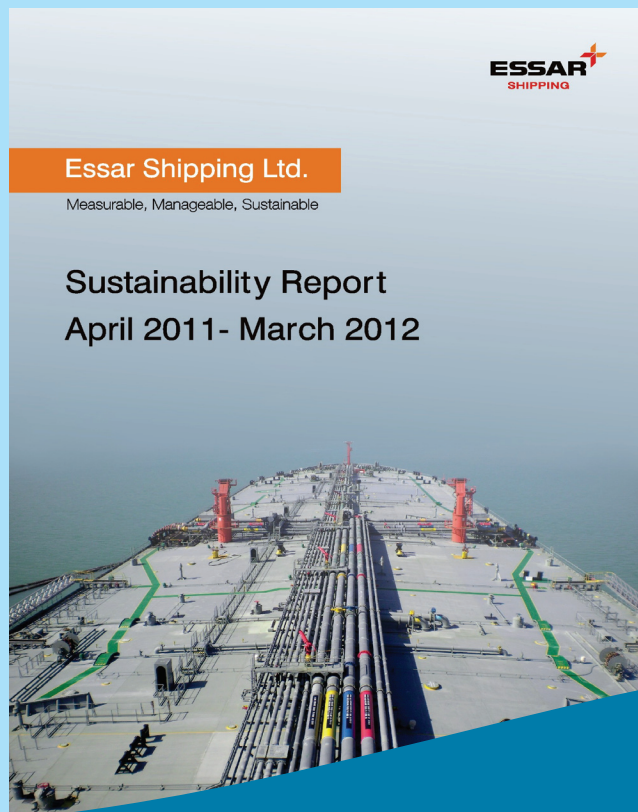
Essar Shipping Limited, 2012

“Measurable, Manageable, Sustainable”

which was launched on February 8, 2013

by Captain L. K. Panda

- Nautical Advisor to the Government of India



BOARD OF DIRECTORS

R. N. Bansal*
Independent Non-Executive Director

N. Srinivasan
Independent Non-Executive Director

Deepak Kumar Varma*
Independent Non-Executive Director

Michael P. Pinto§
Independent Non-Executive Director

Captain Bhupinder Singh Kumar§
Independent Non-Executive Director

N. C. Singhal§
Independent Non-Executive Director

P. K. Srivastava*
Director

A. R. Ramakrishnan
Managing Director

Captain Anoop Kumar Sharma
Wholetime Director

Ankur Gupta
Director

Company Secretary
Vinayak Joshi

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

COMMITTEES OF THE BOARD**AUDIT COMMITTEE[§]**

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

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE[§]

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

COMPENSATION COMMITTEE[§]

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE[§]

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

§ Appointed as Additional Director with effect from August 7, 2013

* Ceased as Director with effect from August 8, 2013

§ Composition of Committees with effect from August 7, 2013

* Appointed as Additional Director with effect from November 6, 2012

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
Email: esl.secretarial@essar.com

REGISTRAR & SHARE TRANSFER AGENT

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

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NOTICE TO MEMBERS

Notice is hereby given that the Third Annual General Meeting of Essar Shipping Limited will be held at the Registered Office of the Company at Administrative Building, Essar Refinery Complex, Okha Highway (SH-25), Taluka Khambhalia, District - Jamnagar, Gujarat - 361305 at 2:30 p.m. on Wednesday, September 25, 2013 to transact the following business:

ORDINARY BUSINESS - ORDINARY RESOLUTION

1. To receive, consider and adopt the Profit and Loss Account for the year ended March 31, 2013 and the Audited Balance Sheet as on that date and the Reports of the Board of Directors and Auditors thereon;
2. To appoint a Director in place of Mr. N. Srinivasan who retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment;
3. To appoint a Director in place of Mr. Ankur Gupta who retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment;
4. To re-appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Firm Registration No. 117365W) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To Consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. P. K. Srivastava, who was appointed as an Additional Director by the Board of Directors of the Company pursuant to Section 260 of the Companies Act, 1956 (the Act) and in accordance with Article 75 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company whose office shall be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all such steps as may be necessary to give effect to this Resolution."

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

"RESOLVED THAT Mr. Michael P. Pinto, who was appointed as an Additional Director by the Board of Directors of the Company pursuant to Section 260 of the Companies Act, 1956 (the Act) and in accordance with Article 75 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company whose office shall be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all such steps as may be necessary to give effect to this Resolution."

7. To Consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Captain Bhupinder Singh Kumar, who was appointed as an Additional Director by the Board of Directors of the Company pursuant to Section 260 of the Companies Act, 1956 (the Act) and accordance with Article 75 of the Articles of Association of the Company who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company whose office shall be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all such steps as may be necessary to give effect to this Resolution."

8. To Consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. N. C. Singhal, who was appointed as an Additional Director by the Board of Directors of the Company pursuant to Section 260 of the Companies Act, 1956 (the Act) and in accordance with Article 75 of the Articles of Association of the Company who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company whose office shall be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all such steps as may be necessary to give effect to this Resolution."

By Order of the Board

Sd/

Mumbai
August 7, 2013

Vinayak Joshi
Company Secretary

Registered Office:

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

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxy Forms in order to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.

3. Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from September 16, 2013 to September 25, 2013, both days inclusive.
5. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and Bank holidays, between 11:00 a.m. and 1:00 p.m. upto the date of the Annual General Meeting;
6. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 relating to the Special Businesses mentioned in Item No. 5 to 8 is annexed.
7. Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote;
8. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting;
9. The information pertaining to the appointment/re-appointment of Directors at the ensuing Annual General Meeting in terms of Clause 49 of the Listing Agreement with the Stock Exchange is annexed hereto;
10. Members desiring any information regarding the accounts are requested to write to the Company at "Essar House", 11, K. K. Marg, Mahalaxmi, Mumbai - 400 034 at least 7 days before the date of the Meeting to enable the Company to keep the information ready;
11. In accordance with Green Initiative of the Ministry of Corporate Affairs in Corporate Governance, the Companies can now send various communications to Shareholders electronically to those who register their email addresses. In order to receive all communications including Annual Reports through e-mail:
 - a. Holders of shares in Physical Form are requested to fill up the Pre-Paid Postal e-mail Registration Form set-out at Page No. 85 of Annual Report and send it to the Registrar & Share Transfer Agent, Data Software Research Company Private Limited;
 - b. Members holding shares in Demat Form, may register their e-mail IDs with the Company and/or the Depository Participant.

ANNEXURE TO NOTICE:

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 5

Mr. P. K. Srivastava was appointed as an Additional Director (Non-Executive) of the Company with effect from November 6, 2012. In terms of Section 260 of the Companies Act, 1956 and in accordance with Article 75 of the Articles of Association of the Company, Mr. P. K. Srivastava holds office upto the date of ensuing Annual General Meeting.

Accordingly, the Resolution at Item No. 5 of the Notice is being proposed for his appointment as a Director of the Company. The Company has received a Notice from a Member under Section 257 of the Companies Act, 1956, with requisite deposit proposing the name of Mr. P. K. Srivastava as a candidate for the office of Director of the Company.

Mr. P. K. Srivastava has done his M.Sc., (Physics) from University of Lucknow (India) and M.A., (Management Studies) from University of Leeds (UK) and has been consistently placed in First Class/Distinction in academics. He has a rich experience of 45 years in various commercial organisations in India and abroad (mainly Public Sector undertakings in India and Kingdom of Saudi Arabia) with about 15 years as Director on the Board and 10 years as the Chairman and Managing Director of Shipping Corporation of India Limited. He thereafter joined Emirates Trading Agency L.L.C., Dubai, UAE as Group Advisor (Trading & Shipping Division). He was responsible for the overall management of large business enterprises mainly in the fields of Shipping, Oil Transportation and Infrastructure Development.

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

His qualifications and varied experience would be most beneficial to the Company.

Your Directors accordingly recommend the Resolution at Item No. 5 of the Notice for your approval. None of the Directors except Mr. P. K. Srivastava is concerned or interested in this Resolution.

Item No. 6

Mr. Michael P. Pinto was appointed as an Additional Director (Independent Non-Executive) of the Company with effect from August 7, 2013. In terms of Section 260 of the Companies Act, 1956 and in accordance with Article 75 of the Articles of Association of the Company, Mr. Michael P. Pinto holds office upto the date of ensuing Annual General Meeting.

Accordingly, the Resolution at Item No. 6 of the Notice is being proposed for his appointment as a Director of the Company. The Company has received a Notice from a Member under Section 257 of the Companies Act, 1956, with requisite deposit proposing the name of Mr. Michael P. Pinto as a candidate for the office of Director of the Company.

Mr. Michael P. Pinto, Indian Administrative Service (IAS) (Retired) has a rich blend of experience, in the private sector as well as public enterprises, both at the state and the centre in which he served. He had been the Chief Executive Officer of the Maharashtra Industrial Development Corporation (MIDC), Vice Chairman and Managing Director of the Maharashtra State Road Transport Corporation, Chief Managing Director of Handicrafts and Handlooms Export Corporation of India (HHEC), Chairman of the Central Cottage Industries Corporation (CCIC), Managing Director of Maharashtra State Finance Corporation, Minister (Economic) Embassy of India, Paris, Chairman, Maharashtra State Electricity Board (MSEB), Director General (Shipping) Govt of India, Chairman Jawaharlal Nehru Port and Secretary (Shipping) Government of India. He was also the Vice Chairman of the National Commission for Minorities in the rank and status of Union Minister of State.

Mr. Michael P. Pinto is a Director and Member of Committees on the Board of various Indian public limited companies, viz., Star Paper Mills Limited, Gateway Distriparks Limited, Infrastructure Leasing And Financial Services Limited, Gateway Distriparks (Kerala) Limited, Ashoka Buildcon Limited, Tolani Shipping Company Limited, SCI Forbes Limited, Snowman Logistics Limited and Essar Ports Limited.

He is also a Chairman of the Audit Committee of Gateway Distriparks (Kerala) Limited and Member of the Audit Committee of Gateway Distriparks Limited, Infrastructure Leasing and Financial Services Limited, Asoka Buildcon Limited, Principal Trustee Company Private Limited and Snowman Logistics Limited and Member of the Shareholders' Grievance Committee of Ashoka Buildcon Limited.

His qualifications and varied experience would be most beneficial to the Company.

Your Directors accordingly recommend the Resolution at Item No. 6 of the Notice for your approval. None of the Directors except Mr. Michael P. Pinto is concerned or interested in this Resolution.

Item No. 7

Captain Bhupinder Singh Kumar was appointed as an Additional Director (Independent Non-Executive) of the Company with effect from August 7, 2013. In terms of Section 260 of the Companies Act, 1956 and in accordance with Article 75 of the Articles of Association of the Company, Captain Bhupinder Singh Kumar holds office upto the date of ensuing Annual General Meeting.

Accordingly, the Resolution at Item No. 7 of the Notice is being proposed for his appointment as a Director of the Company. The Company has received a Notice from a Member under Section 257 of the Companies Act, 1956, with requisite deposit proposing the name of Captain Bhupinder Singh Kumar as a candidate for the office of Director of the Company.

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

His qualifications and varied experience would be most beneficial to the Company.

Your Directors accordingly recommend the Resolution at Item No. 7 of the Notice for your approval. None of the Directors except Captain Bhupinder Singh Kumar is concerned or interested in this Resolution.

Item No. 8

Mr. N. C. Singhal was appointed as an Additional Director (Independent Non-Executive) of the Company with effect from August 7, 2013. In terms of Section 260 of the Companies Act, 1956 and in accordance with Article 75 of the Articles of Association of the Company, Mr. N. C. Singhal holds office upto the date of ensuing Annual General Meeting.

Accordingly, the Resolution at Item No. 8 of the Notice is being proposed for his appointment as a Director of the Company. The Company has received a Notice from a Member under Section 257 of the Companies Act, 1956, with requisite deposit proposing the name of Mr. N. C. Singhal as a candidate for the office of Director of the Company.

Mr. N. C. Singhal is the Founder of the erstwhile SCICI Limited and served as its Chief Executive Officer and Managing Director. He was associated as a Senior Executive of The Industrial Credit & Investment Corporation of India Limited and of the Oil & Natural Gas Commission.

He has vast experience in the field of Banking and Finance. He was deputed by the Government of India as a Banking Expert to the Industrial Development Bank of Afghanistan, Kabul, during 1974 to 1975, as part of the World Bank sponsored programme for setting up the Bank. He served as Consultant and Management Specialist with the Asian Development Bank, Manila. He serves as the Chairman of Samalpatti Power Company Private Limited, and SCI Forbes Limited. He serves as a Member of Advisory Board at several industrial houses and institutions. He serves as a Member of Strategic Advisory Group, Development Credit Bank Ltd. His other Directorships and Memberships of Companies include, viz., SCI Forbes Limited, Forbes Bumi Armada Limited, Forbes Bumi Armada Offshore Limited, Deepak Fertilisers And Petrochemicals Corporation Limited, Max India Limited, Birla Sun Life Asset Management Company Limited, Tolani Shipping Company Limited, Binani Industries Limited, Amal Limited, Capital First Limited, Essar Bulk Terminal Limited, Essar Ports Limited and Samalpatti Power Company Private Limited,

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

He is also a Chairman of the Audit Committee of Deepak Fertilisers And Petrochemicals Corporation Limited, Max India Limited, Tolani Shipping Company Limited and Amal Limited and Member of the Audit Committee of Binani Industries Limited and Capital First Limited. He is also a Chairman of the Shareholders' Grievance Committee of Amal Limited and Member of the Shareholders' Grievance Committee of Max India Limited and Binani Industries Limited.

His qualifications and varied experience would be most beneficial to the Company.

Your Directors accordingly recommend the Resolution at Item No. 8 of the Notice for your approval. None of the Directors except Mr. N. C. Singhal is concerned or interested in this Resolution.

By Order of the Board

Sd/

Mumbai
August 7, 2013.

Vinayak Joshi
Company Secretary

Registered Office:

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

ANNEXURE TO NOTICE:**Details of other Directors seeking Appointment/ Re-Appointment at the Third Annual General Meeting of the Company in pursuance of Clause 49 of the Listing Agreement****1. Mr. N. Srinivasan**

Mr. N. Srinivasan, born on July 27, 1931 has been a Member of the Institute of Chartered Accountants of India since 1955. He was a senior partner in Fraser & Ross/Deloitte Haskins & Sells and has had a close association with the development of the accounting profession in India. He was Chairman of the Southern Indian Regional Council and a Central Council Member of the Institute of Chartered Accountants.

He is on the Board of India Cements Capital Limited, Tractors and Farm Equipment Limited, United Breweries (Holdings) Limited, UT Worldwide (India) Private Limited, The United Nilgiri Tea Estates Company Limited, Paterson Consulting Group Private Limited, Gati Limited, Tafe Motors and Tractors Limited, The India Cements Limited, McDowell Holdings Limited, BEST & Crompton Engg. Limited, SCM Microsystems (India) Private Limited, UB Engineering Limited, Indair Carriers Private Limited, Redington (India) Limited and Kartiken Logistics Limited and Redington (India) Investments Limited.

He is also a chairman of Audit Committee of UB Engineering, GATI Limited, United Breweries (Holdings) Limited, Redington (India) Limited and Tractors and Farm Equipments Limited and Member of Audit Committee of India Cements Limited, India Cements Capital Limited and The United Nilgiri Tea Estates Company Limited.

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

2. Mr. Ankur Gupta

Mr. Ankur Gupta, born on May 11, 1966 has over 23 years of experience in the Oilfield Services industry. Prior to Essar, he was Regional Vice President (Asia Pacific) for Paradigm Geophysical, a Company specializing in providing geophysical software and services to oil and gas companies. He has also held a variety of operations, technical and management positions with Schlumberger, the World's largest integrated oilfield services company. He has worked in five countries across three continents.

He holds a Bachelor of Technology Degree in Electrical Engineering from the Indian Institute of Technology, Delhi. He is also a Wholtime Director and Chief Executive Officer of Essar Oilfield Services India Limited.

Mr. Ankur Gupta does not hold any shares in the Company.

3. Mr. P. K. Srivastava

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

He has had a long experience of 45 years in various commercial organizations in India and abroad (mainly Public Sector undertakings in India and Kingdom of Saudi Arabia) with about 15 years as Director on the Board and 10 years as the Chairman and Managing Director of Shipping

Corporation of India, a group "A" Public Sector Undertaking in India with an annual turnover in excess of USD 1 Billion. He was Group Advisor (Trading & Shipping Division) of Emirates Trading Agency L.L.C., Dubai, UAE.

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

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

4. Mr. Michael P. Pinto

Mr. Michael P. Pinto, born on May 27, 1943, Indian Administrative Service (IAS) (Retired) has had a rich blend of experience, in the private sector as well as public enterprises, both at the state and the centre in which he served. He had been the Chief Executive Officer of the Maharashtra Industrial Development Corporation (MIDC), Vice Chairman and Managing Director of the Maharashtra State Road Transport Corporation, Chief Managing Director of Handicrafts and Handlooms Export Corporation of India (HHEC), Chairman of the Central Cottage Industries Corporation (CCIC), Managing Director of Maharashtra State Finance Corporation, Minister (Economic) Embassy of India, Paris, Chairman, Maharashtra State Electricity Board (MSEB), Director General (Shipping) Govt of India, Chairman Jawaharlal Nehru Port and Secretary (Shipping) Government of India. He was also the Vice Chairman of the National Commission for Minorities in the rank and status of Union Minister of State. He is a Director and Member of Committees on the Board of various Indian public limited companies, viz., Star Paper Mills Limited, Gateway Distriparks Limited, Infrastructure Leasing And Financial Services Limited, Gateway Distriparks (Kerala) Limited, Ashoka Buildcon Limited, Tolani Shipping Company Limited, SCI Forbes Limited, Principal Trustee Company Private Limited, Snowman Logistics Limited, Essar Ports Limited.

He is also a Chairman of the Audit Committee of Gateway Distriparks (Kerala) Limited and Member of the Audit Committee of Gateway Distriparks Limited, Infrastructure Leasing and Financial Services Limited, Asoka Buildcon Limited, Principal Trustee Company Private Limited and Snowman Logistics Limited and Member of the Shareholders' Grievance Committee of Ashoka Buildcon Limited.

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

5. Captain Bhupinder Singh Kumar

Captain Bhupinder Singh Kumar, born on October 13, 1938, has vast experience of over 4 decades in the Ports and Shipping Sector during which he has held key positions in the industry such as Managing Director & Chief Executive Officer of Essar Shipping Limited, Chief Executive of Essar Group Companies, APJ Lines e.t.c., he has played a key role in the development of the Paradip Port on the East Coast of India he was also associated with Dhamra Port, Hazira Port, Finolex Captive Jetty, Ratnagiri; Trustee/Director on Board Mumbai Port Trust, Paradip Port Trust, besides being associated with Indian National Shipowners Association;

Steamship Mutual Bermuda Club, UK; Classification Societies, Visa Comtrade Ltd., Kolkata e.t.c., he was a Shipping & Logistics Consultant/Adviser, and also on Panel of Arbitrators under Indian Council of Arbitrators and also an exclusive agent for ABEL Pumps GmpH, Germany in India.

He is also on the Board of TM International Logistics Limited (TML), Kolkata and International Shipping & Logistics Fze, (ISL), Dubai.

Captain Bhupinder Singh Kumar does not hold any shares in the Company.

6. Mr. N. C. Singhal

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

He has vast experience in the field of Banking and Finance. He was deputed by the Government of India as a Banking Expert to the Industrial Development Bank of Afghanistan, Kabul, during 1974 to 1975, as part of the World Bank sponsored programme for setting up the Bank. He served as Consultant and Management Specialist with the Asian Development Bank, Manila. He serves as the Chairman of Samalpatti Power Company Private Limited, and SCI Forbes Limited. He serves as a Member of Advisory Board at several industrial houses and institutions. He serves as a Member of Strategic Advisory Group, Development Credit Bank Ltd. His other Directorships and Memberships of Companies include, viz., SCI Forbes Limited, Forbes Bumi Armada Limited, Forbes Bumi Armada Offshore Limited, Deepak Fertilisers And Petrochemicals Corporation Limited, Max India Limited, Birla Sun Life Asset Management Company Limited, Tolani Shipping Company Limited, Binani Industries Limited, Amal Limited, Capital First Limited, Essar Bulk Terminal Limited, Essar Ports Limited.

He is also a Chairman of the Audit Committee of Deepak Fertilisers And Petrochemicals Corporation Limited, Max India Limited, Tolani Shipping Company Limited and Amal Limited and Member of the Audit Committee of Binani Industries Limited and Capital First Limited. He is also Chairman of the Shareholders' Grievance Committee of Amal Limited and Member of the Shareholders' Grievance Committee of Max India Limited and Binani Industries Limited.

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

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

By Order of the Board

Sd/

Mumbai
August 7, 2013

Vinayak Joshi
Company Secretary

Registered Office:

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

DIRECTORS' REPORT

TO THE MEMBERS OF ESSAR SHIPPING LIMITED

Your Directors take pleasure in presenting the Third Annual Report of your Company together with Audited Accounts for the year ended March 31, 2013.

FINANCIAL RESULTS:

The summary of the Standalone and Consolidated Financial Results of your Company for the year ended March 31, 2013 are furnished below:

(₹ in Crore)

Particulars	Consolidated		Standalone	
	For the year ended 31-03-2013	For the year ended 31-03-2012	For the year ended 31-03-2013	For the year ended 31-03-2012
Total Income	3298.08	2854.51	1556.24	1304.86
Total Expenditure	2433.02	2102.01	1149.82	804.13
EBITDA	865.06	752.50	406.42	500.73
Less: Interest & Finance charges	365.72	329.43	307.26	266.90
Less: Provision for Depreciation	369.31	362.94	139.01	136.36
Less: Exceptional Item	50.20	-	50.20	-
Profit before Tax	79.83	60.13	(90.05)	97.47
Less: Provision for Tax	44.03	23.30	3.20	1.65
Profit after Tax/(loss)	35.80	36.83	(93.25)	95.82
Appropriations:				
Opening balance of Surplus	59.89	88.06	78.99	48.17
Add: Profit of the current year	35.80	36.83	(93.25)	95.82
Less: Transfer to Debenture Redemption Reserve	-	(20.00)	-	(20.00)
Less: Transfer to Tonnage Tax Reserve	-	(45.00)	-	(45.00)
Surplus at the end of the year	95.69	59.89	(14.26)	78.99

DIVIDEND

Your Company which comprises of Sea Transportation, Oilfield Services and Logistics Businesses is currently expanding the capacities in shipping and oilfields businesses through acquisition of suitable assets. These assets are highly capital intensive in nature and therefore require substantial investment. This necessitates the operating profits to be ploughed back towards capital expenditure. With a view to conserving resources for these requirements, your Directors have not recommended any dividend for the year ended March 31, 2013.

COMPLIANCE WITH SEBI REGULATION WITH RESPECT TO MINIMUM PUBLIC SHAREHOLDING

In compliance with directive of the Securities and Exchange Board of India (SEBI), the Promoter Group's Shareholding has been reduced to 75% on May 30, 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(a) Overview of the World Economy

The global economic environment remains fragile and prone to pressure, although the balance of risks is now less skewed to the downside than it has been in recent years. Global growth had a relatively weak performance of 2.3 percent and 2.4 percent in 2012 and 2013, respectively, and expected to gradually strengthen to 3.1 percent and 3.3 percent in 2014 and 2015 according to World Bank. Four years after the onset of the global financial crisis, the world economy continues to struggle. Developing economies are still the main driver of global growth, but their output has slowed. To regain pre-crisis growth rates, developing countries must once again emphasize internal productivity-enhancing policies. While headwinds from restructuring and fiscal consolidation will persist in high-income countries, these should become less intense allowing for a slow acceleration in growth over the next several years. In what is likely to remain a difficult external environment, characterized by slow and potentially volatile high-income country growth over the next several years, strong growth in developing countries is not guaranteed.

The IMF predicts that what was until now a two-speed recovery, strong in emerging market and developing economies but weaker in advanced economies, is becoming a three-speed recovery. Emerging market and developing economies are still going strong, but in advanced economies, there appears to be a growing bifurcation between the United States on one hand and the euro area on the other.

In contrast to this mixed picture for the advanced economies, emerging market economies are doing well though there are concerns of high commodity prices, low interest rates, large capital inflows—would often have led to credit booms and overheating

(b) Overview of the Indian Economy

The Indian economy while being optimistic on growth reviving in the next fiscal, calls for curbing the fiscal deficit and cutting down on wasteful subsidies to that end. Inflation continues to remain the biggest concern in the Indian economy as economists warn of high food and global oil prices. With global economic scenario expected to remain sluggish, internal demand and domestic consumption would be key drivers of growth. With the RBI looking to take softer policy measures, cutting lending rates and CRR, the coming fiscal year could spur economic growth. Various think tanks suggest imports, especially of oil, should be curbed by

linking the sale price to market and gold imports, touted as the root cause of the record current account deficit should be curbed. The squeezing of budget by European nations and the slow recovery in the US after the 2008 credit crisis are hurting exports. Imports, however, remain strong. While exports fell 5.5% to \$214.1 billion in April-December 2012, imports fell less than proportionately by 0.7% to \$ 361.3 billion. The annual economic survey 2013 commented that "The room to increase exports in the short run is limited, as they are dependent upon the recovery and growth of partner countries, especially industrial economies".

Recently the World Bank scaled down India's growth forecast to 6.1% for the current fiscal from 7% projected six months ago. The decline in the growth forecast is largely due to the decline in agriculture sector which is expected to grow at 2% during 2013-14 against the previous estimate of 2.7% despite normal monsoon projection. However, the multi-lateral funding agency said that India is regaining economic momentum and growth is expected to recover gradually to its high long-term potential.

India's economic confidence grew by 8 points to 68 per cent in the month of January 2013 as compared to December 2012, making it the second most economically confident country in the world, according to a survey titled 'Ipsos Economic Pulse of the World'. India is also expected to be the second largest manufacturing country globally in the next five years, followed by Brazil as the third ranked country, according to Deloitte. Indian manufacturing and services sectors expanded more than China in February 2013, according to a survey by HSBC. The HSBC composite index for India for manufacturing and services stood at 54.8 in February 2013, whereas it was 51.4 for China.

In 2010, the Indian economy rebounded robustly from the global financial crisis - in large part because of strong domestic demand - and growth exceeded 8% year-on-year in real terms. However, India's economic growth began slowing in 2011 because of a tight monetary policy, intended to address persistent inflation, and a decline in investment, caused by investor pessimism about domestic economic reforms and about the global situation. The Indian Government announced reforms and deficit reduction measures to reverse India's slowdown. The outlook India's medium-term growth is positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. India has many long-term challenges that it has not yet fully addressed, including poverty, inadequate physical and social infrastructure, limited non-agricultural employment opportunities, inadequate availability of quality basic and higher education, and accommodating rural-to-urban migration. But never the less, India's economic growth is expected to remain robust in 2014, despite likely headwind of double-dip recessions in Europe and slow growth in other OECD nations.

BUSINESS PERFORMANCE, OPPORTUNITIES AND OUTLOOK

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

(a) Sea Transportation Business:

Low global trade coupled with overcapacity and poor cash generation has plagued the global Shipping industry since 2009, and may only improve as net tonnage addition to the global fleet slows down. The Baltic Dry Index continues to be at lows and more specifically capesize vessels are under extreme stress indicating it will be some time before the industry fully recovers.

Broader market fundamentals in the Dry Bulk trade is expected to remain under stress due to demand supply mismatch caused by low ore/ coal/ finished goods demand across the globe, hence increase in demolition activities is required to offset the new building pressure, is the general consensus. Impact of order cancellations and slippages in deliveries are also likely to remain high easing some pressure on the supply side. The banking industries view on global shipping industry still remains critical due to the cash mismanagement in the industry. On the demand side, global seaborne commodity movement is expected to improve as a result of increased imports into Asia, especially China and India. But a slowdown in China or prolonged recession in Europe could possibly result in downward revision of demand, which can have a significant negative impact on freight rates.

The Wet Market rates have remained unstable due to fluctuating energy demands worldwide. Crude tanker spot rates are under pressure due to decline of fixture activity of Middle East, West Africa and Mediterranean. Increase in shale gas outputs in US has reduced energy transport across the Atlantic. Large number of VLCCs competing for limited cargo in the Persian Gulf region has put pressure on the daily earnings of tankers. Investors in shipping industry seem to have more faith in the U.S. product demand. Also demand for chemical tankers has also come down due to limited industrial activities in various industrial hubs in the world.

New sources of key energy resources like iron ore, coal, bauxite and crude are driving the regional Time charter rates of the respective regions. Impact of lower finished goods trade out of Asia to US and EU region have impacted the overall sentiment of the shipping industry.

Despite tough market conditions the Sea Transportation business of your Company has done well based on the strategy of deploying vessels on long-term contracts, which not only provides us visibility of revenues over a longer

horizon but also hedges us from spot market volatility. Your Company is shielded against the current downturn in the shipping industry because of its long term employment contracts with Charters focused in Steel, Power and Oil & Gas industry.

(b) Oilfields Services Business:

Rising operating costs are the greatest barrier to oil and gas company growth in the Asia-Pacific as the industry's rapid expansion brings huge new opportunities to the region. Capital spending (Capex) for exploration and production (E&P) rose from US\$ 586 billion in 2011 to US\$ 641 billion in 2012, and operational spending (Opex) from US\$ 457 billion to US\$ 500 billion. The increases were driven by higher day rates for deepwater rigs and strong oil prices that exceeded the threshold price of production for most projects, growing demand for oilfield goods and services. Of all the expenses, operational personnel and well services contributed most on the operational side, growing in the range of 3% to 5% depending on the location.

Higher costs were also due to an increase in the complexity of oil and gas projects, a surge in insurance premiums and the severe lack of suitable qualified professionals across the region. The rise in building and operating costs is not likely to drop significantly anytime soon. Companies deal with the situation by negotiating with suppliers to acquire the best rates possible, and the increases have yet to cause project delays.

The Asia-Pacific could see economic growth of 7.3% in 2013 despite the global economic downturn and uncertainty surrounding the eurozone sovereign debt challenges. A significant restriction on the region's economic growth is its greater dependence on foreign imports of oil and gas. To reduce import dependency and boost energy security, countries in the region are seeking to satisfy as much domestic demand as possible from domestic sources, especially in China, India, Thailand, Malaysia and Indonesia. As such, Asia is becoming an increasingly important part of the world for oil and gas exploration and drilling. As the sector is dominated by offshore production, its offshore Capex is likely to have significant growth over the next five years

The semi-submersible rig, Essar Wildcat, continues its robust performance with deployment with ConocoPhillips in Indonesia since October 2011. The Company has recently deployed its one of the Land Rigs (LR#3) with BG Shirke in the Financial Year 2012-2013. The Company gives utmost importance to highest safety standards and this has been reflected with Essar Wildcat, successfully completing 4 years of LTI free operations.

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 has been able to manage:

1. 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;
2. 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;
3. Control over the operational matrix of various vessels to reduce cost and reduce downtime of vessels;
4. Control over various OPEX cost of the organization;

INTERNAL CONTROL FRAMEWORK

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

HUMAN RESOURCE

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

AWARDS AND RECOGNITIONS

Your Company has won 'Bulk Operator of the Year' at the Annual Gateway Awards, the benchmark of Indian Maritime Industry. The nominations were evaluated and ratified by KPMG and subsequently a 10 – Member jury led by Mr. K Mohandas, IAS, Former Secretary, Ministry of Shipping and Chairman, Kerala Shipping and Inland Navigation Corporation finalized the awards. The Gateway Awards is the most coveted award in the maritime industry honoring individuals, organizations and companies from across India's maritime industry. This year the 6th Annual award ceremony was held on 18th April, 2013

Your Company has won the 'Bulk Operator of the Year Award' at the Annual Seatrade Middle East & Indian Subcontinent Awards, part of Dubai Maritime Week. The awards were judged by a 12 - strong panel of esteemed international judges, led by Koji Sekimizu, Secretary General of the International Maritime Organisation (IMO). Known as the 'Oscars' of the maritime world, the Awards were presented at a glittering gala dinner at the Atlantis, The Palm, Dubai attended by more than 900 of the who's

who of the region's maritime and shipping industry. Individuals, organisations and companies from across the region's maritime and shipping industry were honoured for their excellence at the award ceremony. We were awarded this on November 26, 2012 Dubai.

Your Company had participated in Shipping Line of the Year – Coastal Operator at Gujarat Star Awards. It was awarded First Runner's up for the same.

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITY

As per SEBI Guidelines your Company has been engaged in various CSR Activities. Key Highlights are:

1. Donation of Grains to Children's Aid Society (Umerkhadi) on February 20, 2013;
2. Coast Guard Motorcycle Rally held on December 11, 2012;
3. Visit to Vatsalya Trust Balikashram at Sanpada, Navi Mumbai for Diwali Celebrations on November 9, 2012;
4. Coastal Clean-up drive launched by Essar Shipping & Ports on September 15, 2012;
5. Essar Shipping recognizes bravery at Sea on July 24, 2012.

CSR ACTIVITY HIGHLIGHTS

1. Donation of Grains to Children's Aid Society (Umerkhadi) on February 20, 2013

Your Company employees participated in the Foundation's employee volunteering programme, by collecting contributions for a 'Handful of Grain' campaign for the benefit of underprivileged Members of the community. On February 20, 2013, a group of Essarites from ESL based in Kurla visited the Children's Observation Home, Umerkhadi, in central Mumbai, which is run by CAS. The Home supports destitute, delinquent and victimized children who have been abandoned, or rescued from streets. In all there were around 280 boys and girls below the age of 18 years.

2. Coast Guard Motorcycle Rally held on December 11, 2012

In December 11, 2012 your company organized a motorcycle rally to create awareness about security and vigilance among the fishing communities along the north Maharashtra coast. The rally was organised by the Indian Coast Guard in close association with the Indian Navy, Marine Police, Department of fisheries and the local police.

3. Visit to Vatsalya Trust Balikashram at Sanpada, Navi Mumbai for Diwali Celebrations on November 9, 2012

In a very special and meaningful way, your company organized an employee volunteering event at Vatsalya Trust Balikashram at Sanpada, Navi Mumbai, on November 9, 2012. The Balikashram (children's home) accommodates about 60 girls who stay and study there, under the aegis of Vatsalya Trust. The idea was to create a memorable Diwali for these young girls.

4. Coastal Clean-up drive launched by Essar Shipping on September 15, 2012

We participated in the Coastal Cleanup drive organised by Indian Coast Guard on the Occasion of International Coastal Cleanup Day. Students of various colleges, schools and NGO's also joined hands to clear the debris from various beaches in Mumbai.

5. **Essar Shipping recognizes bravery at Sea on July 24, 2012**

Every year the recognizes acts of bravery both in the Indian Coast Guard (ICG), who are the primary Search and Rescue (SAR) organization, and also those from the fishing community who have assisted another in distress. The Essar SAR Award is given in honor of young men and women in uniform who to help rescue people in danger at sea. The Essar SAR (Search and rescue) award for government owned SAR unit was presented by Captain Anoop Kumar Sharma, CEO in Chennai July 24, 2012

SUSTAINABILITY REPORTING

Your Company has released its second Sustainability Report titled, "Measurable, Manageable, Sustainable",

This Report was launched on February 8, 2013 by Captain L. K. Panda - Nautical Advisor to The Government of India. This Report is a sequel to our First Sustainability Report, 2011, "Our propelling force".

The Report captures the Environment, Social and Governance Performance of the Essar Shipping Group comprising Sea Transportation, Oilfield Services and Logistics, and also outlines our Short, Mid and Long-Term Strategy for addressing material issues regarding the same.

Sustainability Performance Highlights 2012

Governance

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

Environment

- Ship Energy Efficiency Management Plan (SEEMP) and Energy Efficiency Operational Index (EEOI) developed for the entire fleet by the Sea Transportation Business. The plan is currently under implementation
- 4.47% increase in Modal Shift i.e., moving greater volumes of cargo by seas that were once handled by trucks on the road thereby greatly reducing the carbon emissions due to cargo transportation.

Social

- Information consolidated for last three years for additional safety indicators including property damage incident, fire incidents, high potential incidents and restricted work cases. Enterprise Resource Planning (ERP) solution for incident monitoring extended to cover these indicators;
- Zero Loss Time Injury Frequency Rate achieved by Oilfield Services for second year in a row;
- 86.36% reduction in Lost Time Injury Frequency Rate by Logistics Business;
- 42.86% increase in near miss reporting by Sea Transportation Business;
- 188.64% increase in near miss reporting by Oilfield Services;
- 21% reduction in overall employee turnover;
- 44.4% reduction in employee turnover by Sea Transportation Business;
- 8.22% reduction in employee turnover by Logistics Business;
- 61.96% increase in employee training days;

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

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

EMPLOYEE STOCK OPTION SCHEME

The Company has implemented the “Essar Shipping Employees Stock Option Scheme-2011” (“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 Compensation 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, 2013 are provided in the Annexure to this Report.

INFORMATION TECHNOLOGY

Your Company has successfully implemented SAP in its financial and budget management systems. The Company is also exploring 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. All the vessels are undergoing upgradation of systems in terms of hardware and

software. Your Company has implemented a robust Document Management System thus improving the availability of critical information in e-mode thereby reducing the use of paper.

SUBSIDIARIES:

Following are the subsidiaries of your Company as on March 31, 2013:

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

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

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. N. Srinivasan and Mr. Ankur Gupta retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

During the year under consideration, Mr. P. K. Srivastava was appointed on the Board of the Company with effect from November 6, 2012 and Mr. Anshuman Ruia stepped down from the Board of the Company with effect from May 27, 2013. We also record with deep upset the sad demise of Mr. K. V. Krishnamurthy on January 16, 2013.

The Company has further reconstituted its Board of Directors by appointing three industry stalwarts, Mr. Michael P. Pinto, Captain Bhupinder Shingh Kumar and Mr. N. C. Singhal as Independent Directors with effect from August 7, 2013. This will enable to strengthen the Company's corporate governance capabilities and provide focused guidance to the management for sustained growth. Mr. R. N. Bansal and Mr. Deepak Kumar Varma, stepped down from the Board of the Company with effect from August 8, 2013.

AUDITORS

Your Company's Statutory Auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Firm Registration No. 117365W) retire at the ensuing Annual General Meeting and are

eligible for reappointment. The Company has received consent letter from M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Firm Registration No.117365W) to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the Companies Act, 1956.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standard of Corporate Governance and comply to the Corporate Governance requirements as required under the Listing Agreement entered with the Stock Exchanges. The disclosures as required in Clause 49 of the Listing Agreement have been furnished in the Annexure to the Directors' Report under the head "Corporate Governance". The requisite Certificate from the Statutory Auditors of the Company confirming the compliances with the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered with the Stock Exchanges, is attached and forming part of this Annual Report.

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

Pursuant to Notification No. GSR 1029 dated 31.12.1988 your Company is not required to furnish prescribed information regarding conservation of energy and technology absorption, as Shipping Industry is not covered in the schedule to the said rules. The details of Foreign exchange earnings and outgo are summarised below:

Total Foreign Exchange:

- | | |
|--|-----------|
| (1) Earned (including loan receipts, sale of ships, freight, charter hire earnings, interest income, etc.) | ₹ 996.83 |
| (2) Used (including cost of acquisition of ships, loan repayments, interest, operating expenses, etc.) | ₹ 1104.49 |

PARTICULARS OF EMPLOYEES

As per the provisions of Section 219(1)(b)(iv) of the said Act, the Report and Accounts are being sent to all the shareholders of the Company excluding the Statement of particulars of employees under u/s 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended. Any shareholder interested in obtaining a copy of this statement may write to the Company Secretary for the same at the Registered Office of the Company.

STATEMENT OF DIRECTORS RESPONSIBILITIES

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

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis.

FIXED DEPOSITS

Your Company has not accepted any public deposits under section 58A of the Companies Act, 1956, during the financial year under report.

APPRECIATION AND ACKNOWLEDGEMENTS

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

Your Directors thank its bankers, Mercantile Marine Department, State Government and Central Government and other business associates for their continued support and co-operation during the year.

For and on behalf of the Board

A. R. Ramakrishnan Managing Director	Deepak Kumar Varma Director
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Mumbai
August 7, 2013

ANNEXURE TO DIRECTORS REPORT

The disclosures as stipulated under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the SEBI Guidelines") and forming part of Director's Report for the period ended on March 31, 2013.

Sr. No.	Particulars	Information
(a)	Options Granted	40,68,819
(b)	Exercise price	₹ 22.30 per option
(c)	Options vested	Nil
(d)	Options exercised	Nil
(e)	The total number of shares arising as a result of exercise of option	Not applicable
(f)	Options lapsed	4,03,549
(g)	Variation of terms of options	Nil
(h)	Money realized by exercise of options	Not applicable
(i)	Total number of options in force	36,65,270
(j)	Employee wise details of options granted	(i) Senior managerial personnel: Mr. A. R. Ramakrishnan- 6,74,258, Captain Anoop Kumar Sharma - 5,51,533, Mr. Ankur Gupta - 7,14,717, Mr. Rajeev Nayyar - 3,09,562, Mr. Ranjeet Singh - 2,69,843 (ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year: Nil (iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: Nil

(k)	Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS)20 "Earning per share"	The relevant information has been disclosed in Note No. 32 (c) to the Audited accounts of the Company, on page No. 48 of this Annual Report.
(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.	
(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	
(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:	
	(i) Risk-free interest rate	8.36%
	(ii) Expected life	58
	(iii) Expected volatility	44.5% to 58.60%
	(iv) Expected dividend yield	Nil
	(v) The price of the underlying share in market at the time of option grant	₹ 22.30

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2012-13

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. The Board does periodic review of business plans, monitors performance and ensures compliance of regulatory requirements including SEBI Regulations and Listing requirements.

Code of Conduct for the Board Members and the Senior Management

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

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

2. Board of Directors

Your Company has Optimum Combination of Executive and Non-Executive Independent Directors on the Board as on March 31, 2013. The Board comprises of 8 (Eight) Directors, out of which 3 (Three) are Independent Non-Executive Directors and 3 (Three) are Non-Executive Directors. The Composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges. §

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

As at March 31, 2013 the Board consisted of Eight Members namely - Mr. R. N. Bansal, Mr. N. Srinivasan, Mr. Deepak Kumar Varma, Mr. Anshuman Ruia, Mr. P.K. Srivastava, Mr. A. R. Ramakrishnan, Captain Anoop Kumar Sharma and Mr. Ankur Gupta.

Directorships held in other companies as of March 31, 2013 was as under:

Name of Director	Category of Director	*No. of Directorships in other Indian Public Companies	** No. of Committee positions held in other Public Companies	
			Chairman	Member
Mr. R.N. Bansal	Independent Non-Executive	9	4	5
Mr. N. Srinivasan	Independent Non-Executive	13	5	3
Mr. Deepak Kumar Varma	Independent Non-Executive	4	-	4
Mr. Anshuman Ruia §	Non-Executive	1	-	1
Mr. P.K. Srivastava #	Non-Executive	6	-	-
Mr. A.R. Ramakrishnan	Managing Director	4	-	2
Captain Anoop Kumar Sharma	Wholetime Director	-	-	-
Mr. Ankur Gupta	Non-Executive	1	-	1

* Excludes foreign companies, private limited companies, section 25 companies and Alternate Directorships
 ** Includes Membership of Audit Committee and Shareholders'/ Investors' Grievance Committee only
 § Mr. Anshuman Ruia have resigned from the Board with effect from May 27, 2013
 # Appointed on the Board with effect from November 6, 2012

All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board hereby ensuring the best interest of stakeholders and the Company. None of the Directors are related to any other Director on the Board in terms of the definition of, "Relative", as provided under the Companies Act, 1956.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 (Five) Committees (as specified in Clause 49 of the Listing Agreement) across all the Companies in which he is a Director. The necessary disclosures regarding Committee positions have been received from the respective Directors.

B. Details of Board Meetings held during the Year:

Sr. No.	Date	Board Strength	No. of Directors Present
1.	April 2, 2012	8	6
2.	May 17, 2012	8	7
3.	August 6, 2012	8	6
4.	November 6, 2012	9	7
5.	January 30, 2013	8	6

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

Sr. No.	Name of the Director	No. of Board Meetings Attended	Attendance at the last AGM
1.	Mr. R. N. Bansal	1	No
2.	Mr. N. Srinivasan	5	No
3.	Late Mr. K. V. Krishnamurthy *	4	No*
4.	Mr. Deepak Kumar Varma	5	No
5.	Mr. Anshuman Ruia	-	No
6.	Mr. P.K. Srivastava @	2	No
7.	Mr. A. R. Ramakrishnan	5	Yes
8.	Captain Anoop Kumar Sharma	5	Yes
9.	Mr. Ankur Gupta	5	No
@ Mr. P.K. Srivastava was appointed on the Board w.e.f. November 6, 2012			
* The Chairman of the Audit Committee Late Mr. K.V. Krishnamurthy could not attend the previous year's AGM due to illness on the date of AGM. He expired on January 16, 2013			

3. Audit Committee:

Composition, Details of Audit Committee Meetings

The Audit Committee was reconstituted on January 22, 2013 on account of the sad demise of Late. Mr. K.V. Krishnamurthy an Independent Director. The Reconstituted Audit Committee comprised of viz., Mr. N. Srinivasan, Mr. R.N. Bansal, Mr. Deepak Kumar Varma (Chairman) and Mr. Anshuman Ruia.

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

All the Members of the Committee are financially literate and have relevant financial management and/or audit exposure. The Managing Director, Wholetime Director, Chief Financial Officer, Head – Accounts, Statutory Auditors and Internal Auditors attend the Meetings. The Company Secretary is the Secretary to the Committee.

Details of Audit Committee Meetings held during the Year:

Sr. No.	Date	Committee Strength	No. of Members Present
1.	17.05.2012	4	3
2.	06.08.2012	4	2
3.	06.11.2012	4	2
4.	30.01.2013	4	2

Attendance at Audit Committee Meetings:

Director	No. of Meetings held	No. of Meetings Attended
Late Mr. K.V. Krishnamurthy *	4	3
Mr. R.N. Bansal	4	1
Mr. N. Srinivasan	4	4
Mr. Deepak Kumar Varma **	4	1
Mr. Anshuman Ruia	4	-
* Late Mr. K.V. Krishnamurthy expired on January 16, 2013		
** Mr. Deepak Kumar Varma was appointed as a Member of the Audit Committee w.e.f. January 22, 2013		

4. Compensation Committee:

As of March 31, 2013, the Compensation Committee has four Members viz., Mr. R. N. Bansal, Mr. N. Srinivasan, Mr. Anshuman S. Ruia and Mr. Deepak Kumar Varma. One meeting was held during the year 2012-2013. All of the Committee Members attended the Meeting, except Mr. Ashuman S. Ruai. Mr. N. Srinivasan generally chairs the meetings. The terms of reference of Compensation Committee includes inter-alia to formulate and recommend to the Board from time to time, the compensation structure for Managing Director, Whole-time Director and other Executive Directors if any and to administer and supervise the Employee Stock Option Scheme of the Company.

Remuneration to Directors:

Details of Remuneration paid to the Managing Director and Wholetime Director for the year ended March 31, 2013 is as under:

(₹ in Crore)

Name of Director	Basic Salary	Allowances and other benefits	Perquisites	Contribution to Provident & Superannuation Fund	Total
Mr. A.R. Ramakrishnan	0.48	1.76	0.06	0.06	2.36
Captain Anoop Kumar Sharma	0.65	0.97	Nil	0.08	1.70

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

Details of Sitting Fees paid to Non-Executive Directors for the Meetings held during the Year Ended March 31, 2013:

Mr. R. N. Bansal: ₹ 40,000; Mr. N. Srinivasan: ₹ 1,50,000; Late Mr. K. V. Krishnamurthy: ₹ 1,20,000; and Mr. Deepak Kumar Varma: ₹ 1,50,000

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

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

A The Share Transfer & Shareholders' Grievance Committee was split into Shareholders'/Investors' Grievance Committee and Share Transfer Committee respectively with effect from January 30, 2013.

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

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

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

Composition:

The Shareholders'/Investors' Grievances Committee comprises of three Independent Directors as of March 31, 2013' viz., Mr. N. Srinivasan, Mr. R.N. Bansal and Mr. Deepak Kumar Varma. Mr. Deepak Kumar Varma has been appointed as Chairman of the Shareholders'/Investors' Grievances Committee and Mr. Vinayak Joshi, Company Secretary is the Compliance Officer.

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

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

Details of Shareholders Complaints Received, Solved and Pending:

There were no Complaints pending at the beginning of the year. A total of 76 complaints were received during the year ended March 31, 2013, most of which being Non-Receipt of Annual Reports and Non-Receipt of Share Certificates. All the complaints were redressed and no complaints were outstanding as on March 31, 2013.

All valid Share Transfer Requests received during the year were duly attended to and processed in time. There were no valid requests pending for Share transfers as on March 31, 2013.

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

During the year under review, the 4(four) meetings were held viz., on May 17, 2012, August 6, 2012 and November 6, 2012 and January 30, 2013.

6. General Body Meeting:

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

Financial Year	Meeting, Financial Year, Date and Time	Location and Nature of Transaction
2010-11	1 st AGM, 2010-11 held on September 9, 2011 (2.00 p.m.)	Registered office of the Company at Jamnagar, Gujarat. Special Resolutions passed in respect of following matters: - Appointment of Managing Director of the Company and the remuneration thereto - Appointment of Wholetime Director of the Company and the remuneration thereto - Approval of Employee Stock Option Scheme-2011 - Approval of extending benefit of Employee Stock Option Scheme-2011 to Executive Directors and employees of subsidiary company
2011-12	2 nd AGM, 2011-12 held on August 24, 2012 (11.00 a.m.)	Registered office of the Company, Jamnagar, Gujarat. Special Resolutions passed in the respect of following matters: - Approval to issue securities for an amount not exceeding USD500 million

Details of Extraordinary General Meetings held during last three years

Financial Year	Meeting, Financial Year and Date	Nature of Transaction
2010-11	EGM, 2010-11 held on August 9, 2010	Change of Registered Office
2010-11	EGM, 2010 held on August 25, 2010	Amendment to Memorandum of Association and borrowing limits and creation of charge
2010-11	EGM, 2010-11, held on November 20, 2010	Approving the composite scheme of arrangement
2011-12	EGM, 2011-12, held on May 6, 2011	Increase in the Authorised capital

B Details of the Extraordinary General Meetings Held during the Financial Year:

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

C Postal Ballot:

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

7. Disclosures:

- ✓ There are no materially significant related party transactions made by the Company that may have potential conflict with the interest of the Company at large;
- ✓ Transactions with related parties during the year are disclosed in Note No. 31 to the accounts in the Annual Report;
- ✓ Since incorporation of the Company, no penalty or stricture has been imposed on the Company by Stock Exchanges/SEBI/Statutory Authorities on matters related to Capital Markets.
- ✓ The Company has a Risk Management Policy Framework for risk identification, assessment and control to effectively manage risks associated with the business of the Company.
- ✓ The Managing Director and the Chief Financial Officer have certified to the Board of full compliance as per clause 49(V) of the Listing Agreement for the financial year ended March 31, 2013

8. Subsidiary Monitoring Framework:

All the subsidiary Companies of the Company are managed by their Board of Directors having the right and obligations to manage such Companies in the best interest of their stakeholders. As a majority Shareholder, the Company at times nominates its representatives on the Boards of subsidiary Companies and monitors the performance of such Companies, inter-alia, by the following means: As of March 31, 2013, Mr. R. N. Bansal was representative of Essar Shipping Limited on the Board of material non-listed Indian subsidiaries.

- a) As of March 31, 2013, Mr. R. N. Bansal was representative of Essar Shipping Limited on the Board of material non-listed Indian subsidiaries;
- b) A copy of the minutes of the meetings of the Board of Directors of the subsidiary companies were tabled before the Company's Board on quarterly basis;
- c) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary Companies is placed before the Company's Board;

- d) Financial Results summary are also tabled before the Company's Board on quarterly basis.

9. Means of Communication:

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

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

Date	September 25, 2013
Venue	Administrative Building Essar Refinery Complex Okha Highway (SH-25) Taluka Khambalia District Jamnagar Gujarat - 361 305
Time	02:30 p.m.
Book Closure Dates	September 16, 2013 to September 25, 2013 (both days inclusive)

B. Financial Calendar:

Financial Year of Company	April 1, 2013 to March 31, 2014
First Quarter Results	On or before August 14, 2013
Second Quarter Results	On or before November 15, 2013
Third Quarter Results	On or before February 14, 2014
Annual Results for the Year	On or before May 30, 2014

C. Registrars and Share Transfer Agents:

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

D. Share Transfer System:

To expedite the process of Share transfers, transmission, e.t.c., the Board of your Company

has delegated these powers to the Share Transfer Committee.

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

E. Listing on Stock Exchanges:

The ordinary shares of the Company was admitted for listing and trading on BSE Limited and the National Stock Exchange of India Limited with effect from November 14, 2011. The Secured Non-convertible Debentures of the Company are listed on Wholesale Debt segment of the National Stock Exchange of India Limited (INE282A07039 and INE282A07047). The details of stock exchange and securities listed are provided below:

The National Stock Exchange of India Ltd.

Exchange Plaza,
Bandra Kurla Complex, Bandra East
Mumbai – 400 051

Code: ESSARSHPNG

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai – 400 023.

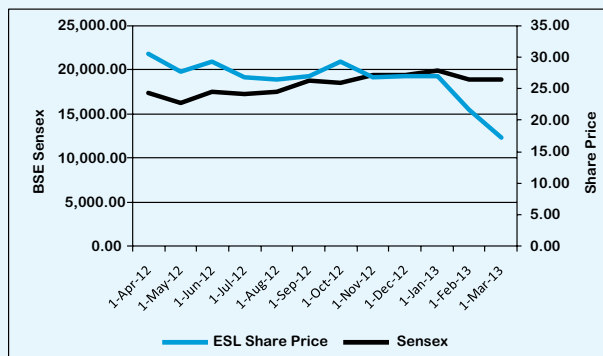
Code : 533704

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

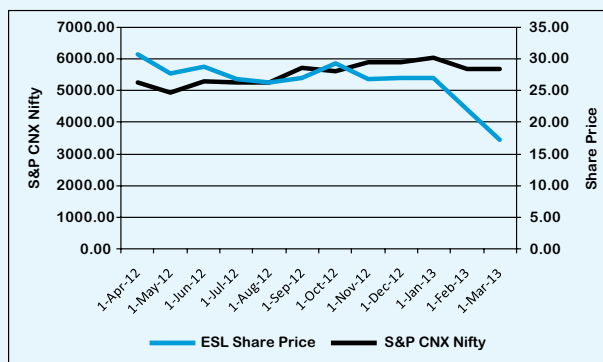
F. Market price data (High/Low) during each month in the Year 2012-2013 on the BSE Limited and National Stock Exchange of India Limited and Share Price performance in comparison to BSE Sensex:

BSE Limited			The National Stock Exchange of India Limited		
Month	High	Low	Month	High	Low
April 2012	32.50	25.00	April 2012	32.35	24.10
May 2012	33.90	26.60	May 2012	36.50	26.50
June 2012	30.80	26.25	June 2012	31.00	22.50
July 2012	32.50	25.20	July 2012	32.50	25.30
August 2012	35.40	26.10	August 2012	34.90	25.85
September 2012	28.90	25.60	September 2012	28.90	25.75
October 2012	31.65	23.75	October 2012	31.80	26.45
November 2012	31.25	25.95	November 2012	31.20	25.90
December 2012	28.50	25.00	December 2012	28.60	26.20
January 2013	30.80	26.60	January 2013	31.00	25.20
February 2013	27.75	20.65	February 2013	27.70	20.65
March 2013	22.35	16.50	March 2013	22.00	16.80
Scrip Code: 533704			Scrip Code: ESSARSHPNG		

Performance of Share Price in comparison to BSE Sensex



Performance of Share Price in comparison to S&P CNX Nifty



G. Shareholding Pattern as on March 31, 2013

Shareholding By	No. of Shares	%
Promoters	17,17,93,577	83.71
Financial Institutions/Mutual Funds/Banks/Insurance Companies	1,64,368	0.08
Other Corporate Bodies	31,53,461	1.54
Foreign Institutional Investors	1,66,59,288	8.12
Non-Resident Individuals	4,76,703	0.23
Resident Individuals	1,29,80,371	6.32
Public	129,80,371	6.32
TOTAL	20,52,27,768	100.00

H. Distribution of Shareholding as on March 31, 2013

No. of Equity Shareholders	No. of Shareholders	% of Shareholders	Total No. of Shares	% of Holding
Upto 5000	1,02,627	99.697	98,32,032	4.79
5001 to 10000	137	0.133	9,45,207	0.46
10001 to 20000	92	0.089	12,91,530	0.62
20001 to 30000	25	0.024	6,04,208	0.29
30001 to 40000	15	0.015	5,33,181	0.26
40001 to 50000	8	0.008	3,72,496	0.18
50001 to 100000	13	0.013	9,53,534	0.46
100001 and above	22	0.021	19,06,95,580	92.21
Total	1,02,935	100.00	20,52,27,768	100.00

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

L. Status of Dematerialisation of Shares as on March 31, 2013

Mode	No. of Shares	No. of Folio	%
Physical	27,82,745	53,834	1.36
Demat	20,24,45,023	49,105	98.64
TOTAL	20,52,27,768	1,02,939	100.00

11. 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 109A of the Companies Act, 1956 are requested to submit to the R&ST Agent of the Company in the prescribed Nomination Form.

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

Foreign Currency Convertible Bonds(FCCBs) : As on March 31, 2013, the total outstanding Foreign Currency

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

13. Secretarial Audit:

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

14. Non-Mandatory Requirements:

1. Compensation Committee:

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

2. Shareholders' Rights:

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

3. Audit qualifications:

There are no Audit Qualifications in the Auditor's Report on the Financial Statements to the Shareholders of the Company.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of
Essar Shipping Limited

We have examined the compliance of conditions of Corporate Governance by Essar Shipping Limited ("the Company"), for the year ended on March 31, 2013, as stipulated in clause 49 of Listing Agreement entered into by the Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the 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.

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

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

Samir R. Shah
Partner
Membership No. 101708

Mumbai
28th May, 2013

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

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

All the Members of the Board and Senior Management Personnel of the Company have affirmed due observance of the 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, 2013.

A.R. Ramakrishnan
Managing Director

Mumbai
28th May, 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

ESSAR SHIPPING LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **ESSAR SHIPPING LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants
(Firm Registration No. 117365W)

Samir R. Shah

Partner

Membership No. 101708

MUMBAI

28th May, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) Some of the fixed assets of the Company were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
 - (ii) In respect of its inventories:
 - (a) The Company carries inventories of fuel oil and lubricants on board the fleet. The Company purchases stores and spare parts for the fleet, which are directly treated as consumed as and when supplied to fleet. As explained to us, the inventories of fuel oil and lubricants were physically verified during the year by the Master of fleet at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, having regard to the nature and location of inventory, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) Having regard to the nature of the Company's business and scale of operations, quantities of fuel oil and lubricants are determined by physical count and it is not considered feasible by the Management to maintain records of movements of inventories of such items by the fleet in which they are carried. As quantities are determined by physical count and records of movements are not maintained on board the fleet, the question of discrepancies on physical verification thereof does not arise.
 - (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (iii) (a) to (g) of the Order are not applicable to the Company.
 - (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system. The activities of the Company do not involve sale of goods.
 - (v) According to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4 (v) of the Order are not applicable to the Company.
 - (vi) The management of the Company has obtained a legal opinion confirming that the directives issued by the Reserve Bank of India relating to public deposits, the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed thereunder, are not applicable to the non-convertible unsecured debentures issued by the Company during the year as the Company cannot be said to have accepted 'deposits from the public'. Accordingly, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Company Act, 1956 and the rules framed thereunder does not arise.
- We have been informed that security has been created for the said debentures subsequent to balance sheet date.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
 - (viii) To the best of our knowledge and as explained to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the services provided by the Company.
 - (ix) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth tax, Service Tax, Customs Duty, Cess, and other material statutory dues applicable to it with the appropriate authorities. However, there have been delays in depositing undisputed statutory dues of service tax and tax deducted at source with the appropriate authorities. As informed to us, the provisions of Employee's State Insurance and Excise Duty were not applicable to the Company during the year.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth tax, Service Tax, Customs Duty, Cess, and other material statutory dues in arrears as at March 31, 2013 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income Tax and Customs duty which have not been deposited as on March 31, 2013 on account of disputes are given below:

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

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

According to the information and explanations given to us, there were no dues pending to be deposited on account of any dispute in respect of Sales Tax, Wealth Tax, Service Tax and Cess as on March 31, 2013.

- (x) The Company is registered for a period of less than five years. Accordingly, the provisions of clause 4(x) of the Order are not applicable to the Company.
- (xi) Delays in repayment of dues (including interest) to banks, financial institutions, foreign currency convertible bond holders and debenture holders amounting to ₹ 235.44 crores have generally been regularised within 90 days from due dates.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not, *prima facie*, prejudicial to the interests of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (xvii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that short term funds (other than borrowings) of ₹ 91.81 crores have, *prima facie*, been used for long-term investment/ purposes.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (xviii) of the Order are not applicable to the Company.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued unsecured debentures [Refer clause (vi) above]. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by way of public issues during the financial year. Accordingly, the provisions of clause 4 (xx) of the Order are not applicable to the Company.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

Samir R. Shah
Partner
Membership No. 101708

MUMBAI
28th May, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

(₹ in crore)

Particulars	Note no.	As at 31 st March, 2013	As at 31 st March, 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	205.23	205.23
(b) Reserves and surplus	4	4,943.01	5,005.65
		5,148.24	5,210.88
2 Non-current liabilities			
(a) Long-term borrowings	5	3,185.67	3,212.10
(b) Other long term liabilities	6	9.00	13.50
		3,194.67	3,225.60
3 Current liabilities			
(a) Short-term borrowings	8	135.72	233.75
(b) Trade payables	9	229.97	131.87
(c) Other current liabilities	10	364.28	224.87
(d) Short-term provisions	7	8.55	37.44
		738.52	627.93
TOTAL EQUITY AND LIABILITIES		9,081.43	9,064.41
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
Tangible assets	11	1,745.58	1,867.04
(b) Non-current investments	12 (a)	6,448.59	6,323.92
(c) Long-term loans and advances	13	477.14	471.53
(d) Other non-current assets	15	13.93	15.89
		8,685.24	8,678.38
2 Current assets			
(a) Current investments	12 (b)	0.10	-
(b) Inventories	16	37.31	40.89
(c) Trade receivables	14	61.14	119.34
(d) Cash and bank balances	17	15.93	19.94
(e) Short-term loans and advances	13	219.19	181.32
(f) Other current assets	15	62.52	24.54
		396.19	386.03
TOTAL ASSETS		9,081.43	9,064.41

See accompanying notes forming part of the financial statements

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

Samir R. Shah
Partner

Mumbai
28th May, 2013

For and on behalf of the Board

A. R. Ramakrishnan
Managing Director

Vikram Gupta
Chief Financial Officer

Mumbai
28th May, 2013

Deepak Kumar Varma
Director

Vinayak Joshi
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in crore)

Particulars	Note no.	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Income			
1 Revenue from operations	18	1,488.32	1,245.35
2 Other income	19	67.92	59.51
Total		1,556.24	1,304.86
3 Expenses:			
Operating expenses	21	1,016.26	688.02
Employee benefits expense	20	110.90	90.73
Other expenses	22	22.66	25.38
Total		1,149.82	804.13
Profit before finance costs, depreciation and tax		406.42	500.73
4 Finance costs	23	307.26	266.90
5 Loss on settlement of forward contracts (refer note No. 7)		50.20	-
6 Depreciation	11	139.01	136.36
(Loss) / Profit before tax		(90.05)	97.47
7 Tax expense:			
Current tax		(3.20)	(1.65)
(Loss) / Profit for the year		(93.25)	95.82
8 Earnings per equity share (face value of ₹ 10 each) :	28		
Basic and diluted (₹)		(4.54)	4.67

See accompanying notes forming part of the financial statements

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Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

(₹ in crore)

Particulars	Year ended 31 st March, 2013	Year ended 31 st March, 2012
A CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(90.05)	97.47
Adjustments for :		
Depreciation	139.01	136.36
Finance costs	307.26	266.90
Loss on settlement of forward contract	50.20	-
Interest income	(61.97)	(55.51)
Profit on sale of vessels and assets	(19.76)	(0.39)
Miscellaneous expenditure written off	0.41	0.41
Amortisation of stock based employee compensation	0.47	0.07
Bad debts written off	1.36	-
Unrealised foreign exchange (gain) / loss	(1.95)	5.56
Operating profit before working capital changes	324.98	450.87
Changes in working capital :		
Decrease / (Increase) in inventories	3.58	(15.62)
(Increase) in trade receivables, loans and advances and other assets	(17.26)	(54.55)
Increase in trade payables, other liabilities and short term provisions	97.70	84.89
Cash generated from operations	409.00	465.59
Income taxes paid, net	(9.16)	(25.05)
Net cash generated from operating activities	399.84	440.54
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress	(0.03)	(92.06)
Proceeds from sale of fixed assets	83.07	0.23
Purchase of investments in subsidiaries	(48.24)	(255.50)
Purchase of current investments	(0.10)	-
Fixed deposits placed for a period of more than three months	-	(15.02)
Loans and advances given to subsidiaries and other body corporates	(199.78)	(60.75)
Loans and advances repaid by subsidiaries and other body corporates	173.21	59.86
Interest received	84.68	38.43
Net cash generated from / (used) in investing activities	92.81	(324.81)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term loans	39.50	215.63
Proceeds from short term loans	46.97	62.77
Proceeds from commercial papers	435.00	395.00
Proceeds from unsecured loans	-	(60.26)
Repayment of long term loans	(73.06)	-
Repayment of short term loans	(45.00)	(15.00)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

(₹ in crore)

Particulars	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Repayment of finance lease obligations	(61.69)	(68.35)
Repayment of commercial papers	(535.00)	(395.00)
Share issue expense	-	(2.05)
Finance costs paid	(253.17)	(262.80)
Settlement of forward contracts	(50.20)	-
Net cash used in financing activities	(496.65)	(130.06)
DECREASE IN CASH AND CASH EQUIVALENTS	(4.00)	(14.33)
Unrealised foreign currency loss on cash and cash equivalents	(0.01)	(0.04)
Cash and cash equivalents at the beginning of the year	4.93	19.30
Cash and cash equivalents at the end of the year (refer note 17)	0.92	4.93

See accompanying notes forming part of the financial statements

Note:

Reconciliation between cash and cash equivalents and cash and bank balances.

(₹ in crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Cash and cash equivalents as per cash flow statement	0.92	4.93
Add: margin money deposits not considered as cash and cash equivalents as per AS-3	15.01	15.01
Cash and bank balances as per note No. 17	15.93	19.94

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants**Samir R. Shah**
PartnerMumbai
28th May, 2013

For and on behalf of the Board

A. R. Ramakrishnan
Managing Director**Vikram Gupta**
Chief Financial OfficerMumbai
28th May, 2013**Deepak Kumar Varma**
Director**Vinayak Joshi**
Company Secretary

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

1. CORPORATE INFORMATION

Essar Shipping Limited ("the Company") incorporated in 2010 is mainly engaged in fleet operating and chartering and operates in international and coastal voyages.

2. SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF ACCOUNTING

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP"). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. 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 financial statements in conformity with Indian GAAP requires the management of the Company to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosures relating to contingent liabilities as at the end of the reporting period. Though the management believes that the estimates used are prudent and reasonable and are based on management's knowledge of current events and actions, actual results could differ from these estimates resulting in material adjustments to be recognized in the periods in which the results are known / materialise.

C. FIXED ASSETS

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

Assets acquired under finance leases are capitalised as fixed assets at lower of fair value at inception of the lease and the present value of minimum lease payments and a corresponding liability is recognised. The lease rentals paid (excluding operating expenses) are bifurcated into principal and interest components by applying an implicit rate of return. The interest is charged against income as a period cost and the principal amount is adjusted against the liability recognised in respect of assets taken on finance lease.

Foreign exchange differences on conversion/ translation/ settlement in respect of long term monetary items used for acquisition of depreciable fixed assets are added to the cost of fixed assets.

D. DEPRECIATION

Depreciation on fleet, including second hand fleet, is provided by using the straight-line method based on a technical evaluation of the economic useful life of

respective vessels or at the rates prescribed under the Schedule XIV to the Companies Act, 1956, whichever are higher as follows:

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

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

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

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.

Profit or loss on disposal of revalued fixed assets is recognised with reference to their revalued carrying values. The balance, if any, in the fixed assets revaluation reserve relating to revalued fixed assets that are sold/ disposed is transferred to general reserve.

E. IMPAIRMENT OF ASSETS

The Company assesses on each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount (higher of net selling price and value in use) of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss, except in case of revalued assets, where it is first adjusted against the related balance in fixed assets revaluation reserve.

If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount but limited to the carrying amount that would have been determined (net

of depreciation / amortization) had no impairment loss has been recognised in prior accounting periods.

F. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying assets (i.e. the assets that takes substantial period of time to get ready for its intended use) are capitalized as a part of cost of such asset.

All other borrowing costs are recognised in the Statement of Profit and Loss.

G. INVESTMENTS

Investments are classified into longterm and current investments. Long term investments are carried at cost. Diminution in the value of long term investments is provided for when it is considered as being other than temporary in nature. Current investments are carried at lower of cost and fair value.

H. INVENTORY

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

I. REVENUE RECOGNITION

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

J. OTHER INCOME

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

K. INSURANCE CLAIMS

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

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. OPERATING LEASES

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

N. HEDGE ACCOUNTING

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

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

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

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

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

O. EMPLOYEE BENEFITS

a) The Company (employer) and the employees contribute a specified percentage of eligible employees' salary- currently 12%, to the employer established provident fund "Essar Shipping Limited Employees Provident Fund" set up as an irrevocable trust by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on government specified minimum rates of return – currently @ 8.6%, and recognises such provident fund liability, considering fund as the defined benefit plan, based on an independent actuarial valuation carried out at every statutory year end using the Projected Unit Credit Method.

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

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

c) Post-employment benefit plan:

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

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

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

d) Short-term employee benefits

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

e) Long-term employee benefits

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

f) Employee Stock Option Scheme:

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

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

P. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are accounted at the exchange rate normally prevailing on the transaction date. 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 Item Translation Difference Account" and amortised in the Statement of Profit and Loss over the balance life of the long term foreign currency monetary item or 31 March 2020, whichever is earlier.

Q. TAXES ON INCOME

Income tax on income from qualifying fleet is provided on the basis of the Tonnage Tax Scheme whereas income tax on other income is provided as per other provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences between the accounting and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the reporting date. Deferred tax assets are recognised only when there is a reasonable certainty that sufficient future taxable income will be available against which they will be realised. Where there is a carry forward of losses or unabsorbed depreciation, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence of availability of taxable income against which such deferred tax assets can be realised in future.

Minimum alternative tax (MAT) paid in accordance with tax laws, which gives rise to future economic benefit in form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly it is recognised as an asset in the balance sheet when it is probable that future economic benefit associated with it will flow to the company and the asset can be measured reliably.

R. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised when there is a present obligations 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.

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 non occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that is not recognised because a reliable estimate of the liability cannot be made, or the likelihood of an outflow of economic resources is remote.

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

3. Share capital

(a)	As at 31 st March, 2013		As at 31 st March, 2012	
	Number	₹ in crore	Number	₹ in crore
Authorised				
Equity shares of ₹ 10/- each	500,000,000	500.00	500,000,000	500.00
	500,000,000	500.00	500,000,000	500.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each	205,227,768	205.23	205,227,768	205.23
	205,227,768	205.23	205,227,768	205.23
(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period				
Equity shares of ₹ 10/- each				
At the beginning of the year	205,227,768	205.23	-	-
Add: Issue of shares during the year	-	-	205,227,768	205.23
At the end of the year	205,227,768	205.23	205,227,768	205.23

(c) Terms and 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 shares is entitled to one vote per share. In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the Member of equity shares held by the shareholders.

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

	As at 31 st March, 2013			As at 31 st March, 2012		
	Number	₹ in crore	%	Number	₹ in crore	%
Equity shares of ₹ 10/- each						
Essar Shipping & Logistics Limited, the holding company	163,641,524	163.64	79.73	170,451,851	170.45	83.05
Essar Global Fund Limited, the ultimate holding company	33	0.00	0.00	33	0.00	0.00
Essar Steel India Limited, subsidiary of the ultimate holding company	1,273,611	1.27	0.60	1,273,611	1.27	0.60
	164,915,168	164.91	80.33	171,725,495	171.73	83.65

There are no shareholders holding more than 5% shares in the Company.

(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)				
	2012-13	2011-12	2010-11	2009-10	2008-09
Equity Shares issued for consideration other than cash					
Issue as fully paid up pursuant to the Scheme of arrangement	205,227,768	205,227,768	-	-	-

(f) Share reserve for issue under options

- For the details of shares reserved for issue under the employee stock option (ESOP) plan of the company. (refer note 32)
- For the details of 2,800 FCCB's convertible into 122,852,787 equity shares (as at March, 2012, 122,852,787 shares) of ₹ 10/- each refer note 5 (i)(f).

4. Reserves and surplus

	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
a. Debenture redemption reserve		
Opening balance	55.00	35.00
Add: Transferred from Statement of Profit and Loss	-	20.00
Closing balance	55.00	55.00
b. Share options outstanding account		
Opening balance	0.07	-
Add: Gross compensation for options granted	-	1.82
Less: Deferred employee stock compensation	-	(1.02)
Additions during the year (refer note 20)	0.47	0.07
Closing balance	0.54	0.07
c. Tonnage tax reserve		
Opening balance	65.00	20.00
Add: Transferred from Statement of Profit and Loss	-	45.00
Closing balance	65.00	65.00
d. Hedging reserve account		
Opening balance	(31.59)	-
Add: Addition during the year	(18.61)	(31.59)
Less: Transferred to Statement of Profit and Loss (refer note no.7(b))	50.20	-
Closing balance	-	(31.59)
e. General reserves		
As per last balance sheet	4,835.22	4,835.22
f. Foreign currency monetary item translation difference account (FCMITDA)		
Opening balance	2.96	-
Add: Exchange (loss)/gain during the year	(1.15)	3.39
Less: Amortisation of exchange fluctuation for the year	(0.30)	(0.43)
Closing balance	1.51	2.96
g. Surplus in Statement of Profit and Loss		
Opening balance	78.99	48.17
Less: Net Loss for the year	(93.25)	-
Add: Net Profit for the year	-	95.82
Less: Transfer to debenture redemption reserve	-	(20.00)
Less: Transfer to tonnage tax reserve	-	(45.00)
Closing balance	(14.26)	78.99
Total	4,943.01	5,005.65

5. Long term borrowings

Particulars	₹ in crore			
	Non current		Current	
	As at 31 st March, 2013	As at 31 st March, 2012	As at 31 st March, 2013	As at 31 st March, 2012
Secured				
(a) Debentures				
11.35%, 7,000 non convertible debentures of ₹10,00,000 each, secured by mortgage on immovable property, first charge on one bulk carrier of the Company, immovable property, eight barges, six land rigs of the subsidiaries, two tugs of Essar Ports Limited and pledge of 49% of investment in equity shares of Essar Logistics Limited.	700.00	700.00	-	-
(b) Term loans				
(i) from banks				
Rupee term loans [converted into foreign currency non resident (Bank) facility]	287.72	295.25	33.48	27.10

₹ in crore

Particulars	Non current		Current	
	As at 31 st March, 2013	As at 31 st March, 2012	As at 31 st March, 2013	As at 31 st March, 2012
(secured by first charge on a very large crude carrier and its receivables.)				
Foreign currency term loans	205.26	231.33	55.78	39.46
(secured by first charge on five bulk carriers and its receivables.)				
Rupee term loan	112.50	150.00	37.50	-
(secured by extended charge on a bulk carrier and its receivables.)				
Rupee term loan	1.41	2.53	1.13	1.13
(secured by pari-passu first charge on a very large crude carrier and its receivables)				
Rupee term loan	12.69	15.11	1.21	-
(secured by first charge on a very large crude carrier and its receivables)				
(ii) from financial institutions				
Rupee term loan	59.38	74.38	15.00	21.88
(secured by first charge on six mini bulkers and four tugs)				
Total secured loans	1,378.96	1,468.60	144.10	89.57
Unsecured				
(a) Debentures				
Unsecured, 13.10 %, 395 non convertible debentures of ₹ 10,00,000 each.	39.50	-	-	-
(b) Foreign currency convertible bonds (refer note (i) (f) below)	1,305.34	1,227.76	-	-
(c) Finance lease obligations	461.87	515.74	106.42	77.10
Total unsecured loans	1,806.71	1,743.50	106.42	77.10
Total	3,185.67	3,212.10	250.52	166.67
Less: Amount disclosed under the head 'other current liabilities' (note 10)	-	-	(250.52)	(166.67)
Long term borrowings	3,185.67	3,212.10	-	-

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.
- Secured Rupee term loans from banks and financials institution:** The interest rates range from 12.50% to 15.00% (Previous year 13.00% to 15.00%) per annum with different instalment repayment schedules starting from October, 2010 to October, 2015.
- Secured foreign currency term loans from banks :** The interest rates range from 2.71 % to 9.49% (Previous year 2.74 % to 9.49%) per annum with different instalment repayment schedules starting from March, 2006 to July, 2019.
- Finance lease obligation:** The interest rates range from 2.79 % to 7.85 % per annum with different instalment repayment schedules starting from May, 2006 to September, 2018.
- Unsecured debentures:** 205 debentures issued on 01st February 2013, 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. Legal opinion has been obtained by the Company that issue of above debentures does not contravene Section 58 A and 58AA of the Companies Act, 1956. These debentures have since been converted in to secured non convertible debentures with effect from 10th May, 2013.
- Foreign currency convertible bonds:** The Company has issued 5% FCCB of US\$ 111,428,571 (Series B) due on 24th August 2017 and US\$ 128,571,429 (Series -A) due on 24th August 2015. The bonds are convertible into 122,852,787 fully-paid ordinary shares of ₹ 10 each of the Company at an initial conversion rate of ₹ 91.70 per equity share at a fixed exchange rate of ₹ 46.94.

- The classification of loans between current liabilities and non current liabilities continues based on repayment schedule under respective agreements as no loans have been recalled due to non compliance of conditions under any of the loan agreements. This is in accordance with the guidance issued by the Institute of Chartered Accountants of India on Revised Schedule VI to the Companies Act, 1956.

Due to economic and shipping industry downturn, principal instalment dues and Interest accrued and due on borrowings were outstanding for 1 to 67 days as at 31st March, 2013, which have since been paid.

6. Other long term liabilities

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
Others		
Deposits including security deposits	9.00	13.50
Total	9.00	13.50

7. Short term provisions

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
(a) Provision for employee benefits		
Superannuation	0.01	0.01
Gratuity	4.42	3.61
Compensated absences	4.12	3.69
(b) Others		
Provision for mark to market losses on derivative contracts (refer note below)	-	30.13
Total	8.55	37.44

Note:-

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

8. Short term borrowings

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
Secured		
(a) Loans repayable on demand		
(i) from banks	75.72	28.75
Cash credit facility from bank (secured by first <i>pari passu</i> charge on a very large crude carrier and carry interest rate of 13.75% per annum)		
(ii) from others	-	45.00
Short term loan (secured by subservient charge on present and future surplus cash flows of the Company and carry interest rate of 13.5% per annum)		
(A)	75.72	73.75
Unsecured		
Commercial papers (carry Interest at the rates ranging from 12.00% to 15.50% per annum)	60.00	160.00
(B)	60.00	160.00
Total	(A+B) 135.72	233.75

9. Trade payables

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
Trade payables		
Dues to micro and small enterprises (refer note below)	0.02	0.02
Others for goods and services	229.95	131.85
Total	229.97	131.87

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. There were no interest paid during the year, payable at the end of the year or accrued and unpaid at the end of the year, in respect of micro, small and medium enterprises.

10. Other current liabilities

	As at 31 st March 2013 ₹ in crore	As at 31 st March 2012 ₹ in crore
Unearned revenue on services	9.07	22.54
Current maturities of long-term borrowings (including instalments due at the year end ₹ 20.32 crore (Previous year ₹ Nil) (Refer footnote (ii) to note 5)	144.10	89.56
Current maturities of finance lease obligations (including instalments due at the year end ₹ 0.76 crore (Previous year ₹ Nil) (refer footnote (ii) to note 5)	106.42	77.10
Interest accrued but not due on borrowings	19.51	18.40
Interest accrued and due on borrowings (refer footnote (ii) to note 5)	52.01	-
Temporary overdrawn bank balance	2.25	-
Deposits including security deposits	4.50	-
Statutory and other related dues	26.42	17.27
Total	364.28	224.87

11. Tangible assets

	Land	Buildings	Fleet	Fleet (taken on lease)	Plant and equipment (refer note below)	Aircraft (taken on lease)	Furniture and fixtures	Office Equipment	Vehicles	Total
Gross block										
As at 1 st April, 2011	0.02	6.53	1,426.23	667.19	39.00	82.96	0.70	4.25	4.08	2,230.96
Additions	-	-	100.55	-	-	-	-	0.05	-	100.60
Disposals	-	(0.09)	(5.83)	-	-	-	-	-	-	(5.92)
Exchange differences (refer note 24)	-	-	81.84	74.24	-	6.32	-	-	-	162.40
As at 31st March, 2012	0.02	6.44	1,602.79	741.43	39.00	89.28	0.70	4.30	4.08	2,488.04
Additions	-	-	-	-	-	-	-	0.02	-	0.02
Disposals	-	-	(175.24)	-	-	-	-	-	(0.56)	(175.80)
Exchange differences (refer note 24)	-	-	37.84	34.26	-	2.90	-	-	-	75.00
As at 31st March, 2013	0.02	6.44	1,465.39	775.69	39.00	92.18	0.70	4.32	3.52	2,387.26
Accumulated depreciation										
As at 1 st April, 2011	-	2.77	330.98	84.42	38.99	21.42	0.41	3.07	3.10	485.16
Charge for the year	-	0.37	99.34	31.27	-	4.77	0.05	0.31	0.25	136.36
Disposals	-	(0.06)	(0.46)	-	-	-	-	-	-	(0.52)
As at 31st March, 2012	-	3.08	429.86	115.69	38.99	26.19	0.46	3.38	3.35	621.00
Charge for the year	-	0.33	103.13	31.42	-	3.70	0.04	0.23	0.17	139.01
Disposals	-	-	(117.80)	-	-	-	(0.01)	-	(0.51)	(118.33)
As at 31st March, 2013	-	3.41	415.19	147.11	38.99	29.89	0.49	3.61	3.01	641.68
Net block										
As at 31st March, 2012	0.02	3.36	1,172.93	625.74	0.01	63.09	0.24	0.92	0.73	1,867.04
As at 31st March, 2013	0.02	3.03	1,050.20	628.58	0.01	62.29	0.21	0.71	0.51	1,745.58

Note:

Gross block of plant and equipment includes ₹ 38.84 crore (previous year ₹ 38.84 crore) given on lease. The net book value is ₹ Nil (previous year ₹ Nil)

12. (a) Non current Investments

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
Trade investments (At cost)		
Investments in equity shares of subsidiaries (unquoted, fully paid up)		
73,000,000 Equity shares of ₹ 10/- each of Essar Logistics Limited #	73.00	73.00
13,227,000 (Previous year 4,202,000) Equity shares of US\$ 1/- each of Energy Transportation International Limited	67.66	19.42
52,536,660 Equity shares of Energy II Limited of US\$ 1 each	235.99	235.99
	376.65	328.41
Non - Trade investments (At cost)		
(a) Investments in equity shares of subsidiaries (unquoted, fully paid up)		
246,600,001 Equity shares of US\$1/- each of Essar Oilfields Services Limited	4,747.78	4,747.78
	4,747.78	4,747.78
(b) Investments in preference shares of subsidiaries (unquoted, fully paid up)		
23,642,732, 7% Cumulative non-convertible redeemable preference shares of US \$ 10 each of Essar Oilfields Services Limited	1,285.91	1,209.48
8,50,000, 7% cumulative compulsorily convertible preference shares of US\$ 10 each of Essar Oilfields Services Limited	38.25	38.25
	1,324.16	1,247.73
Total	6,448.59	6,323.92
Aggregate amount of unquoted investments :	6,448.59	6,323.92

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.

12. (b) Current Investments

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
Investments in Mutual funds (unquoted, fully paid up)		
1,00,000 units of ₹ 10 each of Union KBC Capital Protection Oriented Fund (NAV as on 31 st March, 2013 ₹ 9.98 each)	0.10	-
Total	0.10	-

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

Particulars	Non current		Current	
	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
a. Security deposits	29.51	29.44	123.50	21.00
b. Loans and advances to related parties (refer note 31)	418.00	418.00	64.00	105.04
c. Advances recoverable in cash or kind or for value to be received	-	-	15.25	27.56
d. Other loans and advances				
Advance income-tax and tax deducted at source ((net of provision for taxation ₹ 6.35 (previous year ₹ 3.15) crore))	29.37	23.76	5.19	5.19

Particulars	Non current		Current	
	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
Prepaid expenses	0.26	0.33	4.58	7.75
Loans to employees	-	-	0.48	3.63
Cenvat credit / Service tax credit receivable	-	-	6.19	11.15
Total	477.14	471.53	219.19	181.32

14. Trade receivables (unsecured, considered good)

Particulars	Current	
	As at 31 st March 2013 ₹ in crore	As at 31 st March 2012 ₹ in crore
(i) Outstanding for a period exceeding six months from the date they are due for payment	6.74	3.58
(ii) Other trade receivables	54.40	115.76
Total	61.14	119.34

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

Particulars	Non current		Current	
	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
Non current bank balance - Margin money deposit	0.02	0.02	-	-
Unbilled revenue	-	-	14.33	6.10
Receivable on sale of fixed assets	-	-	-	5.85
Unamortised operating lease expenses	-	-	41.01	-
Unamortised upfront fee and other ancillary borrowing costs	13.09	14.64	4.31	3.73
Unamortised share issue expenses	0.82	1.23	0.41	0.41
Insurance claim receivable	-	-	2.05	8.02
Interest accrued on fixed deposits	-	-	0.41	0.43
Total	13.93	15.89	62.52	24.54

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

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
Fuel oil and lubricants	37.31	40.89
Total	37.31	40.89

17. Cash and bank balances

A. Cash and cash equivalents		
Balance with bank in current accounts	0.92	4.92
Cash on hand	-	0.01
	0.92	4.93
B. Other bank balances		
Margin money deposits (lien marked against guarantee issued by banks)	15.01	15.01
	15.01	15.01
Total	15.93	19.94

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
18. Revenue from operations		
Sale of services		
Fleet operating and chartering earnings	1,461.48	1,231.92
Other operating income		
Supervision/ management fees	7.08	13.24
Profit on sale of vessels	19.76	0.19
Total	1,488.32	1,245.35
19. Other income		
Interest income		
- from banks	1.81	1.36
- from others	60.16	54.15
Net gain on foreign currency translation and transactions	2.23	2.61
Other non operating income	3.72	1.19
Profit on sale of other assets	-	0.20
Total	67.92	59.51
20. Employee benefits expense		
Offshore staff		
Salaries, wages and bonus	72.77	55.33
Contribution to staff provident and other funds	1.87	1.86
Staff welfare expenses	12.32	7.98
Office staff		
Salaries, wages and bonus	19.57	22.57
Contribution to staff provident and other funds	1.43	1.03
Staff welfare expenses	2.47	1.89
Employee stock option scheme (refer note 4 and 32)	0.47	0.07
Total	110.90	90.73
21. Operating expenses		
Consumption of stores and spares	16.50	12.25
Consumption of fuel, oil and water	332.48	217.14
Direct voyage expenses	596.42	414.41
Commission, brokerage and agency fees	2.52	1.99
Standing costs	22.48	16.20
Dry docking expenses	24.29	12.84
Insurance, protection and indemnity club fees	21.57	13.19
Total	1,016.26	688.02
22. Other expenses		
Particulars	As at 31st March, 2013 ₹ in crore	As at 31st March, 2012 ₹ in crore
Rent	3.67	3.69
Rates and taxes	0.88	0.05
Repairs and maintenance		
-buildings	0.66	0.17
-others	0.27	0.22
Legal and professional fees	10.53	13.24
Travelling and conveyance	1.75	3.51
Auditors' remuneration (refer note below)	0.80	0.90
Bad debts written off	1.36	-
Other establishment expenses	2.76	3.60
Total	22.66	25.38

Auditor's remuneration comprises (net of service tax)

	For the year ended 31st March, 2013 ₹ in crore	For the year ended 31st March, 2012 ₹ in crore
As auditor	0.54	0.54
Reimbursement of expenses	0.01	0.01
For other services	0.25	0.35
Total	0.80	0.90

23. Finance costs

Interest expense

- on bank loans

64.47

45.57

- on loan from financial Institutions

13.08

17.38

- on finance lease obligations

38.27

38.28

- on foreign currency convertible bonds

67.31

59.74

- on debentures

84.05

79.67

- on others

28.61

20.78

Other finance costs

11.47

5.48

Total**307.26****266.90****24. Deferral / capitalisation of exchange difference**

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

Particulars	31st March, 2013 ₹ in crore	31st March, 2012 ₹ in crore
a) Exchange loss capitalised to the cost of the fixed assets	75.00	162.40
b) Depreciation on the above exchange loss for the year in which exchange difference has been capitalised	5.22	9.66
c) Exchange loss transferred to Foreign Currency Monetary Item Difference Account (FCMITDA) for the year	1.15	(3.39)
d) Amortisation (gain)/ loss on the above net exchange (gain)/loss for the year in which exchange difference has been transferred to FCMITDA	(0.30)	(0.43)

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

The Company has entered into finance lease arrangements for two vessels and an aircraft. The future minimum lease payments (MLP) together with the present value of the MLP payable by the Company are as follows:

Particulars	- not later than one year	- later than one year but not later than five years	- later than five years	₹ in crore Total
For the year ended 31st March, 2013				
Future minimum lease payments	117.65	453.00	73.46	644.11
Unmatured finance charges	31.20	63.07	1.51	95.78
Present value of minimum lease payments	86.45	389.93	71.95	548.33

For the year ended 31st March, 2012

Future minimum lease payments	111.34	437.28	168.54	717.16
Unmatured finance charges	34.25	81.57	8.51	124.33
Present value of minimum lease payments	77.09	355.71	160.03	592.83

b) Operating leases : Company as a lessee

The Company has entered into non-cancellable operating lease arrangements for six vessels (previous year 3 vessels) for a period of 13 years. The future minimum lease rental are as follows:-

Future minimum lease payments are as follows:

	₹ in crore	
	As at 31 st March, 2013	As at 31 st March, 2012
– not later than one year	251.92	122.39
– later than one year but not later than five years	911.22	433.26
– later than five years	1,379.96	706.77
Total	2,543.10	1,262.42

26. Contingent liabilities

Particulars	₹ in crore	
	As at 31 st March, 2013	As at 31 st March, 2012
i) Guarantee given by a bank against disputed custom duty demand of ₹ 27.40 crore by DGFT	30.00	30.00
ii) Corporate guarantees on behalf of subsidiaries	1,461.74	1,461.74
iii) Corporate guarantees on behalf of others jointly and severally with Essar Ports Limited	-	410.00
iv) Bills discounted with bank	150.00	21.00
v) Income tax demand -appeal filed by the Income tax department in the High court of Bombay against the order of Appellate Tribunal in favour of the Company	7.29	7.29

27. Business segment and geographical segment
a) Business segment

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

b) Geographical segment

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

Revenue from operations	For the year ended 31 st March, 2013 ₹ in crore	For the year ended 31 st March, 2012 ₹ in crore
India	1,287.69	1,039.15
China	73.92	140.07
Hongkong	-	9.82
Singapore	25.39	19.17
U.S.A	5.48	5.49
Germany	4.29	8.79
Cyprus	6.79	15.47
UK	47.27	-
UAE	14.96	-
Korea	22.23	-
Rest of the world	0.30	7.39
Total	1,488.32	1,245.35

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

28. Earnings per share:

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

Particulars	Year ended 31 st March 2013 ₹ in crore	Year ended 31 st March 2012 ₹ in crore
Earnings for the purpose of basic earnings per share (net (loss) /profit for the year) (₹ in crore)	(93.25)	95.82
Equity shares at the beginning of the year (nos.)	205,227,768	-
Equity shares issued on demerger (nos.)	-	205,227,768
Equity shares at the end of the year (nos.)	205,227,768	205,227,768
Weighted average equity shares for the purpose of calculating basic earnings per share (nos.)	205,227,768	205,227,768
Weighted average equity shares for the purpose of calculating diluted earnings per share (nos.)	205,227,768	205,227,768
Earnings per share-basic (face value of ₹ 10/- each) (₹)	(4.54)	4.67
Earnings per share-diluted (face value of ₹ 10/- each) (₹)	(4.54)	4.67

Note:

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

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

During the previous year, the Company has entered into four derivative contracts for hedging currency related risks (relating to shipping business). Outstanding principal only swap contracts payable as on the balance sheet date is Nil (previous year: ₹ 200 crores (US\$ 44.97 million) (Refer note no.7)

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, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore	Currency	As at 31 st March, 2013 In million	As at 31 st March, 2012 In million
i) Export of goods and services	12.76	8.45	USD	2.35	1.65
ii) Advances to vendors	5.98	3.19	USD	1.10	0.80
	-	0.23	SGD	-	0.06
	-	0.04	DKK	-	0.05
	0.05	-	EUR	0.01	-
iii) Receivable from holding company	0.33	24.76	USD	0.06	4.84
iv) Bank balances	0.23	4.70	USD	0.04	0.92
v) 7% Cumulative non convertible preference shares	1,285.91	1,209.48	USD	236.43	236.43
vi) Loans and advances to subsidiary company	2.05	-	USD	0.38	-

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

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore	Currency	As at 31 st March, 2013 In million	As at 31 st March, 2012 In million
i) Import of goods and services	138.74	52.32	USD	25.56	10.22
	0.10	0.35	GBP	0.01	0.04
	1.80	1.55	EUR	0.26	0.23
	1.57	0.97	JPY	27.24	15.62
	3.02	2.91	SGD	0.69	0.72
	-	0.02	NOK	0.00	0.02
	0.18	0.26	DKK	0.19	0.28
	0.99	0.51	AED	0.67	0.37
	146.40	58.89			
ii) Secured and unsecured borrowings payable (including interest accrued and due and not due)	590.04	595.06	USD	108.50	116.32
iii) Foreign currency convertible bonds (including interest accrued and due and not due)	1,328.03	1,234.07	USD	244.17	241.23
iv) Finance lease obligations (including interest accrued and due and not due)	584.94	601.03	USD	107.54	117.49

30. Employee benefits :

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

I. Defined contribution plans:

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

Particulars	₹ in crore	
	Year ended 31 st March, 2013	Year ended 31 st March, 2012
a) Employer's contribution to gratuity fund (offshore crew staff)	0.23	0.21
b) Group accident policy premium (all employees)	0.01	0.01
c) Employer's contribution to pension fund (offshore crew staff)	0.38	0.28
d) Employer's contribution to superannuation fund (office staff)	-	0.05
e) Employer's contribution to provident fund (offshore crew staff)	0.23	0.17
	0.85	0.72

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 obligation:

Particulars	₹ in crore											
	Provident fund (funded)			Gratuity-office staff (funded)			Gratuity-off shore officers (non-funded)			CA- paid leave (non-funded)		
	31.03.13	31.03.12	31.03.11	31.03.13	31.03.12	31.03.11	31.03.13	31.03.12	31.03.11	31.03.13	31.03.12	31.03.11
Present value of defined benefit obligation as at the beginning of the year	22.29	19.53	16.69	1.80	1.64	-	2.97	2.52	-	1.68	1.43	-
Current service cost	1.53	1.73	1.39	0.14	0.13	0.07	0.58	0.44	0.30	0.18	0.14	0.10
Current service contribution- employee	1.61	1.95	1.52	-	-	-	-	-	-	-	-	-
Interest cost	1.85	1.64	-	0.15	0.13	-	0.25	0.20	0.15	0.14	0.11	-
Transfer in	3.27	1.03	0.87	(0.07)	-	1.57	-	-	1.95	(0.02)	-	1.33
Benefits paid	(7.40)	(4.41)	(2.62)	(0.08)	(0.07)	-	(0.06)	(0.11)	(0.10)	(0.06)	(0.02)	-
Actuarial (gain)/loss on obligations	1.62	0.82	0.80	0.06	(0.03)	-	(0.23)	(0.08)	0.22	0.06	0.02	-
Plan amendment	-	-	0.88	-	-	-	-	-	-	-	-	-
Present value of defined benefit obligation as at the end of the year	24.77	22.29	19.53	2.00	1.80	1.64	3.51	2.97	2.52	1.98	1.68	1.43

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

Particulars	₹ in crore											
	Provident fund (funded)			Gratuity-office staff (funded)			Gratuity-off shore officers (non-funded)			CA- paid leave (non-funded)		
	31.03.13	31.03.12	31.03.11	31.03.13	31.03.12	31.03.11	31.03.13	31.03.12	31.03.11	31.03.13	31.03.12	31.03.11
Fai value of plan assets at the beginning of the year	22.29	19.53	16.69	1.17	1.03	-	-	-	-	-	-	-
Expected return on plan assets	-	-	-	0.10	0.09	-	-	-	-	-	-	-
Actual return on plan assets	3.47	2.46	1.67	-	-	-	-	-	-	-	-	-
Actuarial gain / loss	-	-	-	(0.10)	-	-	-	-	-	-	-	-
Acquisitions/ Transfers	-	-	-	-	-	1.03	-	-	-	-	-	-
Contributions by the employer/ employees	6.41	4.71	3.79	-	0.12	-	-	-	-	-	-	-
Benefits paid	(7.40)	(4.41)	(2.62)	(0.08)	(0.07)	-	-	-	-	-	-	-
Fair value of plan assets as at the end of the year/period	24.77	22.29	19.53	1.09	1.17	1.03	-	-	-	-	-	-

₹ in crore

Particulars	Provident fund (funded)			Gratuity-office staff (funded)			Gratuity-off shore officers (non-funded)			CA- paid leave (non- funded)		
	31.03.13	31.03.12	31.03.11	31.03.13	31.03.12	31.03.11	31.03.13	31.03.12	31.03.11	31.03.13	31.03.12	31.03.11
(C) Amount recognised in balance sheet:												
Present value of defined benefit obligation as at the end of the year	24.77	22.29	19.53	2.00	1.80	1.64	3.51	2.97	2.52	1.98	1.68	1.43
Fair value of plan assets as at end of the year	24.77	22.29	19.53	1.09	1.17	1.03	-	-	-	-	-	-
Liability recognised in the Balance Sheet (included in provisions) (note 7)	-	-	-	0.91	0.63	0.61	3.51	2.97	2.52	1.98	1.68	1.43
(D) Expenses recognised in the Statement of Profit and Loss:												
Current service cost	1.53	1.73	1.39	0.14	0.13	0.07	0.58	0.44	0.30	0.18	0.13	0.10
Interest cost	1.85	1.64	0.87	0.14	0.13	-	0.25	0.20	0.15	0.14	0.11	-
Expected return on plan assets	(1.85)	(1.64)	(0.87)	(0.09)	(0.09)	-	-	-	-	-	-	-
Net actuarial (gain)/loss recognised in the year	-	-	-	0.16	(0.03)	-	(0.24)	(0.08)	0.22	0.06	0.02	-
Total expenses recognised in the Statement of Profit and Loss (Included in Contribution to provident and other funds (note No. 20))	1.53	1.73	1.39	0.35	0.14	0.07	0.59	0.56	0.67	0.38	0.26	0.10
(E) Experience history:												
Defined benefit obligation at the end of the year	-	-	-	(1.99)	(1.79)	(1.64)	(3.51)	(2.98)	(2.52)	(1.98)	(1.68)	(1.43)
Plan assets at the end of the period	-	-	-	1.09	1.17	1.03	-	-	0.10	-	-	-
Funded status	-	-	-	(0.91)	(0.62)	(0.61)	(3.51)	(2.98)	(2.42)	(1.98)	(1.68)	(1.43)
Experience gain /(loss) adjustments on plan liabilities	-	-	-	(0.02)	(0.01)	-	0.38	(0.03)	(0.25)	-	(0.06)	-
Experience gain /(loss) adjustments on plan assets	-	-	-	(0.10)	-	-	-	-	-	-	-	-
Actuarial gain/(loss) due to change on assumptions	-	-	-	(0.03)	0.04	-	(0.14)	0.11	0.03	(0.07)	0.04	-
(F) Category of plan assets:												
Administered by Life Insurance Corporation of India	-	-	-	100%	100%	-	N.A	N.A	N.A	N.A	N.A	N.A
Government of India security	25%	25%	25%	-	-	-	N.A	N.A	N.A	N.A	N.A	N.A
Public sector bonds/ TDRs	60%	60%	60%	-	-	-	N.A	N.A	N.A	N.A	N.A	N.A
State government securities	15%	15%	15%	-	-	-	N.A	N.A	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.

₹ in crore

Particulars	Provident fund (funded)			Gratuity-office staff (funded)			Gratuity-off shore officers (non-funded)			CA- paid leave (non- funded)		
	31.03.13	31.03.12	31.03.11	31.03.13	31.03.12	31.03.11	31.03.13	31.03.12	31.03.11	31.03.13	31.03.12	31.03.11
(G) Actuarial assumptions												
Actuarial valuations were done in respect of the aforesaid defined benefit plans based on the following assumptions:												
i) General assumptions:												
Discount rate (per annum)	7.90%	8.50%	-	7.90%	8.50%	-	7.90%	8.50%	-	7.90%	8.50%	-
Rate of return on plan assets (for funded scheme)	8.60%	8.60%	-	8.50%	8.50%	-	N.A	N.A	-	N.A	N.A	-
Expected retirement age of employees (years)	58	58	-	58	58	-	58	58	-	58	58	-
Separation rate of employees	-	-	-	8.00%	10.00%	-	7.00%	7.00%	-	8.00%	10.00%	-
Rate of increase in compensation	-	-	-	9.00%	9.00%	-	9.00%	9.00%	-	9.00%	9.00%	-

- i) Mortality rates considered are as per the published rates in the Life Insurance Corporation (1994-96) Mortality table.
- ii) Leave policy:
- Sick leave balance as at the valuation date and each subsequent year following the valuation date will be availed by the employee against future sick leave; the sick leave balance is not available for encashment.
 - Leave balance as at the valuation date and each subsequent year following the valuation date to the extent not availed by the employee is available for encashment on separation from the Company up to a maximum of 120 days.
- iii) The contribution to be made by the Company for funding its liability for gratuity during the financial year 2012-13 will be made as per demand raised by the fund administrator Life Insurance Corporation of India.
- iv) The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over entire life of the related obligation.
- v) The assumption of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion, supply and demand and other relevant factors.
- vi) Liability on account of long term absences has been actuarially valued as per Projected Unit Credit Method.
- vii) Short term compensated absences have been provided on actual basis.
- viii) The Company is unable to obtain the details of plan assets from the life insurance corporation of India and hence the disclosure thereof is not made.

31. Related party relationships, transactions and balances:

a) Holding companies:

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

b) Subsidiaries:

- Essar Logistics Limited, India
- Energy Transportation International Limited, Bermuda
- Energy II Limited, Bermuda
- Essar Oilfields Services Limited, Mauritius
- Essar Oilfield Services India Limited, India

c) Key management personnel:

- Mr. A. R. Ramakrishnan
- Captain Anoop Kumar Sharma

d) Other related parties where there have been transactions:

Enterprises commonly controlled or influenced by major shareholders / directors / relatives of directors of the Company:

- | | |
|---|--------------------------------------|
| (i) Aegis Limited | (vi) Essar Shipping (Cyprus) Limited |
| (ii) Essar Bulk Terminal Limited | (vii) Essar Steel India Limited |
| (iii) Essar Bulk Terminal Paradip Limited | (viii) Essar Power Gujarat Limited |
| (iv) Essar Oil Limited | (ix) Vadinar Oil Terminal Limited |
| (v) Essar Ports Limited | (x) Vadinar Power Company Limited |

- | | |
|--|---------------------------------------|
| (xi) Arkay Holdings Limited* | (xviii) Essar Services India Limited* |
| (xii) Arkay Sea Logistics Limited* | (xix) Futura Travels Limited* |
| (xiii) Essar Agrotech Limited* | (xx) India Securities Limited* |
| (xiv) Essar House Limited* | (xxi) Prajesh Marketing Limited* |
| (xv) Essar Information Technology Limited* | |
| (xvi) Essar Infrastructure Services Limited* | |
| (xvii) Essar Investments Limited* | |

*Ceased to be related parties w.e.f. 1st April, 2012 in terms of AS 18 in view of current set of relationship of directors / key managerial personnel.

e) The details of transactions with related parties during the year

Nature of transactions	₹ in crore									
	Holding companies		Subsidiaries		Other related parties		Key management personnel		Total	
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
INCOME										
Fleet operating income										
Essar Steel India Limited	-	-	-	-	1,029.75	887.10	-	-	1,029.75	887.10
Essar Shipping (Cyprus) Limited	-	-	-	-	5.70	14.45	-	-	5.70	14.45
Essar Power Gujarat Limited	-	-	-	-	107.43	19.26	-	-	107.43	19.26
Essar Logistics Limited	-	-	17.44	20.33	-	-	-	-	17.44	20.33
Essar Shipping & Logistics Limited	1.09	1.02	-	-	-	-	-	-	1.09	1.02
Essar Ports Limited	-	-	-	-	1.31	1.29	-	-	1.31	1.29
Arkay Holdings Limited	-	-	-	-	-	2.23	-	-	-	2.23
Arkay Sea Logistics Limited	-	-	-	-	-	0.73	-	-	-	0.73
Essar Oil Limited	-	-	-	-	5.90	13.81	-	-	5.90	13.81
Vadinar Power Company Limited	-	-	-	-	-	4.45	-	-	-	4.45
Total	1.09	1.02	17.44	20.33	1,150.09	943.32	-	-	1,168.62	964.67
Equipment lease rental income										
Essar Steel India Limited	-	-	-	-	0.01	0.02	-	-	0.01	0.02
Interest income										
Essar Steel India Limited	-	-	-	-	5.57	-	-	-	5.57	-
Essar Shipping & Logistics Limited	-	0.74	-	-	-	-	-	-	-	0.74
Energy Transportation International Limited	-	-	0.09	-	-	-	-	-	0.09	-
Essar Oilfield Services India Limited	-	-	53.97	53.33	-	-	-	-	53.97	53.33
Essar Oilfields Services Limited	-	-	0.53	0.01	-	-	-	-	0.53	0.01
Total	-	0.74	54.59	53.34	5.57	-	-	-	60.16	54.08
Remuneration										
A. R. Ramakrishnan	-	-	-	-	-	-	2.36	1.67	2.36	1.67
Anoop Kumar Sharma	-	-	-	-	-	-	1.70	1.43	1.70	1.43
Total	-	-	-	-	-	-	4.06	3.10	4.06	3.10
Purchase of fuel oil										
Essar Oil Limited	-	-	-	-	70.03	92.81	-	-	70.03	92.81
Essar Shipping (Cyprus) Limited	-	-	-	-	0.33	7.09	-	-	0.33	7.09
Total	-	-	-	-	70.36	99.90	-	-	70.36	99.90
Vessel hire charges										
Essar Shipping & Logistics Limited	-	54.73	-	-	-	-	-	-	-	54.73
Essar Shipping (Cyprus) Limited	-	-	-	-	165.63	18.65	-	-	165.63	18.65
Total	-	54.73	-	-	165.63	18.65	-	-	165.63	73.38
Manning charges										
Essar Infrastructure Services Limited	-	-	-	-	-	0.16	-	-	-	0.16
Direct voyage expenses										
Essar Bulk Terminal Limited	-	-	-	-	25.27	16.45	-	-	25.27	16.45
Vadinar Oil Terminal Limited	-	-	-	-	-	0.03	-	-	-	0.03
Total	-	-	-	-	25.27	16.48	-	-	25.27	16.48
Rent charges										
Essar Oilfields Services India Limited	-	-	1.64	-	-	-	-	-	1.64	-
Essar House Limited	-	-	-	-	-	0.27	-	-	-	0.27

Nature of transactions	₹ in crore									
	Holding companies		Subsidiaries		Other related parties		Key management personnel		Total	
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
Essar Infrastructure Services Limited	-	-	-	-	-	1.03	-	-	-	1.03
Essar Information Technology Limited	-	-	-	-	-	2.17	-	-	-	2.17
Total	-	-	1.64	-	-	3.47	-	-	1.64	3.47
Travelling expenses										
Futura Travels Limited	-	-	-	-	-	3.48	-	-	-	3.48
Reimbursement of expenses										
Futura Travels Limited	-	-	-	-	-	10.43	-	-	-	10.43
Essar Logistics Limited	-	-	1.28	11.17	-	-	-	-	1.28	11.17
Essar Investments Limited	-	-	-	-	-	0.01	-	-	-	0.01
Arkay Holding Limited	-	-	-	-	-	0.21	-	-	-	0.21
Total	-	-	1.28	11.17	-	10.65	-	-	1.28	21.82
Professional / Agency fee										
Essar Investments Limited	-	-	-	-	-	7.52	-	-	-	7.52
Essar Services India Limited	-	-	-	-	-	1.52	-	-	-	1.52
Aegis Limited	-	-	-	-	1.09	1.45	-	-	1.09	1.45
Essar Information Technology Limited	-	-	-	-	-	0.01	-	-	-	0.01
Essar Logistics Limited	-	-	0.35	0.39	-	-	-	-	0.35	0.39
Total	-	-	0.35	0.39	1.09	10.50	-	-	1.44	10.89
Aircraft usage charges reimbursed										
Essar Oil Limited	-	-	-	-	22.06	18.00	-	-	22.06	18.00
Essar Projects India Limited	-	-	-	-	2.94	-	-	-	2.94	-
Total	-	-	-	-	25.00	18.00	-	-	25.00	18.00
Interest on lease loan										
Essar Shipping & Logistics Limited	32.85	32.93	-	-	-	-	-	-	32.85	32.93
Investments in equity shares										
Essar Oilfields Services Limited	-	-	-	241.59	-	-	-	-	-	241.59
Energy Transportation International Limited	-	-	48.24	10.65	-	-	-	-	48.24	10.65
Total	-	-	48.24	252.24	-	-	-	-	48.24	252.24
Loans and advances given										
Essar Shipping & Logistics Limited	-	22.90	-	-	-	-	-	-	-	22.90
Essar Oilfield Services India Limited	-	-	106.54	60.75	-	-	-	-	106.54	60.75
Energy Transportation International Limited	-	-	12.74	-	-	-	-	-	12.74	-
Essar Steel India Limited	-	-	-	-	45.00	-	-	-	45.00	-
Essar Oilfields Services Limited	-	-	33.42	-	-	-	-	-	33.42	-
Total	-	22.90	152.70	60.75	45.00	-	-	-	197.70	83.65
Sale of fixed asset										
Arkay Sea Logistics Limited	-	-	-	-	-	5.57	-	-	-	5.57
Bid deposit given										
Essar Steel India Limited	-	-	-	-	172.00	-	-	-	172.00	-
Guarantees given on behalf of others										
Essar Logistics Limited	-	-	-	43.00	-	-	-	-	-	43.00
Essar Oilfields Services Limited	-	-	-	32.50	-	-	-	-	-	32.50
Essar Bulk Terminal Paradip Limited	-	-	-	-	-	410.00	-	-	-	410.00
Total	-	-	-	75.50	-	410.00	-	-	-	485.50

f) Outstanding balances with related parties:

Nature of balances	₹ in crore									
	Holding companies		Subsidiary companies		Other related parties		Key management Personnel		Total	
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
Sundry debtors										
Essar Steel India Limited	-	-	-	-	24.64	111.66	-	-	24.64	111.66
Essar Logistics Limited	-	-	2.06	-	-	-	-	-	2.06	-
Essar Power Gujarat Limited	-	-	-	-	13.79	-	-	-	13.79	-
Essar Projects India Limited	-	-	-	-	3.30	-	-	-	3.30	-
Arkay Holdings Limited	-	-	-	-	-	2.15	-	-	-	2.15

Nature of balances	₹ in crore									
	Holding companies		Subsidiary companies		Other related parties		Key management Personnel		Total	
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
Arkay Sea Logistics Limited	-	-	-	-	-	6.62	-	-	-	6.62
Essar Ports Limited	-	-	-	-	2.96	1.06	-	-	2.96	1.06
Total	-	-	2.06	-	44.69	121.49	-	-	46.75	121.49
Loans and advances (including interest accrued) / Other receivables										
Aegis Limited	-	-	-	-	-	0.61	-	-	-	0.61
Essar Ports Limited	-	-	-	-	-	13.35	-	-	-	13.35
Essar Oilfield Services India Limited	-	-	479.62	479.10	-	-	-	-	479.62	479.10
Essar Shipping & Logistics Limited	0.33	24.76	-	-	-	-	-	-	0.33	24.76
Futura Travels Limited	-	-	-	-	-	4.72	-	-	-	4.72
Energy Transportation International Limited	-	-	2.05	0.51	-	-	-	-	2.05	0.51
Total	0.33	24.76	481.67	479.61	-	18.68	-	-	482.00	523.05
Bid deposit given										
Essar Steel India Limited	-	-	-	-	123.50	-	-	-	123.50	-
Deposits given										
Futura Travels Limited	-	-	-	-	-	6.25	-	-	-	6.25
Arkay Holding Limited	-	-	-	-	-	3.10	-	-	-	3.10
Essar House Limited	-	-	-	-	-	28.35	-	-	-	28.35
Essar Investments Limited	-	-	-	-	-	0.06	-	-	-	0.06
Prajesh Marketing Limited	-	-	-	-	-	4.80	-	-	-	4.80
Essar Information Technology Limited	-	-	-	-	-	0.46	-	-	-	0.46
Total	-	-	-	-	-	43.02	-	-	-	43.02
Lease loan obligation										
Essar Shipping & Logistics Limited	528.29	547.30	-	-	-	-	-	-	528.29	547.30
Sundry creditors										
Essar Logistics Limited	-	-	0.63	5.96	-	-	-	-	0.63	5.96
Essar Bulk Terminal Limited	-	-	-	-	6.10	16.94	-	-	6.10	16.94
Essar Infrastructure Services Limited	-	-	-	-	-	0.12	-	-	-	0.12
Essar Investments Limited	-	-	-	-	-	0.44	-	-	-	0.44
Essar Services India Limited	-	-	-	-	-	1.51	-	-	-	1.51
Aegis Limited	-	-	-	-	0.35	-	-	-	0.35	-
Essar Shipping Cyprus Limited	-	-	-	-	24.64	2.71	-	-	24.64	2.71
Essar Information Technology Limited	-	-	-	-	-	0.36	-	-	-	0.36
Essar Oil Limited	-	-	-	-	33.00	20.97	-	-	33.00	20.97
Vadinar Oil Terminal Limited	-	-	-	-	0.03	0.03	-	-	0.03	0.03
Total	-	-	0.63	5.96	64.12	43.08	-	-	64.75	49.04
Interest accrued and due on lease loan										
Essar Shipping & Logistics Limited	7.87	-	-	-	-	-	-	-	7.87	-
Interest accrued but not due on lease loan										
Essar Shipping & Logistics Limited	8.60	8.09	-	-	-	-	-	-	8.60	8.09
Security deposit received										
Essar Oil Limited	-	-	-	-	9.00	9.00	-	-	9.00	9.00
Vadinar Oil Terminal Limited	-	-	-	-	1.50	1.50	-	-	1.50	1.50
Vadinar Ports & Terminals Limited	-	-	-	-	1.50	1.50	-	-	1.50	1.50
Essar Bulk Terminal Limited	-	-	-	-	1.50	1.50	-	-	1.50	1.50
Total	-	-	-	-	13.50	13.50	-	-	13.50	13.50
Guarantees given on behalf of others										
Essar Oilfield Services India Limited	-	-	310.00	1,310.00	-	-	-	-	1,310.00	1,310.00
Essar Logistics Limited	-	-	119.24	119.24	-	-	-	-	119.24	119.24
Essar Oilfields Services Limited	-	-	32.50	32.50	-	-	-	-	32.50	32.50
Essar Bulk Terminal Paradip Limited	-	-	-	-	-	410.00	-	-	-	410.00
Total	-	-	1,461.74	1,461.74	-	410.00	-	-	1,461.74	1,871.74

32. Employee Stock Option Scheme

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

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

As per the Scheme, the Compensation Committee grants the options to the 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 difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense is expensed over the vesting period.

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

Particulars	Year ended 31 st March, 2013		Year ended 31 st March, 2012	
	Options (Numbers)	Weighted average exercise price per option (₹)	Options (Numbers)	Weighted average exercise price per option (₹)
Option outstanding at the beginning of the year	4,068,819	22.30	-	-
Granted during the year	-	22.30	4,068,819	22.30
Vested during the year	-	22.30	-	-
Exercised during the year	-	22.30	-	-
Lapsed during the year	403,549	22.30	-	-
Options outstanding at the end of the year	3,665,270	22.30	4,068,819	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 2013	Year ended 31 st March 2012
Net Profit / (loss) (as reported)	(93.25)	95.82
Add / (Less): stock based employee compensation (intrinsic value) (refer note 20)	0.47	0.07
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued	(1.10)	(0.33)
Net Profit / (loss) (proforma)	(93.88)	95.56
Basic earnings per share (as reported) (refer note 28) (₹)	(4.54)	4.67
Basic earnings per share (proforma) (₹)	(4.57)	4.66
Diluted earnings per share (as reported) (refer note 28) (₹)	(4.54)	4.67
Diluted earnings per share (proforma) (₹)	(4.57)	4.66

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

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

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

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

For and on behalf of the Board

A. R. Ramakrishnan
Managing Director

Vikram Gupta
Chief Financial Officer

Deepak Kumar Varma
Director

Vinayak Joshi
Company Secretary

Mumbai
28th May, 2013

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF

ESSAR SHIPPING LIMITED

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **ESSAR SHIPPING LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants
(Firm Registration No. 117365W)

Samir R. Shah

Partner
Membership No. 101708

MUMBAI

28th May, 2013

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

(₹ in crore)

Particulars	Note no.	As at 31 st March, 2013	As at 31 st March, 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	205.23	205.23
(b) Reserves and surplus	4	6,562.91	5,290.48
		6,768.14	5,495.71
2 Non-current liabilities			
(a) Long-term borrowings	5	4,668.25	4,829.86
(b) Deferred tax liabilities (Net)	6	28.11	27.30
(c) Other long term liabilities	7	15.42	20.06
		4,711.78	4,877.22
3 Current liabilities			
(a) Short-term borrowings	9	175.24	293.62
(b) Trade payables	10	746.45	577.52
(c) Other current liabilities	11	906.97	647.31
(d) Short-term provisions	8	115.51	127.46
		1,944.17	1,645.91
TOTAL EQUITY AND LIABILITIES		13,424.09	12,018.84
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12 (a)	4,403.55	4,434.17
(ii) Capital work-in-progress	12 (b)	1,736.28	1,791.37
(b) Goodwill on consolidation (refer note no 36)		4,976.28	3,658.41
(c) Non-current investments	13	*0.00	*0.00
(d) Long-term loans and advances	14	233.08	84.37
(e) Other non-current assets	18	35.52	40.77
		11,384.71	10,009.09
2 Current assets			
(a) Current investments	15	0.10	-
(b) Inventories	16	152.82	150.25
(c) Trade receivables	17	396.14	608.56
(d) Cash and bank balances	19	67.81	226.73
(e) Short-term loans and advances	14	1,319.54	914.62
(f) Other current assets	18	102.97	109.59
		2,039.38	2,009.75
TOTAL ASSETS		13,424.09	12,018.84

(*amount less than ₹ 1 lakh)

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Samir R. Shah
Partner

Mumbai
28th May, 2013

For and on behalf of the Board

A. R. Ramakrishnan
Managing Director

Vikram Gupta
Chief Financial Officer

Mumbai
28th May, 2013

Deepak Kumar Varma
Director

Vinayak Joshi
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in crore)

Particulars	Note no.	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Income:			
1 Revenue from operations	20	3,209.19	2,801.58
2 Other income	21	88.89	52.93
Total		3,298.08	2,854.51
3 Expenses:			
Operating expenses	23	2,140.44	1,817.36
Employee benefits expense	22	222.82	189.89
Other expenses	24	69.76	94.76
Total		2,433.02	2,102.01
Profit before finance costs, depreciation and tax		865.06	752.50
4 Finance costs	25	365.72	329.43
5 Loss on settlement of forward contract (refer note No. 8)		50.20	-
6 Depreciation (net of reversal of excess depreciation of prior periods ₹ 19.23 (previous year ₹ nil) crore)	12 (a)	369.31	362.94
Profit before tax		79.83	60.13
7 Tax expense:			
Current tax		(40.16)	(21.35)
MAT Credit (utilized)/entitlement		(3.06)	3.09
Deferred tax (net)		(0.81)	(5.04)
Profit for the year		35.80	36.83
8 Earnings per equity share (face value of ₹ 10 each) :	30		
Basic and diluted (₹)		1.74	1.79

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants**Samir R. Shah**
PartnerMumbai
28th May, 2013

For and on behalf of the Board

A. R. Ramakrishnan
Managing Director
Vikram Gupta
Chief Financial OfficerMumbai
28th May, 2013**Deepak Kumar Varma**
Director**Vinayak Joshi**
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

(₹ in crore)

Particulars	Year ended 31 st March, 2013	Year ended 31 st March, 2012
A CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	79.83	60.13
Adjustments for :		
Depreciation	369.31	362.94
Finance costs	365.72	329.43
Loss on settlement of forward contract	50.20	-
Interest income	(83.50)	(40.47)
Profit on sale of tangible assets	(20.77)	(4.96)
Miscellaneous expenditure written off	0.90	0.90
Amortisation of stock based employee compensation	0.47	0.07
Bad debts written off	5.85	-
Profit on sale of investments	-	(0.08)
Unrealised foreign exchange (gain) / loss	2.26	8.69
Operating profit before working capital changes	770.27	716.65
Changes in working capital :		
Decrease/(Increase) in inventories	4.29	(6.31)
Decrease/(Increase) in trade receivables, loans and advances and other assets	65.94	(260.97)
Increase in trade payables, other liabilities and short term provisions	403.22	209.05
Cash generated from operations	1,243.72	658.42
Income taxes paid (net)	(38.58)	(44.78)
Net cash generated from operating activities	1,205.14	613.64
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress /advance	(263.60)	(230.65)
Proceeds from sale of fixed assets	123.07	7.23
Purchase of current investments	(0.10)	(46.50)
Proceeds from sale of current investments	-	46.58
Proceeds from sale of investments	-	10.16
Fixed deposits matured for a period of more than three months,net	143.55	9.96
Fixed deposits placed for a period of more than three months,net	(7.64)	(35.00)
Loans and advances given to body corporate	(383.53)	(289.20)
Loans and advances repaid by body corporate	199.38	132.06
Interest received	29.72	31.44
Net cash used in investing activities	(159.15)	(363.92)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Finance costs paid	(451.97)	(450.47)
Settlement of forward contract	(50.20)	-
Proceeds from debentures	39.50	-

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

(₹ in crore)

Particulars	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Proceeds from long term loans	4.76	337.29
Proceeds from short term loans	292.45	95.95
Proceeds from commercial papers	435.00	395.00
Proceeds from unsecured loans	73.13	23.23
Repayment of long term loans	(410.95)	(175.77)
Repayment of short term loans	(310.83)	(15.00)
Repayment of finance lease obligations	(83.62)	(93.58)
Repayment of commercial papers	(535.00)	(395.00)
Repayment of unsecured loan	(77.32)	(3.01)
Share issue expense	-	(2.05)
Net cash used for financing activities	(1,075.05)	(283.41)
DECREASE IN CASH AND CASH EQUIVALENTS	(29.06)	(33.69)
Cash and cash equivalents at the beginning of the year	35.35	69.04
Foreign currency translation reserve	2.85	-
Cash and cash equivalents at the end of the year (refer note 19)	9.14	35.35

See accompanying notes forming part of the consolidated financial statements

Notes:**Reconciliation between cash and cash equivalent and cash and bank balances:**

(₹ in crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Cash and cash equivalents as per cash flow statement	9.14	35.35
Add: Deposit with original maturity of more than 3 months but less than 12 months	-	77.97
Add: Margin money deposits not considered as cash and cash equivalents	58.67	113.41
Cash and Bank Balances (refer note 19)	67.81	226.73

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants**Samir R. Shah**
PartnerMumbai
28th May, 2013

For and on behalf of the Board

A. R. Ramakrishnan
Managing Director**Vikram Gupta**
Chief Financial OfficerMumbai
28th May, 2013**Deepak Kumar Varma**
Director**Vinayak Joshi**
Company Secretary

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT

1) CORPORATE INFORMATION

A. GENERAL INFORMATION

Essar Shipping Limited ("ESL" or "the Company") incorporated on 16th April, 2010 is mainly engaged in fleet operating and chartering and operates in international and coastal voyages. The company through its subsidiaries is also engaged in the business of Oilfields services and logistics services.

B. SUBSIDIARIES

The reporting date of all the subsidiaries is 31st March 2013. The list of the subsidiaries of the Company which are included in the consolidation and the Group's holding therein are as under:

Name of companies	Country of incorporation	Immediate holding company	Relationship	% of Holding and voting power either directly or indirectly through subsidiary as at	
				31 st March 2013	31 st March 2012
Essar Logistics Limited ("ELL")	India	ESL	Subsidiary	100%	100%
Essar Oilfields Services Limited ("EOSL")	Mauritius	ESL	Subsidiary	100%	100%
Essar Oilfield Services India Limited ("EOSIL")	India	EOSL	Subsidiary	100%	100%
Energy Transportation International Limited ("ETIL")	Bermuda	ESL	Subsidiary	100%	100%
Energy II Limited ("EII")	Bermuda	ESL	Subsidiary	100%	100%

2) SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF ACCOUNTING

The Consolidated financial statements of the Company and its subsidiaries (together the "Group") have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP"). The Company has prepared these Consolidated financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The Consolidated 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 Consolidated financial statements in conformity with Indian GAAP requires the management make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosures relating to contingent liabilities, at the end of the reporting period. Though the management believes that the estimates used are prudent and reasonable and are based on management's knowledge of current events and actions, actual results could differ from these estimates resulting in material adjustments to be recognized in the periods in which the results are known / materialise.

C. BASIS OF CONSOLIDATION

- The consolidated financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating all material intra-group balances, intra-group transactions and resulting unrealised profits or loss in accordance with AS-21 "Consolidated Financial Statements".
- The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements.
- 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.
- Goodwill arising on consolidation is not amortised but tested for impairment.
- The accounts of overseas subsidiaries denominated in foreign currency are converted as explained in note 2 (S) below and regrouped

D. TANGIBLE ASSETS

Fixed assets are recorded at cost or at revalued amounts less accumulated depreciation, amortisation and impairment loss, if any.

Cost of acquisition is inclusive of cost of construction including erection, installation and commissioning expenses, expenditure during construction, inseparable know-how costs, gains or losses earned /incurred during the trial run, non refundable duties and taxes, brokerage, cost of major improvements / upgradations, borrowing costs and other incidental costs, where applicable.

E. INTANGIBLE ASSETS

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

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

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

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

G. DEPRECIATION

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

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

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

Depreciation on water circulation treatment plant, aircraft, forklifts, cranes, vehicles (other than motor car and two wheelers) and other heavy plant and equipment is provided

on straight line method and other assets on written down value method, at the rates prescribed in Schedule XIV to the Companies Act, 1956.

H. IMPAIRMENT OF ASSETS

The Company assesses on each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount (higher of net selling price and value in use) of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Consolidated Statement of Profit and Loss, except in case of revalued assets, where it is first adjusted against the related balance in fixed assets revaluation reserve.

If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount but limited to the carrying amount that would have been determined (net of depreciation / amortization) had no impairment loss has recognised in prior accounting periods.

I. BORROWING COST

Borrowing costs that are attributable to the acquisition, construction or development of qualifying assets (i.e. the assets that takes substantial period of time to get ready for its intended use) are capitalized as part of the cost of such asset.

All other borrowing costs are recognised in the Consolidated Statement of Profit and Loss.

J. INVESTMENTS

Investments are classified into long term and current investments. Long term investments are carried at cost. Diminution in the value of long term investments is provided for when it is considered as being other than temporary in nature. Current investments are carried at the lower of cost and fair value.

K. INVENTORY

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

L. REVENUE RECOGNITION

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

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

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

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

M. OTHER INCOME

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

N. INSURANCE CLAIMS

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

O. OPERATING EXPENSES

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

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

P. OPERATING LEASE

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 Consolidated Statement of Profit and Loss on a straight-line basis.

Q. HEDGE ACCOUNTING

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

These contracts are stated at fair value at each reporting date. Changes in the fair value of these contracts that

are designated and effective as hedges of future cash flows are recognised directly in Hedging reserve account under Reserves and surplus and the ineffective portion is recognized immediately in the Consolidated Statement of Profit and Loss.

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

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

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

R. EMPLOYEE BENEFITS

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

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

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

c) Post-employment benefit plan:

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

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the Consolidated Statement of Profit and Loss /expenditure during construction, as applicable, for the period in which they occur. Past service cost is recognised immediately to the extent

that the benefits are already vested, and is otherwise amortised on a straight-line basis over the average period until the benefits become vested.

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

d) Short-term employee benefits

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

e) Long-term employee benefits

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

f) Employee Stock Option Scheme:

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

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

S. FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

T. TAXATION

Tax expenses comprise of current tax and deferred taxes. Current taxes on income from qualifying fleet are provided on the basis of the Tonnage Tax Scheme whereas current tax on non-tonnage income and other income of each taxable entity are provided in accordance with the relevant tax rules applicable for respective tax jurisdictions. Current tax is net of credit for Minimum Alternate Tax. Current taxes on income earned by foreign subsidiaries are provided based on tax laws of its domicile country.

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when asset is realised or liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

The tax expense is not comparable with the profit before tax, since it is consolidated on a line-by-line addition for each subsidiary company and no tax effect is recorded in respect of consolidation adjustments. This accounting treatment is as per Accounting Standard AS-21.

U. SEGMENT ACCOUNTING POLICIES:

The Company 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'.

V. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

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 non occurrence 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 assets are neither recognised nor disclosed in the Consolidated financial statements.

3 Share capital

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	Number	₹ in crore	Number	₹ in crore
(a) Authorised				
Equity shares of ₹ 10/- each	500,000,000	500.00	500,000,000	500.00
	-	500.00	-	500.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each	205,227,768	205.23	205,227,768	205.23
	205,227,768	205.23	205,227,768	205.23
(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period				
Equity shares of ₹ 10/- each				
At the beginning of the year	205,227,768	205.23	-	-
Add: Issue of shares during the year	-	-	205,227,768	205.23
At the end of the year	205,227,768	205.23	205,227,768	205.23

(c) Terms / 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 equity holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

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

	As at 31 st March 2013			As at 31 st March 2012		
	Number	₹ in crore	%	Number	₹ in crore	%
a) Equity shares of ₹ 10/- each						
Essar Shipping & Logistics Limited, the holding company	163,641,524	163.64	79.73	170,451,851	170.45	83.05
Essar Global Fund Limited, the ultimate holding company	33	0.00	0.00	33	0.00	0.00
Essar Steel India Limited, subsidiary of the ultimate holding company	1,273,611	1.27	0.60	1,273,611	1.27	0.60
	164,915,168	164.91	80.33	171,725,495	171.72	83.65

There are no other shareholders holding more than 5% shares in the Company.

(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)				
	2012-13	2011-12	2010-11	2009-10	2008-09
Equity shares issued for consideration other than cash					
Issued fully paid up pursuant to the Scheme of arrangement	205,227,768	205,227,768	-	-	-

(f) Share reserve for issue under options

- For details of shares reserved for issue under the employee stock option (ESOP) plan of the company. (refer note 34).
- For the details of 2,800 FCCB's convertible into 122,852,787 equity shares (as at March, 2012, 122,852,787 shares) of ₹ 10/- each. (refer note 5 (i) (f)).

4. Reserves and surplus

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
a. Debenture redemption reserve		
Opening balance	55.00	35.00
Add: Transferred from Consolidated Statement of Profit and Loss	-	20.00
Closing balance	55.00	55.00
b. Share options outstanding account		
Opening balance	0.07	-
Add: Gross compensation for options granted	-	1.82
Less: Deferred employee stock compensation	-	(1.82)
Additions during the year (refer note 22)	0.47	0.07
Closing balance	0.54	0.07
c. Tonnage tax reserve		
Opening balance	65.00	20.00
Add: Transferred from the Consolidated Statement of Profit and Loss	-	45.00
Closing balance	65.00	65.00
d. Hedging reserve account		
Opening balance	(31.59)	-
Add: Addition during the year	(18.61)	(31.59)
Less: Transferred to Statement of Profit and Loss (refer note 8 (b))	50.20	-
Closing balance	-	(31.59)
e. General reserves		
As per last balance sheet	4,835.22	4,835.22
f. Foreign currency translation reserve		
Opening balance	306.89	58.20
Add: Additions during the year	1,203.06	248.69
Closing balance	1,509.95	306.89
g. Foreign currency monetary Item translation difference account (FCMITDA)		
Opening balance	-	-
Add: Exchange gain during the year	1.81	-
Less: Amortisation of exchange fluctuation for the year	(0.30)	-
Closing balance	1.51	-
h. Surplus in Statement of Profit and Loss		
Opening balance	59.89	88.06
Add: Net profit for the year	35.80	36.83
Less: Transfer to debenture redemption reserve	-	(20.00)
Less: Transfer to tonnage tax reserve	-	(45.00)
Closing balance	95.69	59.89
Total	6,562.91	5,290.48

5. Long term borrowings

Particulars	Non current		Current	
	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
SHIPPING BUSINESS :				
Secured				
(a) Debentures				
11.35%, 7,000 non convertible debentures of ₹ 10,00,000 each, secured by mortgage on immovable property, first charge on one bulk carrier of the Company, immovable property, eight barges, six land rigs of the subsidiaries two tugs of Essar Ports Limited and pledge of 49% of investment in equity shares of Essar Logistics Limited.	700.00	700.00	-	-

Particulars	Non current		Current	
	As at 31 st March, 2013	As at 31 st March, 2012	As at 31 st March, 2013	As at 31 st March, 2012
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
(b) Term loans				
(i) from banks				
Rupee term loans [converted into foreign currency non resident (Bank) facility] (secured by first charge on a very large crude carrier and its receivables.)	287.70	295.25	33.48	27.10
Foreign currency term loans (secured by first charge on five bulk carriers and its receivables.)	205.26	231.33	55.78	39.46
Rupee term loans (secured by extended charge on a bulk carrier and its receivables.)	112.50	150.00	37.50	-
Rupee term loan (secured by pari-passu first charge on a very large crude carrier and its receivables)	1.41	2.53	1.13	1.13
Rupee term loan (secured by charge on a very large crude carrier and its receivables.)	12.69	15.11	1.21	-
(ii) from others				
Rupee term loan (secured by first charge on six mini bulkers and four tugs.)	59.38	74.38	15.00	21.88
	1,378.94	1,468.60	144.10	89.57
LOGISTICS BUSINESS:				
Secured term loans from banks				
Rupee term loan [converted into Foreign currency non resident account (B) facility] (secured by first charge on a barge unloader)	-	-	-	2.42
Foreign currency term loan (secured by first charge on six tugs and two floating cranes)	-	-	-	179.05
Rupee term loan (secured by first charge on cargo handling equipment)	22.88	40.60	18.14	16.29
	22.88	40.60	18.14	197.76
OILFIELDS SERVICES BUSINESS:				
Secured term loans from banks				
Foreign currency term loan (secured by first charge on a semi submersible rig and corporate guarantees by Essar Shipping & Logistics Limited.)	574.35	641.50	107.69	101.29
Rupee term loan (secured by charge on six land rigs and receivable thereon and corporate guarantee by the Company.)	39.15	46.65	7.50	7.50
Rupee term loan (secured by charge on Jack up rigs and receivable thereon and corporate guarantee by the Company.)	573.25	597.50	27.74	12.19
Secured term loans from financial institution				
Rupee term loan (secured by charge on Jack Up rigs and receivable thereon and corporate guarantee by the Company.)	60.60	63.51	3.24	1.30
	1,247.35	1,349.16	146.17	122.28
Total	2,649.17	2,858.36	308.41	409.61

Particulars	Non current		Current	
	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
Unsecured loans				
(a) Debentures	39.50	-	-	-
13.10 %, 395 non convertible debentures of ₹10,00,000 each,				
(b) Foreign currency convertible bonds (refer note (i) (f) below)	1,305.34	1,227.76	-	-
(c) Finance lease obligations (refer note 27 (a))	674.24	743.74	143.60	104.49
Total unsecured loans	2,019.08	1,971.50	143.60	104.49
Total	4,668.25	4,829.86	452.01	514.10
Less: Amount disclosed under the head 'other current liabilities' (refer note 11)	-	-	(452.01)	(514.10)
Long term borrowings	4,668.25	4,829.86	-	-

Foot Note:-

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.
- Secured rupee term loans from banks and financial institutions:** The interest rates range from 12.50% to 15.00% (Previous year 12.00 % to 13.75%) per annum with different instalment repayment schedule starting from October, 2010 to October, 2015.
- Secured foreign currency term loans from banks:** The interest rates range from 2.71 % to 9.49% (Previous year 2.46 % to 5.96%) per annum with different instalment repayment schedules starting from March 2006 to July, 2019.
- Finance lease obligations:** The interest rates range from 2.79% to 7.85 % (previous year 6% to 7.85%) per annum with different instalment repayment schedules starting from May, 2006 to September, 2018.
- Unsecured debentures:** 205 debentures issued on 01st February 2013, 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. Legal opinion has been obtained by the Company that issue of above debentures does not contravene Section 58 A and 58AA of the Companies Act, 1956. These debentures have since been converted in to secured non convertible debentures with effect from 10th May, 2013.
- Foreign currency convertible bonds:** The Company has issued 5% FCCB of US\$ 111,428,571 (Series B) due on 24th August 2017 and US\$ 128,571,429 (Series A) due on 24th August 2015. The bonds are convertible into 122,852,787 fully-paid ordinary shares of ₹ 10 each of the Company at an initial conversion rate of ₹ 91.70 per equity share at a fixed exchange rate of ₹ 46.94.

- The classification of loans between current liabilities and non current liabilities continues based on repayment schedule under respective agreements as no loans have been recalled due to non compliance of conditions under any of the loan agreements. This is in accordance with the guidance issued by the Institute of Chartered Accountants of India on Revised Schedule VI to the Companies Act, 1956.

Due to economic and shipping industry downturn, principal instalment dues and Interest accrued and due on borrowings were outstanding for 1 to 67 days as at 31st March, 2013, which have since been paid.

6. Deferred tax liability (net)

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

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
<u>The effect of items constituting deferred tax liabilities</u>		
On difference between book balance and tax balance of fixed assets	38.71	35.62
	38.71	35.62
<u>The effect of items constituting deferred tax assets</u>		
Disallowance u/s 40(a) of the Income Tax Act, 1961	0.37	0.14
Unabsorbed Depreciation carried forward	9.73	7.74
Provision for compensated absences, gratuity and other employee benefits	0.50	0.44
	10.60	8.32
Total	28.11	27.30

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
7. Other long term liabilities		
Deposits including security deposits	15.42	20.06
Total	15.42	20.06
8. Short term provisions		
(a) Provision for employee benefits		
Superannuation	0.01	0.01
Gratuity (refer note 32)	4.63	3.66
Compensated absences (refer note 32)	7.18	6.28
(b) Others		
Provisions for taxation (net of advance tax ₹ 62.12(previous year ₹ 39.28)crore)	22.62	11.14
Provision for mark to market losses on derivative contracts (refer note (a) below)	-	30.13
Other provisions (refer note (b) below)	81.07	76.24
Total	115.51	127.46

Note:-

- a) Effective 1st July, 2011, the Group has applied hedge accounting principles (in respect of forward exchange contracts) as set out in Accounting Standard (AS) 30 – Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India. During the year, on occurrence of the designated highly probable forecasted transactions and expiry of such forward contracts, foreign exchange loss of ₹ 50.20 crore (previous year ₹ Nil), has been transferred from the Hedging Reserve Account to the Consolidated Statement of Profit and Loss.
- b) 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 ₹ 81.07 (previous year ₹ 76.25) crore against such claim expecting its settlement in the near future and the trade receivables of ₹ 86.49(previous year ₹ 81.61) crore from that customer towards provision of subsequent oilfield drilling services is considered to be fully realisable.

9. Short term borrowings

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
Secured		
(a) Loans repayable on demand from banks	75.72	28.76
Cash credit facility from bank (secured by first pari passu charge on a very large crude carrier and carry interest rate of 13.75% per annum)		
from others		
Short term loans	-	45.00
(Secured by subservient charge on surplus cash flows of the Company both present and future and carry interest rate of 13.50% per annum)		
Short term loans	20.48	-
(Secured by charge on six land rigs and receivables thereon and carry interest rates ranging from 4% to 12% per annum) .		
	96.20	73.76
Unsecured		
(a) Loans repayable on demand from banks (carry interest rate of LIBOR plus 5% per annum)	-	38.37
(b) Loans and advances from related parties (carry interest rate of 7.5% per annum) (refer note 33)	19.04	21.49
(c) Commercial papers (carry interest rate of 12.00 % to 15.50 % per annum)	60.00	160.00
	79.04	219.86
Total	175.24	293.62
10. Trade payables		
Trade payables- other then acceptances		
Due to micro and small enterprises (refer note below)	0.02	0.02
Others	746.43	577.50
Total	746.45	577.52

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. There were no interest paid during the year, payable at the end of the year or accrued and unpaid at the end of the year, in respect of micro, small and medium enterprises.

11. Other current liabilities

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
Unearned revenue on services	9.07	37.58
Current maturities of long-term borrowings (including instalments due at the year end ₹ 20.73 crore (previous year ₹ Nil) (refer footnote (ii) to note 5)	308.41	409.61
Current maturities of finance lease obligations (including instalments due at the year end ₹ 0.76 crore (previous year ₹ Nil) (refer footnote (ii) to note 5)	143.60	104.49
Interest accrued but not due on borrowings	29.17	29.40
Interest accrued and due on borrowings (refer footnote (ii) to note 5)	70.01	-
Other payables		
Temporary overdrawn bank balance as per books	241.22	-
Deposits including security deposits	4.50	-
Advance from customers	20.30	2.98
Statutory and other related dues	34.44	25.35
Payables in respect of capital goods	42.62	33.26
Deferred profit on sale and lease back	3.63	4.64
Total	906.97	647.31

12 (a) Tangible assets

₹ in crore

Particulars	Land	Buildings	Fleet	Fleet (taken on lease)	Plant and equipment (refer note A and C below)	Aircraft (taken on lease)	Furni- ture and fixtures	Office equipment	Vehicles (refer note B Below)	Total
Gross block										
As at 1 st April, 2011	0.02	6.53	1,631.96	993.15	2,452.10	82.96	1.98	6.32	46.99	5,222.01
Additions	-	-	100.55	-	58.25	-	0.18	0.63	17.79	177.40
Disposals	-	(0.10)	(5.83)	-	(94.79)	-	-	-	-	(100.72)
Exchange differences (refer note 26)	-	-	98.95	74.24	67.99	6.32	-	-	-	247.50
Foreign currency translation reserve	-	-	-	36.11	304.01	-	0.29	-	-	340.41
As at 31 st March, 2012	0.02	6.43	1,825.63	1,103.50	2,787.56	89.28	2.45	6.95	64.78	5,886.60
Additions	0.05	-	-	0.00	248.11	-	0.34	0.39	0.31	249.20
Disposals	-	-	(175.24)	-	-	-	-	-	(0.56)	(175.80)
Exchange differences (refer note 26)	-	-	45.84	34.26	(67.99)	2.90	-	-	-	15.01
Foreign currency translation reserve	-	-	-	14.07	149.61	-	0.08	0.06	-	163.82
As at 31 st March, 2013	0.07	6.43	1,696.23	1,151.83	3,117.29	92.18	2.87	7.40	64.53	6,138.83
Accumulated depreciation										
As at 1 st April, 2011	-	2.77	415.56	205.70	421.62	21.42	0.97	4.13	14.76	1,086.93
Charge for the year	-	0.37	118.35	50.86	178.35	4.77	0.56	0.51	9.17	362.94
Disposals	-	(0.06)	(0.46)	-	(50.42)	-	-	-	-	(50.94)
Foreign currency translation reserve	-	-	-	1.80	51.55	-	0.15	-	-	53.50
As at 31 st March, 2012	-	3.08	533.45	258.36	601.10	26.19	1.68	4.64	23.93	1,452.43
Charge for the year	-	0.33	123.46	41.20	189.86	3.70	0.25	0.63	9.88	369.31
Disposals	-	-	(117.81)	-	-	-	(0.01)	-	(0.51)	(118.33)
Foreign currency translation reserve	-	-	-	1.54	30.25	-	0.04	0.04	-	31.87
As at 31 st March, 2013	-	3.41	539.10	301.10	821.21	29.89	1.96	5.31	33.30	1,735.28
Net block										
As at 31 st March, 2012	0.02	3.35	1,292.18	845.14	2,186.46	63.09	0.77	2.31	40.85	4,434.17
As at 31 st March, 2013	0.07	3.02	1,157.13	850.73	2,296.08	62.29	0.91	2.09	31.23	4,403.55

Note:

- A. Gross block of plant and equipment includes water treatment plant of ₹ 38.84 (previous year ₹38.84) crore given on lease. The net book value is ₹ Nil (previous year ₹ Nil).
- B. Vehicles with gross book value of ₹ 7.11 crore (previous year ₹ 7.11 crore) have been taken under hire purchase agreement from India Securities Limited and are hypothecated to it.
- C. Plant and equipment which also includes semi submersible rig, is secured against the syndicated term loan of ₹ 682.04 (previous year ₹ 789.73) crore and also carries second preferred mortgage against the loan availed by Essar Shipping & Logistics Limited amounting to ₹ 815.84 (previous year ₹ 767.35) crore.

12b Capital work-in-progress

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March,2012 ₹ in crore		
Capital work in progress	1,209.84	1,197.84		
Expenditure during construction (refer note below)	772.65	593.53		
	1,982.49	1,791.37		
Less : - Capitalised during the year	(246.21)	-		
Total	1,736.28	1,791.37		
Expenditure during construction	As at 31st March, 2012 ₹ in crore	Incurred during the year ₹ in crore	Capitalised during the year ₹ in crore	As at 31st March, 2013 ₹ in crore
Equipments and Materials	247.94	64.96	(173.97)	138.93
Interest and Finance costs	244.68	169.66	(53.93)	360.41
Other Finance Cost	2.41	5.40	-	7.81
Repair and Maintenance	9.00	19.30	(10.62)	17.68
Exchange Differences	88.16	(88.16)	-	0.00
Others	1.34	7.96	(7.69)	1.61
Total	593.53	179.12	(246.21)	526.44

Note:

During the year, the Essar Oilfield Services India Limited has entered into a novation deed for novation of the agreement with contractor for construction of two jack up rigs in favour of Varada Drilling One Pte Ltd (VDOPL) and Varada Drilling Two Pte Ltd (VDTP) for each of the rigs. The agreement is subject to fulfillment of certain conditions to be effective.

Considering the continuing involvement in further development of the Jack-up rigs until they are transferred to VDOPL & VDTP for the novation deed and contingencies attached to the conditions stipulated in the novation deed for transfer of jack up rigs, the capital work in progress and capital advance of ₹1,586.90 crores and ₹150 crores respectively have been classified as non-current.

13. Non current Investments

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
Non trade investments (At cost)		
(a) Investments in equity shares (unquoted, fully paid up)		
440 equity shares of ₹ 10/- each of Essar Bulk Terminal Paradip Limited *	*0.00	*0.00
Total	*0.00	*0.00

* Amount is less than ₹ 1 lakh

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

Particulars	Non current		Current	
	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
a. Capital advances (refer foot note to note 12 (b))	153.73	4.04	-	-
b. Security deposits	34.54	34.45	123.81	21.89
c. Loans and advances to related parties (refer note 33)	-	-	1,012.18	788.50
d. Advance recoverable in cash or kind or for value to be received	0.10	0.20	138.15	65.37

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
e. Other loans and advances				
Advance income-tax and tax deducted at source (net of provision for taxation ₹ 91.09 (previous year ₹ 97.07) crore)	44.42	42.25	13.12	5.19
MAT credit entitlement	0.03	3.09	-	-
Prepaid expenses	0.26	0.33	6.37	9.42
Loans to employees	-	-	0.48	3.64
Cenvat credit / Service tax receivable	-	-	24.43	20.61
Bills receivable	-	-	1.00	-
Total	44.71	45.67	45.40	38.86
Total	233.08	84.37	1,319.54	914.62

15. Current Investments

	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
Investments in Mutual funds (unquoted, fully paid up) 100,000 units of ₹ 10 each of Union KBC Capital Protection Oriented Fund (NAV as on 31 st March, 2013 ₹ 9.98 each)	0.10	-
Total	0.10	-

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

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
Stores and spares	106.97	104.15
Fuel oil and lubricants	45.85	46.10
Total	152.82	150.25

17. Trade receivables

(i) Outstanding for a period exceeding six months from the date they were due for payment

Unsecured, considered good (refer foot note(b) to note 8)	122.90	126.12
Doubtful	0.51	0.51
Less: Provision for doubtful trade receivables	(0.51)	(0.51)

(ii) Other trade receivables

Total	396.14	608.56
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18. Other non current/ current assets (unsecured, considered good)

Particulars	Non current		Current	
	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
Margin money deposits with maturity of more than 12 months	0.02	0.83	-	-
Unbilled revenue	-	-	32.11	30.64
Receivable on sale of fixed assets	-	-	5.67	51.52
Unamortised lease rentals	-	-	41.01	-
Unamortised upfront fee and other ancillary borrowing cost	34.33	37.87	7.41	7.70
Unamortised share issue expenses	1.17	2.07	0.90	0.90
Insurance claim receivable	-	-	2.05	8.02
Interest accrued on fixed deposits	-	-	1.54	6.69
Interest accrued on Inter corporate deposits	-	-	12.28	4.12
Total	35.52	40.77	102.97	109.59

19. Cash and bank balances

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore
A. Cash and cash equivalents		
Balances with banks		
-In current accounts	8.90	35.32
-Deposits with original maturity of less than three months	0.19	-
Cash on hand	0.05	0.03
	9.14	35.35
B. Other bank balances		
Deposits with original maturity of more than 3 months but less than 12 months	-	77.97
Margin money deposits	58.67	113.41
(Lien marked against bank guarantee and acceptances)	58.67	191.38
Total	67.81	226.73

20. Revenue from operations

Particulars	For the year ended 31 st March, 2013 ₹ in crore	For the year ended 31 st March, 2012 ₹ in crore
Sale of services		
Fleet operating and chartering earnings	1,531.55	1,253.65
Logistics services	1,011.49	1,131.25
Rig operating and chartering earnings	633.60	397.13
	3,176.64	2,782.03
Other operating income		
Profit on sale of vessels	20.77	1.20
Supervision/ Management fees	8.05	13.88
Others	3.73	4.47
	32.55	19.55
Total	3,209.19	2,801.58

21. Other income

Interest income		
- from banks	4.27	13.69
- from others	79.23	26.78
Net gain on sale of investments	-	0.08
Net gain on foreign currency translation and transaction	2.98	4.02
Other non operating income	2.41	3.70
Profit on sale of other assets	-	4.66
Total	88.89	52.93

22. Employee benefits expense

Offshore staff		
Salaries, wages and bonus	163.42	127.77
Contribution to staff provident and other funds (refer note 32)	2.46	1.73
Staff welfare	14.23	10.77
Office staff		
Salaries, wages and bonus	35.33	42.64
Contribution to staff provident and other funds (refer note 32)	2.65	2.67
Staff welfare	4.26	4.24
Employee stock option scheme (refer note 4 and 34)	0.47	0.07
Total	222.82	189.89

Particulars	For the year ended 31 st March, 2013 ₹ in crore	For the year ended 31 st March, 2012 ₹ in crore
23. Operating expenses		
Consumption of stores and spares	87.66	50.48
Consumption of fuel oil and water	395.17	240.50
Direct voyage and operating expenses	1,498.61	1,403.83
Commission, brokerage and agency fees	18.66	11.90
Standing costs	73.23	63.22
Dry docking	24.30	13.17
Insurance, protection and indemnity club fees	42.81	34.26
Total	2,140.44	1,817.36
24. Other expenses		
Rent	10.70	8.61
Rates and taxes	2.74	0.80
Repairs and maintenance		
-buildings	0.83	1.25
-others	4.98	5.32
Legal and professional fees	31.28	52.88
Travelling and conveyance	4.54	6.85
Auditors' remuneration	1.21	1.27
Net loss on foreign currency translation and transactions	2.18	1.52
Net loss on sale of other assets	-	7.29
Other establishment expenses	5.45	8.97
Bad debts written off	5.85	-
Total	69.76	94.76
25. Finance costs		
Interest expense		
- on bank loans	131.03	111.40
- on loans from financial Institutions	22.71	21.50
- on finance lease obligations	57.56	57.07
- on foreign currency convertible bonds	29.31	26.01
- on debentures	70.15	70.83
- on others	32.89	23.03
Other finance costs	22.07	19.59
Total	365.72	329.43
26. Deferral / capitalisation of exchange difference		
Pursuant to Notification issued by the Central Government under Companies (Accounting Standards) Amendment Rules, 2009 dated 29 th December, 2011; the exchange differences arising on conversion/translation/settlement of long-term foreign currency monetary items in so far as they relate to the acquisition of a depreciable capital asset, has been added to or deducted from the cost of the respective asset and has been depreciated over the remaining balance useful life of the asset. In case of exchange difference related to any other long-term foreign currency monetary item, the exchange difference has been deferred in the "Foreign Currency Monetary Item Difference Account", which has been amortised over the period till the date of maturity or 31 st March 2020, whichever is earlier. The following is the effect of the option exercised:-		
	For the year ended 31 st March, 2013 ₹ in crore	For the year ended 31 st March, 2012 ₹ in crore
a) Net exchange loss capitalised to the cost of the fixed assets	15.01	247.50
b) Depreciation on the above net exchange loss for the year in which exchange difference has been capitalised	7.13	11.94

c) Net exchange (gain) / loss transferred to foreign currency monetary items difference account (FCMITDA)	(1.81)	-
d) Amortisation on the above net exchange (gain) / loss for the year in which exchange difference has been transferred to FCMITDA	0.30	-

27. Details of leasing arrangements

a) Finance leases : Group as a lessee

The Group has entered into finance lease arrangements for three vessels, an aircraft and 50 vehicles. The lease period ranges from 5 to 11 years having monthly lease payment terms. The future minimum lease payments (MLP) together with the present value of the MLP payable by the Group are as follows:

₹ in crore

Particulars	As at 31 st March, 2013			As at 31 st March, 2012		
	Future minimum lease payments	Unmatured finance charges	Present value of minimum lease payments	Future minimum lease payments	Unmatured finance charges	Present value of minimum lease payments
Future lease rental obligation payable by the Group:						
- not later than one year	164.81	48.33	116.48	156.96	52.48	104.48
- later than one year but not later than five years	700.67	98.37	602.30	714.60	130.88	583.72
- later than five years	73.46	1.51	71.95	168.54	8.51	160.03
Present value of minimum lease payments	938.94	148.21	790.73	1,040.10	191.87	848.23

b) Operating leases : Group as a lessee

The Group has entered into non-cancellable operating lease arrangements for six vessels (previous years 3 vessels) for a period of 13 years. The future minimum lease rental are as follows:-

₹ in crore

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Future minimum lease payments:		
- not later than one year	256.23	122.39
- later than one year but not later than five years	924.16	433.26
- later than five years	1,379.96	706.77
Total	2,560.35	1,262.42

28. (A) Contingent liabilities

₹ in crore

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
i) Guarantees given by banks	65.35	97.39
ii) Guarantee on behalf of others jointly and severally with Essar Ports Limited	-	410.00
iii) Bills discounted with banks	247.00	118.00
iv) Disputed services tax demand	61.34	61.30
vi) 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 Group	7.29	7.29
vii) Claim against the Group not acknowledged as debt	13.29	-
The claims by parties in respect of which the management has been legally advised that the same are frivolous and not tenable, have not been considered as contingent liabilities as the possibility of an outflow resources embodying economic benefit is highly remote.		
(B) Capital commitments		
Estimated amount of contract remaining to be executed on capital account and not provided for	19.28	1,231.27

29. Segment Reporting
a) Business segment

Particulars	₹ in crore	
	As at 31 st March, 2013	As at 31 st March, 2012
Segment revenue		
Operating Income		
Fleet operating and chartering	1,576.81	1,288.24
Logistics services	1,014.43	1,131.29
Oilfields services	676.35	401.75
Total	3,267.59	2,821.28
Less : Inter segment revenue	(58.40)	(19.70)
Net operating income (A)	3,209.19	2,801.58
Other income		
Unallocated	150.54	146.02
Less: Inter segment income	(61.65)	(93.09)
Net other income (B)	88.89	52.93
Total income (A + B)	3,298.08	2,854.51
Segment results		
Fleet operating and chartering	167.40	267.56
Logistic services	24.54	29.07
Oilfields services	214.92	40.00
Unallocated	88.89	52.93
Profit from operation before interest and finance charges	495.75	389.56
Less: Un allocable interest and finance expense	(365.72)	(329.43)
Profit before exceptional item and tax	130.03	60.13
Exceptional item	(50.20)	-
Profit before tax	79.83	60.13
Less: Income tax	(44.03)	(23.30)
Profit after tax	35.80	36.83
Segment assets		
Fleet operating and chartering	2,384.91	2,416.63
Logistics services	454.31	763.50
Oilfields services	9,539.79	7,999.70
Un allocable	1,045.08	839.01
Total assets	13,424.09	12,018.84
Segment liabilities		
Fleet operating and chartering	327.73	235.56
Logistics services	425.97	353.30
Oilfields services	479.47	240.00
Un allocable	127.29	56.70
Total segment liabilities	1,360.45	885.56
Add : Total Borrowings	5,295.50	5,637.57
Total liabilities	6,655.95	6,523.13
Fixed assets acquired during the year		
Fleet operating and chartering	0.02	100.60
Logistics services	3.64	21.46
Oilfields services	245.54	55.34
Total	249.20	177.40

Particulars	₹ in crore	
	As at 31 st March, 2013	As at 31 st March, 2012
Depreciation		
Fleet operating and chartering	161.20	155.95
Logistics services	33.85	32.44
Oilfields services	174.26	174.55
Total	369.31	362.94

Notes :

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

b) Geographical segment

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

Revenue from operations	₹ in crore	
	Year ended 31 st March, 2013	Year ended 31 st March, 2012
India	2,368.52	2,202.27
Vietnam	-	106.08
Indonesia	569.99	268.56
Hongkong	-	9.82
China	93.28	140.07
U.S.A	5.48	5.49
South Korea	22.23	12.18
Brazil	11.78	-
Singapore	25.39	19.17
Germany	5.26	8.79
Cyprus	6.79	15.47
U K	51.00	-
UAE	14.96	-
Thailand	33.19	-
Rest of the world	1.32	13.68
TOTAL	3,209.19	2,801.58

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

30. Earnings per share:

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

Particulars	₹ in crore	
	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Earnings for the purpose of basic earnings per share (net profit for the year) (₹ in crore)	35.80	36.83
Equity shares at the beginning of the year (nos.)	205,227,768	-
Equity shares issued on demerger (nos.)	-	205,227,768
Equity shares at the end of the year (nos.)	205,227,768	205,227,768
Weighted average equity shares for the purpose of calculating basic earnings per share (nos.)	205,227,768	205,227,768
Weighted average equity shares for the purpose of calculating diluted earnings per share (nos.)	205,227,768	270,279,739
Earnings per share-basic (face value of ₹ 10/- each) (₹)	1.74	1.79
Earnings per share-diluted (face value of ₹ 10/- each) (₹)	1.74	1.79

Note:

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

31. Derivative instruments and unhedged foreign currency exposure :

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

During the previous year, the Group has entered into four derivative contracts for hedging currency related risks (relating to shipping business). Outstanding principal only swap contracts payable as on the balance sheet date is ₹ Nil (previous year : ₹ 200 crore (US\$ 44.97 million)) (Refer note No.8)

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, 2013	As at 31 st March, 2012	Currency	As at 31 st March, 2013	As at 31 st March, 2012
	₹ in crore	₹ in crore		In million	In million
i) Export of goods and services	42.09	18.77	USD	5.92	2.59
	0.03	0.03	AED	0.02	0.00
	0.14	-	IDR	243.53	-
ii) Advances to vendors	14.25	6.34	USD	1.83	0.74
	0.13	0.23	SGD	0.03	0.06
	-	0.04	DKK	-	0.05
	0.06	0.03	AED	0.00	0.01
	0.83	0.03	GBP	-	-
	0.38	0.07	EUR	0.05	0.01
	0.19	-	NOK	0.00	-
	1.74	-	IDR	3,110.77	-
iii) Receivable from holding company	0.33	24.76	USD	0.06	4.84
iv) Bank balances	0.23	4.70	USD	0.04	0.92

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

Particulars	As at 31 st March, 2013 ₹ in crore	As at 31 st March, 2012 ₹ in crore	Currency	As at 31 st March, 2013 In million	As at 31 st March, 2012 In million
i) Import of goods and services	161.73	57.04	USD	26.32	11.00
	0.25	1.41	GBP	0.03	0.06
	1.89	1.67	EUR	0.27	0.23
	1.57	0.97	JPY	27.27	15.65
	-	7.88	OMR	-	0.06
	7.82	7.34	SGD	1.64	0.82
	0.08	0.08	ZAR	0.06	0.06
	0.01	0.02	NOK	0.01	0.02
	0.18	0.26	DKK	0.19	0.28
	8.38	-	IDR	14,994.37	-
	4.46	4.19	AED	1.45	0.99
ii) Secured and unsecured borrowings (including interest accrued and due and not due)	590.04	776.77	USD	108.50	151.85
iii) Advances received from customers	0.55	0.48	USD	0.10	0.09
iv) Foreign currency convertible bonds (including interest accrued and due and not due)	1,328.03	1,234.07	USD	244.17	241.23
v) Finance lease obligations (including interest accrued and due and not due)	584.94	601.03	USD	107.54	117.49

32. Employee benefits :

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

I. Defined contribution plans:

The Group 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 No.22.

Particulars	₹ in crore	
	Year ended 31 March, 2013	Year ended 31 March, 2012
a) Employer's contribution to gratuity fund (offshore crew staff)	0.23	0.21
b) Group accident policy premium (all employees)	0.03	0.03
c) Employer's contribution to pension fund (offshore crew staff)	0.38	0.28
d) Employer's contribution to superannuation fund (office staff)	0.02	0.09
e) Employer's contribution to provident fund (offshore crew staff)	1.44	1.43
	2.10	2.04

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)		
	31.03.13	31.03.12	31.03.11	31.03.13	31.03.12	31.03.11	31.03.13	31.03.12	31.03.11	31.03.13	31.03.12	31.03.11
Present value of defined benefit obligation as at the beginning of the year	22.29	19.53	16.69	3.62	3.57	0.96	2.97	2.52	-	3.10	2.84	0.98
Current service cost	1.53	1.73	1.40	0.36	0.39	0.30	0.58	0.44	0.30	0.40	0.39	0.31
Current service contribution-employee	1.61	1.95	1.52	-	0.02	-	-	-	-	-	-	-
Interest cost	1.85	1.64	-	0.29	0.26	0.08	0.25	0.20	0.15	0.25	0.22	0.07
Transfer in	3.27	1.03	0.87	(0.03)	(0.10)	1.57	-	-	1.95	-	-	1.33
Benefits paid	-	(4.41)	(2.62)	(0.31)	(0.12)	-	(0.23)	(0.11)	(0.10)	(0.19)	(0.06)	(0.03)
Actuarial (gain)/loss on obligations	1.62	0.82	0.80	0.36	(0.20)	0.30	-	(0.08)	0.22	0.07	(0.24)	0.26
Plan amendment	(7.40)	-	0.87	(0.08)	0.01	0.36	(0.06)	-	-	-	(0.05)	(0.08)
Present value of defined benefit obligations as at the end of the year	24.77	22.29	19.53	4.21	3.83	3.57	3.51	2.97	2.52	3.63	3.10	2.84
(B) Changes in the fair value of plan assets:												
Fair value of plan assets at the beginning of the year	22.29	19.53	16.69	3.14	1.90	-	-	-	-	-	-	-
Expected return on plan assets	-	-	-	0.26	0.20	0.06	-	-	-	-	-	-
Actual return on plan assets	3.47	2.46	1.67	(0.08)	-	1.03	-	-	-	-	-	-
Contributions by the employer/employees	6.41	4.71	3.79	0.23	1.15	0.08	-	-	-	-	-	0.07
Benefits paid	(7.40)	(4.41)	(2.62)	(0.46)	(0.12)	-	-	-	-	-	-	(0.07)
Actuarial Gain / (loss)	-	-	-	-	0.01	0.73	-	-	-	-	-	-
Fair value of plan assets as at the end of the year	24.77	22.29	19.53	3.09	3.14	1.90	-	-	-	-	-	-
* Amount is less than ₹ 1 lakh												
(C) Amount recognised in balance sheet												
Present value of defined benefit obligation as at the beginning of the year	24.77	22.29	19.53	4.21	3.83	3.57	3.51	2.97	2.52	3.63	3.10	2.85
Fair value of plan assets as at end of the year	24.77	22.29	19.53	3.09	3.14	1.90	-	-	-	-	-	-
Liability/(asset) recognised in the Balance Sheet (included in provisions) (note 8)	-	-	-	1.12	0.69	1.67	3.51	2.97	2.52	3.63	3.10	2.85
(D) Expenses recognised in the Statement of Profit and Loss:												
Current service cost	1.53	1.73	1.39	0.36	0.39	0.30	0.58	0.44	0.30	0.40	0.38	0.31
Interest cost	1.85	1.64	0.87	0.25	0.28	0.08	0.25	0.20	0.15	0.25	0.22	0.07
Expected return on plan assets	(1.85)	(1.64)	(0.87)	(0.24)	(0.20)	(0.07)	-	-	-	-	-	-
Past service cost	-	-	-	-	0.00	0.36	(0.24)	-	-	0.06	-	-
Net actuarial (gain)/loss recognised in the period	-	-	-	0.51	(0.41)	0.30	-	(0.08)	0.22	0.01	(0.24)	0.27
Total expenses recognised in the Consolidated Statement of Profit and Loss (Included in Contribution to provident and other funds (note 22))	1.53	1.73	1.39	0.89	0.06	0.97	0.59	0.56	0.67	0.73	0.36	0.65

Particulars	Provident fund (funded)			Gratuity-office staff (funded)			Gratuity-off shore officers (non-funded)			CA- paid leave (non- funded)		
	31.03.13	31.03.12	31.03.11	31.03.13	31.03.12	31.03.11	31.03.13	31.03.12	31.03.11	31.03.13	31.03.12	31.03.11
(E) Experience history:												
Defined benefit obligation at the end of the year	-	-	-	(4.21)	(3.83)	(3.57)	(3.51)	(2.97)	2.52	(3.63)	(3.10)	(2.85)
Plan assets at the end of the period	-	-	-	3.09	3.14	1.90	-	-	-	-	-	-
Funded status	-	-	-	(1.12)	(0.69)	(1.67)	(3.51)	(2.97)	(2.52)	(3.63)	(3.10)	(2.85)
Experience gain /(loss) adjustments on plan liabilities	-	-	-	(0.27)	0.29	0.28	-	(0.03)	(0.25)	0.02	0.07	(0.21)
Experience gain /(loss) adjustments on plan assets	-	-	-	(0.08)	0.01	-	0.38	-	-	0.04	-	0.16
Actuarial gain/(loss) due to change on assumptions	-	-	-	(0.14)	0.07	0.03	(0.14)	-	0.03	(0.14)	0.06	0.02
(F) Category of plan assets:												
Administered by Life Insurance Corporation of India	-	-	-	100%	100%	100%	-	-	-	-	-	-
SBI Life Insurance	-	-	-	100%	100%	-	-	-	-	-	-	-
Government of India security	25%	25%	25%	-	-	-	-	-	-	-	-	-
Public sector bonds/ TDRs	60%	60%	60%	-	-	-	-	-	-	-	-	-
State government securities	15%	15%	15%	-	-	-	-	-	-	-	-	-
The Group is unable to obtain the details of plan assets from the Life Insurance Corporation of India and hence the disclosure there of is not made.												
(G) Actuarial assumptions												
Actuarial valuations were done in respect of the aforesaid defined benefit plans based on the following assumptions:												
i) General assumptions:												
Discount rate (per annum)	8.50%	8.50%	7.80%	8.50%	8.50%	8.00%	8.50%	8.50%	8.00%	8.50%	8.50%	8.00%
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	N.A	N.A	N.A	N.A
Expected retirement age of employees (years)	58	58	58	58	58	58	58	58	58	58	58	58
Separation rate of employees	-	-	-	10.00%	10.00%	5% to 12%	7.00%	7.00%	7.00%	10.00%	10.00%	5% to 12%
Rate of increase in compensation	-	-	-	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%

ii) Mortality rates considered are as per the published rates in the Life Insurance Corporation (1994-96) Mortality table.

iii) Leave policy:

- Sick leave balance as at the valuation date and each subsequent year following the valuation date will be availed by the employee against future sick leave; the sick leave balance is not available for encashment.
 - Leave balance as at the valuation date and each subsequent year following the valuation date to the extent not availed by the employee is available for encashment on separation from the Group up to a maximum of 120 days.
- The contribution to be made by the Group for funding its liability for gratuity during the financial year 2012-13 will be made as per demand raised by the fund administrator Life Insurance Corporation of India.
 - 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.
 - 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 plan, the present value obligation is determined based on actuarial valuation using Projected Unit Credit Method.
- viii) The employees managed provident fund is considered as defined benefit plan.
- ix) Liability on account of long term compensated absences has been actuarially valued as per Projected Unit Credit Method.
- x) Short term compensated absences have been provided on actual basis.

33. Related party relationships, transactions and balances

a) Holding companies :

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

b) Subsidiaries:

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

c) Key management personnel

- i) Mr. A. R. Ramakrishnan
- ii) Captain Anoop Kumar Sharma
- iii) Mr. Ankur Gupta
- iv) Mr. A. K. Mussady
- v) Mr. Rahul Himatsingka

d) Other related parties where there have been transactions:

Enterprises commonly controlled or influenced by major shareholders / directors / relatives of directors of the group entity:

(i) Aegis Limited	(xix) Arkay Holdings Limited*
(ii) Essar Bulk Terminal Limited	(xx) Arkay Sea Logistics Limited*
(iii) Essar Bulk Terminal Paradip Limited	(xxi) Asia Motor Works Limited*
(iv) Essar Bulk Terminal (Salaya) Limited	(xxii) Essar Agrotech Limited*
(v) Essar Offshore Subsea Limited	(xxiii) Essar Engineering Services Limited*
(vi) Essar Oil Limited	(xxiv) Essar House Limited*
(vii) Essar Ports Limited	(xxv) Essar Information Technology Limited*
(viii) Essar Power Gujarat Limited	(xxvi) Essar Infrastructure Services Limited*
(ix) Essar Power Jharkand Limited	(xxvii) Essar Investments Limited*
(x) Essar Power Limited	(xxviii) Essar Services India Limited*
(xi) Essar Power M. P. Limited	(xxix) Futura Travels Limited*
(xii) Essar Projects (India) Limited	(xxx) India Securities Limited*
(xiii) Essar Shipping (Cyprus) Limited	(xxxi) Prajesh Marketing Limited*
(xiv) Essar Steel India Limited	(xxxii) Varada Drilling One Pte. Limited
(xv) Essar Steel Limited (Indonesia)	(xxxiii) Varada Drilling Two Pte. Limited
(xvi) Essar Steel Minnesota LLC.	(xxxiv) Equinox Business Parks Private Limited
(xvii) Vadinar Oil Terminal Limited	(xxxv) Essar Exploration and Production India Limited
(xviii) Vadinar Power Company Limited	

*Ceased to be related parties w.e.f. 1st April, 2012 in terms of AS 18 in view of current set of relationship of directors / key managerial personnel.

e) The details of transactions with related parties during the year

₹ in crore

Nature of transactions	Holding companies		Other related parties		Key management personnel		Total	
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
INCOME								
Operating income								
Essar Steel India Limited	-	-	1,801.68	1,709.17	-	-	1,801.68	1,709.17
Essar Shipping (Cyprus) Limited	-	-	5.70	14.45	-	-	5.70	14.45
Essar Power Gujarat Limited	-	-	128.75	38.07	-	-	128.75	38.07
Essar Power M. P. Limited	-	-	16.72	15.58	-	-	16.72	15.58
Essar Power Limited	-	-	5.05	0.50	-	-	5.05	0.50
Essar Power Jharkand Limited	-	-	49.10	95.87	-	-	49.10	95.87
Essar Shipping & Logistics Limited	1.70	1.02	-	-	-	-	1.70	1.02
Essar Bulk Terminal (Salaya) Limited	-	-	0.61	8.39	-	-	0.61	8.39
Arkay Holdings Limited	-	-	-	2.23	-	-	-	2.23
Arkay Sea Logistics Limited	-	-	-	0.73	-	-	-	0.73
Essar Ports Limited	-	-	1.31	1.29	-	-	1.31	1.29
Essar Oil Limited	-	-	79.72	108.23	-	-	79.72	108.23
Essar Bulk Terminal Limited	-	-	0.84	4.61	-	-	0.84	4.61
Essar Projects (India) Limited	-	-	65.61	64.84	-	-	65.61	64.84
Vadinar Power Company Limited	-	-	-	20.77	-	-	-	20.77
Vadinar Oil Terminal Limited	-	-	0.03	0.11	-	-	0.03	0.11
Essar Steel Minnesota LLC	-	-	29.18	13.08	-	-	29.18	13.08
Essar Offshore Subsea Limited	-	-	1.49	4.94	-	-	1.49	4.94
Others	-	-	-	0.05	-	-	-	0.05
Total	1.70	1.02	2,185.79	2,102.91	-	-	2,187.49	2,103.93
Equipment lease rental income								
Essar Steel India Limited	-	-	0.01	0.02	-	-	0.01	0.02
Interest income								
Essar Shipping & Logistics Limited	51.13	21.02	-	-	-	-	51.13	21.02
Essar Shipping Cyprus Limited	-	-	0.30	-	-	-	0.30	-
Essar Global Fund Limited	7.30	0.62	-	-	-	-	7.30	0.62
Essar Ports Limited	-	-	-	2.81	-	-	-	2.81
Essar Investments Limited	-	-	-	1.94	-	-	-	1.94
Essar Steel Minnesota LLC	-	-	0.53	-	-	-	0.53	-
Essar Steel India Limited	-	-	11.90	-	-	-	11.90	-
Total	58.43	21.64	12.73	4.75	-	-	71.16	26.39
Remuneration								
A. R. Ramakrishnan	-	-	-	-	2.36	1.67	2.36	1.67
Anoop Sharma	-	-	-	-	1.70	1.43	1.70	1.43
Ankur Gupta	-	-	-	-	2.19	2.22	2.19	2.22
A. K. Musaddy	-	-	-	-	0.62	1.17	0.62	1.17
Rahul Himatsingka	-	-	-	-	1.15	0.55	1.15	0.55
Total	-	-	-	-	8.02	7.04	8.02	7.04
Purchase of fuel oil								
Essar Oil Limited	-	-	70.16	97.38	-	-	70.16	97.38
Essar Shipping (Cyprus) Limited	-	-	0.33	7.09	-	-	0.33	7.09
Essar Projects (India) Limited	-	-	0.39	-	-	-	0.39	-
Total	-	-	70.88	104.47	-	-	70.88	104.47

₹ in crore

Nature of transactions	Holding companies		Other related parties		Key management personnel		Total	
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
Purchase of stores and spares								
Essar Oil Limited	-	-	-	0.25	-	-	-	0.25
Essar Steel India Limited	-	-	-	2.24	-	-	-	2.24
Total	-	-	-	2.49	-	-	-	2.49
Direct Voyage expenses								
Essar Bulk Terminal Limited	-	-	25.27	16.45	-	-	25.27	16.45
Freight/ hire charges								
Essar Shipping & Logistics Limited	-	54.73	-	-	-	-	-	54.73
Essar Projects (India) Limited	-	-	0.14	0.52	-	-	0.14	0.52
Essar Shipping (Cyprus) Limited	-	-	165.63	18.65	-	-	165.63	18.65
Total	-	54.73	165.77	19.17	-	-	165.77	73.90
Manning Charges								
Essar Infrastructure Services Limited	-	-	-	0.16	-	-	-	0.16
Essar Information Technology Limited	-	-	-	0.27	-	-	-	0.27
Total	-	-	-	0.43	-	-	-	0.43
Rent charges								
Equinox Business Parks Pvt. Ltd	-	-	3.96	-	-	-	3.96	-
Essar House Limited	-	-	-	0.83	-	-	-	0.83
Essar Infrastructure Services Limited	-	-	-	3.15	-	-	-	3.15
Essar Agrotech Limited	-	-	-	0.03	-	-	-	0.03
Essar Services India Limited	-	-	-	0.16	-	-	-	0.16
Essar Information Technology Limited	-	-	-	4.34	-	-	-	4.34
Essar Steel India Limited	-	-	0.08	0.23	-	-	0.08	0.23
Total	-	-	4.04	8.74	-	-	4.04	8.74
Repair and maintenance								
Aegis Limited	-	-	0.54	0.09	-	-	0.54	0.09
Essar Information Technology Limited	-	-	-	0.01	-	-	-	0.01
Essar Infrastructure Services Limited	-	-	-	0.02	-	-	-	0.02
Essar Steel India Limited	-	-	-	0.05	-	-	-	0.05
Essar Oil Limited	-	-	0.80	0.02	-	-	0.80	0.02
Essar Investments Limited	-	-	-	1.70	-	-	-	1.70
Essar Projects (India) Limited	-	-	0.67	5.03	-	-	0.67	5.03
Total	-	-	2.01	6.92	-	-	2.01	6.92
Cargo Handling expenses								
Essar Bulk Terminal Limited	-	-	26.34	22.96	-	-	26.34	22.96
Essar Projects (India) Limited	-	-	0.43	9.25	-	-	0.43	9.25
Total	-	-	26.77	32.21	-	-	26.77	32.21
Travelling expenses								
Futura Travels Limited	-	-	-	9.44	-	-	-	9.44
Reimbursement of expenses								
Essar Steel India Limited	-	-	0.09	0.03	-	-	0.09	0.03
Essar Oil Limited	-	-	-	1.22	-	-	-	1.22
P.T. Essar Indonesia	-	-	0.15	-	-	-	0.15	-
Futura Travels Limited	-	-	-	11.82	-	-	-	11.82
Arkay Holdings Limited	-	-	-	0.26	-	-	-	0.26
Essar Infrastructure Services Limited	-	-	-	0.61	-	-	-	0.61
Essar Investments Limited	-	-	-	0.11	-	-	-	0.11
Total	-	-	0.24	14.05	-	-	0.24	14.05

Nature of transactions	₹ in crore							
	Holding companies		Other related parties		Key management personnel		Total	
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
Professional / Agency / Management fees								
Aegis Limited	-	-	4.18	3.60	-	-	4.18	3.60
Essar Investments Limited	-	-	-	21.30	-	-	-	21.30
Essar Services India Limited	-	-	-	5.54	-	-	-	5.54
Essar Information Technology Limited	-	-	-	0.01	-	-	-	0.01
Total	-	-	4.18	30.45	-	-	4.18	30.45
Aircraft usage charges reimbursed								
Essar Oil Limited	-	-	22.06	18.00	-	-	22.06	18.00
Essar Projects (India) Limited	-	-	2.94	-	-	-	2.94	-
Total	-	-	25.00	18.00	-	-	25.00	18.00
Interest on loan (ICD)								
Essar Shipping & Logistics Limited	-	0.38	-	-	-	-	-	0.38
India Securities Limited	-	-	-	0.23	-	-	-	0.23
Total	-	0.38	-	0.23	-	-	-	0.61
Interest on lease loan								
Essar Shipping & Logistics Limited	32.85	32.93	-	-	-	-	32.85	32.93
Loans and advances given								
Essar Shipping Cyprus Limited	-	-	54.93	-	-	-	54.93	-
Essar Steel India Limited	-	-	45.00	-	-	-	45.00	-
Essar Global Fund Limited	75.42	46.19	-	-	-	-	75.42	46.19
Essar Shipping & Logistics Limited	22.35	282.27	-	-	-	-	22.35	282.27
Total	97.77	328.46	99.93	-	-	-	197.70	328.46
Bid deposit given								
Essar Steel India Limited	-	-	172.00	-	-	-	172.00	-
Essar Steel India Limited	-	-	-	-	-	-	-	-
Loans and advances received								
Essar Shipping & Logistics Limited	33.04	21.84	-	-	-	-	33.04	21.84
Essar Steel Minnesota LLC	-	-	19.04	-	-	-	19.04	-
Total	33.04	21.84	19.04	-	-	-	52.07	21.84
Advance received from customers								
Essar Oil Limited	-	-	16.31	-	-	-	16.31	-
Repayment of Loans and advances given								
Essar Shipping & Logistics Limited	-	10.34	-	-	-	-	-	10.34
Assignment payable								
Essar Exploration & Production India Limited	-	-	-	6.72	-	-	-	6.72
Sale of fixed asset								
Essar Ports Limited	-	-	-	41.50	-	-	-	41.50
Arkay Sea Logistics Limited	-	-	-	5.57	-	-	-	5.57
Total	-	-	-	47.07	-	-	-	47.07
Purchase of Fixed assets								
Essar Projects (India) Limited	-	-	-	2.61	-	-	-	2.61
Guarantees given on behalf of others								
Essar Bulk Terminal Paradip Limited	-	-	-	410.00	-	-	-	410.00

f) Outstanding balances with related parties
₹ in crore

Nature of transactions	Holding companies		Other related parties		Key management personnel		Total	
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
Sundry debtors								
Essar Steel India Limited	-	-	49.78	332.12	-	-	49.78	332.12
Essar Oil Limited	-	-	18.75	14.65	-	-	18.75	14.65
Essar Steel Minnesota LLC	-	-	18.88	4.18	-	-	18.88	4.18
Essar Projects (India) Limited	-	-	43.10	26.81	-	-	43.10	26.81
Vadinar Oil Terminal Limited	-	-	0.03	0.01	-	-	0.03	0.01
Essar Bulk Terminal (Salaya) Limited	-	-	0.10	5.96	-	-	0.10	5.96
Essar Offshore Subsea Limited	-	-	1.57	1.68	-	-	1.57	1.68
Vadinar Power Company Limited	-	-	1.90	0.07	-	-	1.90	0.07
Essar Shipping & Logistics Limited	3.48	-	-	-	-	-	3.48	-
Arkay Holdings Limited	-	-	-	2.15	-	-	-	2.15
Arkay Sea Logistics Limited	-	-	-	6.62	-	-	-	6.62
Essar Ports Limited	-	-	8.63	46.73	-	-	8.63	46.73
Essar Power Jharkand Limited	-	-	21.08	4.23	-	-	21.08	4.23
Essar Power Gujarat Limited	-	-	19.06	3.97	-	-	19.06	3.97
Essar Power M. P. Limited	-	-	10.24	3.59	-	-	10.24	3.59
Total	3.48	-	193.12	452.78	-	-	196.60	452.77
Loans and advances (including interest accrued) / Other receivables								
Essar Steel India Limited	-	-	174.00	-	-	-	174.00	-
Aegis Limited	-	-	-	0.61	-	-	-	0.61
Essar Ports Limited	-	-	-	13.35	-	-	-	13.35
Essar Global Fund Limited	89.32	39.14	-	-	-	-	89.32	39.14
Essar Shipping & Logistics Limited	743.84	725.36	-	-	-	-	743.84	725.36
Futura Travels Limited	-	-	-	4.72	-	-	-	4.72
Essar Shipping & Logistics (Panama) Limited	-	-	-	2.89	-	-	-	2.89
Essar Shipping (Cyprus) Limited	-	-	5.02	-	-	-	5.02	-
Total	833.16	764.50	179.02	21.57	-	-	1,012.18	786.07
Deposits given								
Futura Travels Limited	-	-	-	6.25	-	-	-	6.25
Arkay Holdings Limited	-	-	-	3.10	-	-	-	3.10
Essar House Limited	-	-	-	28.35	-	-	-	28.35
Essar Investments Limited	-	-	-	0.06	-	-	-	0.06
Prajesh Marketing Limited	-	-	-	4.80	-	-	-	4.80
Essar Information Technology Limited	-	-	-	0.46	-	-	-	0.46
Total	-	-	-	43.02	-	-	-	43.02
Bid deposit given								
Essar Steel India Limited	-	-	123.50	-	-	-	123.50	-
Loans and advances received (including interest accrued)								
Essar Steel Minnesota LLC	-	-	19.04	-	-	-	19.04	-
Essar Shipping & Logistics Limited	-	22.24	-	-	-	-	-	22.24
Essar Ports Limited	-	-	-	15.46	-	-	-	15.46
Total	-	22.24	19.04	15.46	-	-	19.04	37.70

Nature of transactions	₹ in crore							
	Holding companies		Other related parties		Key management personnel		Total	
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
Advance received from Customers								
Essar Oil Limited	-	-	16.31	-	-	-	16.31	-
Lease loan obligation								
Essar Shipping & Logistics Limited	528.29	547.30	-	-	-	-	528.29	547.30
Trade payables								
Essar Bulk Terminal Limited	-	-	23.82	22.00	-	-	23.82	22.00
Aegis Limited	-	-	1.11	0.20	-	-	1.11	0.20
Essar Projects (India) Limited	-	-	19.29	1.94	-	-	19.29	1.94
Essar Constructions Limited	-	-	-	17.18	-	-	-	17.18
Equinox Business Parks Pvt. Limited	-	-	1.07	-	-	-	1.07	-
Essar Oil Limited	-	-	33.00	22.81	-	-	33.00	22.81
Essar Shipping (Cyprus) Limited	-	-	24.64	2.71	-	-	24.64	2.71
Vadinar Oil Terminal Limited	-	-	0.03	0.03	-	-	0.03	0.03
Essar Infrastructure Services Limited	-	-	-	0.56	-	-	-	0.56
Essar Investments Limited	-	-	-	1.33	-	-	-	1.33
Essar Services India Limited	-	-	-	3.82	-	-	-	3.82
Essar House Limited	-	-	-	0.02	-	-	-	0.02
Arkay Holdings Limited	-	-	-	0.01	-	-	-	0.01
Essar Agrotech Limited	-	-	-	0.01	-	-	-	0.01
Essar Information Technology Limited	-	-	-	0.74	-	-	-	0.74
Essar Engineering Services Limited	-	-	-	0.55	-	-	-	0.55
Futura Travels Limited	-	-	-	2.56	-	-	-	2.56
Total	-	-	102.96	76.47	-	-	102.96	76.47
Interest accrued and due on lease loan								
Essar Shipping & Logistics Limited	7.87	-	-	-	-	-	7.87	-
Interest accrued but not due on lease loan								
Essar Shipping & Logistics Limited	8.60	8.09	-	-	-	-	8.60	8.09
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
India Securities Limited	-	-	-	1.39	-	-	-	1.39
Total	-	-	18.50	19.89	-	-	18.50	19.89

Nature of transactions	₹ in crore							
	Holding companies		Other related parties		Key management personnel		Total	
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
Guarantees given on behalf of others								
Essar Bulk Terminal Paradip Limited	-	-	-	410.00	-	-	-	410.00

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

As per the Scheme, the Compensation Committee grants the options to the eligible employees. The exercise price of each option shall be determined by the Compensation committee as per the said scheme. The options granted vest in a graded manner over a period of 5/4/3 year 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 difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense is expensed over the vesting period.

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

Particulars	Year ended 31 st March, 2013		Year ended 31 st March, 2012	
	Options (Numbers)	Weighted average exercise price per option (₹ in crore)	Options (Numbers)	Weighted average exercise price per option (₹ in crore)
Option outstanding at the beginning of the year	4,068,819	22.30	-	-
Granted during the year	-	22.30	4,068,819	22.30
Vested during the year	-	22.30	-	-
Exercised during the year	-	22.30	-	-
Lapsed during the year	403,549	22.30	-	-
Options outstanding at the end of the year	3,665,270	22.30	4,068,819	22.30

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

Particulars	₹ in crore	
	Year ended 31 st March 2013	Year ended 31 st March 2012
Net Profit / (loss) (as reported)	35.80	36.83
Add / (Less): stock based employee compensation (intrinsic value) (refer note 22)	0.47	0.07
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued (see note (d) below)	(1.10)	(0.33)
Net Profit / (loss) (proforma)	35.17	36.57
Basic earnings per share (as reported) (refer note 30) (₹)	1.74	1.79
Basic earnings per share (proforma) (₹)	1.82	1.78
Diluted earnings per share (as reported) (refer note 30) (₹)	1.74	1.79
Diluted earnings per share (proforma) (₹)	1.76	1.78

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

Assumptions

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

35. In view of exemption granted by Central Government for shipping companies vide press note no.2/2011 dated 08.02.2011, information required under sub-clauses (a), (b), (c) and (e) of paragraph 5 (VIII) of part II of Revised schedule VI to the Companies Act, 1956, is not given.
36. As at 31st March, 2013, the goodwill on Consolidation relating to non-intergal foreign operation has been translated at the closing exchange rate in accordance with requirement of Accounting Standard (AS)11, The Effects of change in Foreign Exchange Rates, with corresponding cumulative effect in Foreign Currency Translation Reserve of ₹ 1,317.87 crore. This translation adjustment arises on consolidation which has however no effect on the Consolidated Statement of Profit and Loss.
37. The previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

38. Financial Information of subsidiary Company:

₹ in crore

Particulars	Essar Logistics Limited, Mumbai	Energy Transportation International Limited, Bermuda	Energy II Limited, Bermuda	Essar Oilfields Services Limited, Mauritius	Essar Oilfield Services India Limited, Mumbai
For the year ending as on	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013
Capital (including share application money pending allotment)	73.00	71.94	285.74	1,094.68	887.50
Reserves	143.24	(91.04)	37.74	263.60	(223.31)
Total Assets (excluding current and non current investment)	714.28	272.49	324.82	2,755.94	2,267.95
Total Liabilities	714.28	272.49	324.82	3,763.75	2,267.95
Details of investments (except investments in subsidiaries)	-	-	-	-	-
Turnover	1,035.62	87.58	21.27	612.94	104.45
Profit / (loss) before taxation	18.72	(49.49)	20.36	173.22	(56.66)
Provision for taxation	7.61	-	-	33.22	-
Profit / (loss) after taxation	11.11	(49.49)	20.36	140.00	(56.66)
Proposed Dividend	-	-	-	-	-

For and on behalf of the Board

A. R. Ramakrishnan
Managing Director

Deepak Kumar Varma
Director

Vikram Gupta
Chief Financial Officer

Vinayak Joshi
Company Secretary

Mumbai
28th May, 2013

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

PARTICULARS	Essar Logistics Limited India	Energy Transportation International Limited, Bermuda	Energy II Limited Bermuda	Essar Oilfields Services Limited Mauritius	Essar Oilfield Services India Limited India
1 The relevant financial year of the subsidiary ended on	31.03.13	31.03.13	31.03.13	31.03.13	31.03.13
2 No of shares in the subsidiary company held by Essar Shipping Limited as on 31 st March 2013	73,000,000	13,227,000	52,536,660	246,600,001	*887,503,893
3 Extent of holding by Essar Shipping Limited as at the end of the financial period	100%	100%	100%	100%	*100%
4 The net aggregate amount of the Subsidiary Companies Profit / (Loss) so far as it concerns the Members of the Holding Company.					
a) Not dealt with in the Holding Company's Accounts :					
i) For the financial period ended 31 st March, 2013	₹ 11.11 crore	(\$ 9.090) million	\$ 3.739 million	\$ 8.659 million	(₹ 56.66) crore
ii) For the previous financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	₹ 13.96 crore	(\$ 7.709) million	\$ 3.217 million	\$(1.145) million	(₹120.82) crore
b) Dealt with in Holding Company's accounts:					
i) For the Financial period ended 31 st March, 2013	NIL	NIL	NIL	NIL	NIL
ii) For the previous Financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	NIL	NIL	NIL	NIL	NIL
5 Change of interest of Essar Shipping Limited in the subsidiary between the end of the financial year of subsidiary and that of Essar Shipping Limited	NIL	NIL	NIL	NIL	NIL
6 Material changes between the end of the financial year of the subsidiary and the end of the financial year to Essar Shipping Limited in respect of subsidiary's fixed assets, investments, monies lent and borrowed					
a) Fixed Assets	NIL	NIL	NIL	NIL	NIL
b) Investments	NIL	NIL	NIL	NIL	NIL
c) Money lent by the subsidiary	NIL	NIL	NIL	NIL	NIL
d) Money borrowed by the subsidiary company other than for meeting current Liabilities (Net)	NIL	NIL	NIL	NIL	NIL

* 100 % Shares are held by Essar Oilfields Services Limited, Mauritius, subsidiary of the Company.

For and on behalf of the Board

A. R. Ramakrishnan
Managing Director

Deepak Kumar Varma
Director

Vikram Gupta
Chief Financial Officer

Vinayak Joshi
Company Secretary

Mumbai
28th May, 2013

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

I am a shareholder of the Company. I want to receive all communications from the Company including AGM and other General Meeting notices and explanatory statement(s) thereto, Balance Sheets, Directors' Reports, Auditor's Reports etc. through e-mail. Please register my e-mail ID, set-out below, in your records for sending communication through e-mail:

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

Date: Signature of first holder*

Important Notes:

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

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

BUSINESS REPLY INLAND LETTER

Postage
will be
paid by the
Addressee

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

No postage
stamp
necessary 'if'
posted in
INDIA

To,

**Data Software Research Company
Private Limited**

Unit: **Essar Shipping Limited**

19, Pycrofts Garden Road,

Off Haddows Road

Nungambakkam, Chennai - 600 006

1st Fold

2st Fold

ESSAR SHIPPING LIMITED

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

Proxy Form

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



I/We of in the district of being a Member of ESSAR SHIPPING LIMITED, hereby appoint of or failing him of as my/our proxy to vote for me/us and on my/our behalf at the Third Annual General Meeting of the Company to be held at 2:30 p.m. on Wednesday, September 25, 2013 at the Registered Office of the Company, situated at Administrative Building, Essar Refinery Complex, Okha Highway (SH-25), Taluka Khambalia, District Jamnagar, Gujarat - 361 305 and at every adjournment thereof.

Signed this day of 2013

Proxy Form must reach the Company's Registered Office, at Administrative Building, Essar Refinery Complex, Okha Highway (SH-25), Taluka Khambalia, District Jamnagar, Gujarat - 361 305, not less than 48 hours before the commencement of the meeting.

Affix ₹ 1
Revenue
Stamp

Signature

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

ESSAR SHIPPING LIMITED

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

Attendance Slip

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

3rd Annual General Meeting
Time : 2:30 p.m.
Date : Wednesday, September 25, 2013
Vanue : Administrative Building
Essar Refinery Complex
Okha Highway (SH-25)
Taluka khambalia
District Jamnagar
Gujarat - 361 305

Member

Proxy

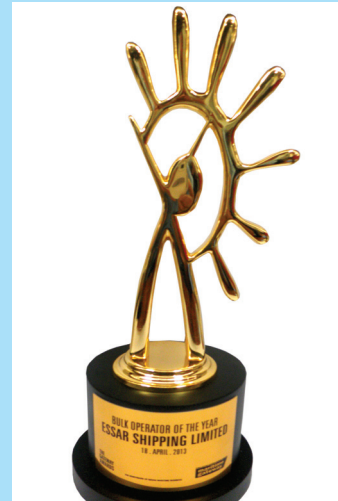
[Name in Capital letters]

I hereby record my presence at the 3rd AGM of the Company

Signature of Member/Proxy

NOTE:

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



Book Post

If undelivered, please return to :
Data Software Research Company Private Limited
Unit: **Essar Shipping Limited**
19, Pycrofts Garden Road
Off. Haddows Road
Nungambakkam, Chennai - 600 006
Tel: (044) 2821 3738, 2821 4487
Fax: (044) 2821 4636
Email: essar.shipping@dsrc-cid.in

Essar Shipping Limited

Equinox Business Park
Tower - 2, 1st Floor
Off Bandra Kurla Complex
L.B.S. Marg, Kurla West
Mumbai 400 070. India

T +91 22 6733 5000
F +91 22 6733 5142
www.essar.com

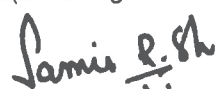
FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	Essar Shipping Limited
2.	Annual financial statements for the year ended	Consolidated financial statements for the year ended 31 st March, 2013
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Not Applicable
5.	Signed by	

Refer our Audit Report dated 28 May, 2013
on the consolidated financial statements of the
Company

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



Samir R. Shah
Partner
Membership No. 101708


A. R. Ramakrishnan
Managing Director


Vikram Gupta
Chief Financial Officer


Deepak Kumar Varma
Audit Committee – Chairman

Mumbai, August 7, 2013

Mumbai, August 7, 2013

Essar Shipping Limited

Equinox Business Park
Tower - 2, 1st Floor
Off Bandra Kurla Complex
L.B.S. Marg, Kurla West
Mumbai 400 070. India

T +91 22 6733 5000
F +91 22 6733 5142
www.essar.com

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	Essar Shipping Limited										
2.	Annual standalone financial statements for the year ended	Standalone financial statements for the year ended 31 st March, 2013										
3.	Type of Audit observation	Extract of Auditors' comments in the Annexure to the Auditor's Report, which are in the nature of Emphasis of Matter: i. Para 6 – The management of the Company has obtained a legal opinion confirming that the directives issued by the Reserve Bank of India relating to public deposits, the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed thereunder, are not applicable to the non-convertible unsecured debentures issued by the Company during the year as the Company cannot be said to have accepted 'deposits from the public'. Accordingly, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Company Act, 1956 and the rules framed thereunder does not arise. We have been informed that security has been created for the said debentures subsequent to balance sheet date. ii. Para 9 – According to the information and explanation given to us in respect of statutory dues: a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth tax, Service Tax, Custom Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. However, there have been delays in depositing undisputed statutory dues of service tax and tax deducted at source with the appropriate authorities. As informed to us, the provisions of Employee's State Insurance and Excise Duty were not applicable to the Company during the year. b) Details of dues of Income Tax and Customs duty which have not been deposited as on March 31, 2013 on account of disputes are given below: <table border="1"> <thead> <tr> <th>Name of statute</th><th>Nature of dues</th><th>Amount (Rs. in crore)</th><th>Period to which the amount relates</th><th>Forum where dispute is pending</th></tr> </thead> <tbody> <tr> <td>Income tax Act, 1961</td><td>Income Tax</td><td>7.29*</td><td>1993-94</td><td>The High Court of Bombay</td></tr> </tbody> </table>	Name of statute	Nature of dues	Amount (Rs. in crore)	Period to which the amount relates	Forum where dispute is pending	Income tax Act, 1961	Income Tax	7.29*	1993-94	The High Court of Bombay
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Income tax Act, 1961	Income Tax	7.29*	1993-94	The High Court of Bombay								

		Foreign Trade Customs 27.40 2006-07 The High Court of Bombay	
		* The Income Tax Department has preferred an appeal against the order of the Appellate Tribunal pursuant to which the said amount deposited earlier was refunded to the Company. According to the information and explanations given to us, there were no dues pending to be deposited on account of any dispute in respect of Sales Tax, Wealth Tax, Service Tax and Cess as on March 31, 2013. iii. Para 11 - Delays in repayment of dues (including interest) to banks, financial institutions, foreign currency convertible bond holders and debenture holders amounting to Rs. 235.44 crores have generally been regularised within 90 days from due dates. iv. Para 17 - In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that short term funds (other than borrowings) of Rs. 91.81 crores have, <u>prima facie</u>, been used for long-term investment/ purposes.	
4.	Frequency of observation	Frequency of observation shown in Sr.No 3 above are as follows : <u>Comments in the Annexure to the Auditors' report</u> Sr.no 3 (i), 3(ii)(a), 3(iii) and 3(iv) – Current year Sr.no. 3(ii)(b) – Over last 2 years	
5.	Signed by		
Refer our Audit Report dated 28 May, 2013 on the standalone financial statements of the Company For Deloitte Haskins & Sells Chartered Accountants (Firm Registration No. 117365W)  Samir R. Shah Partner Membership No. 101708  A. R. Ramakrishnan Managing Director  Vikram Gupta Chief Financial Officer  Deepak Kumar Varma Audit Committee – Chairman Mumbai, August 7, 2013 Mumbai, August 7, 2013			