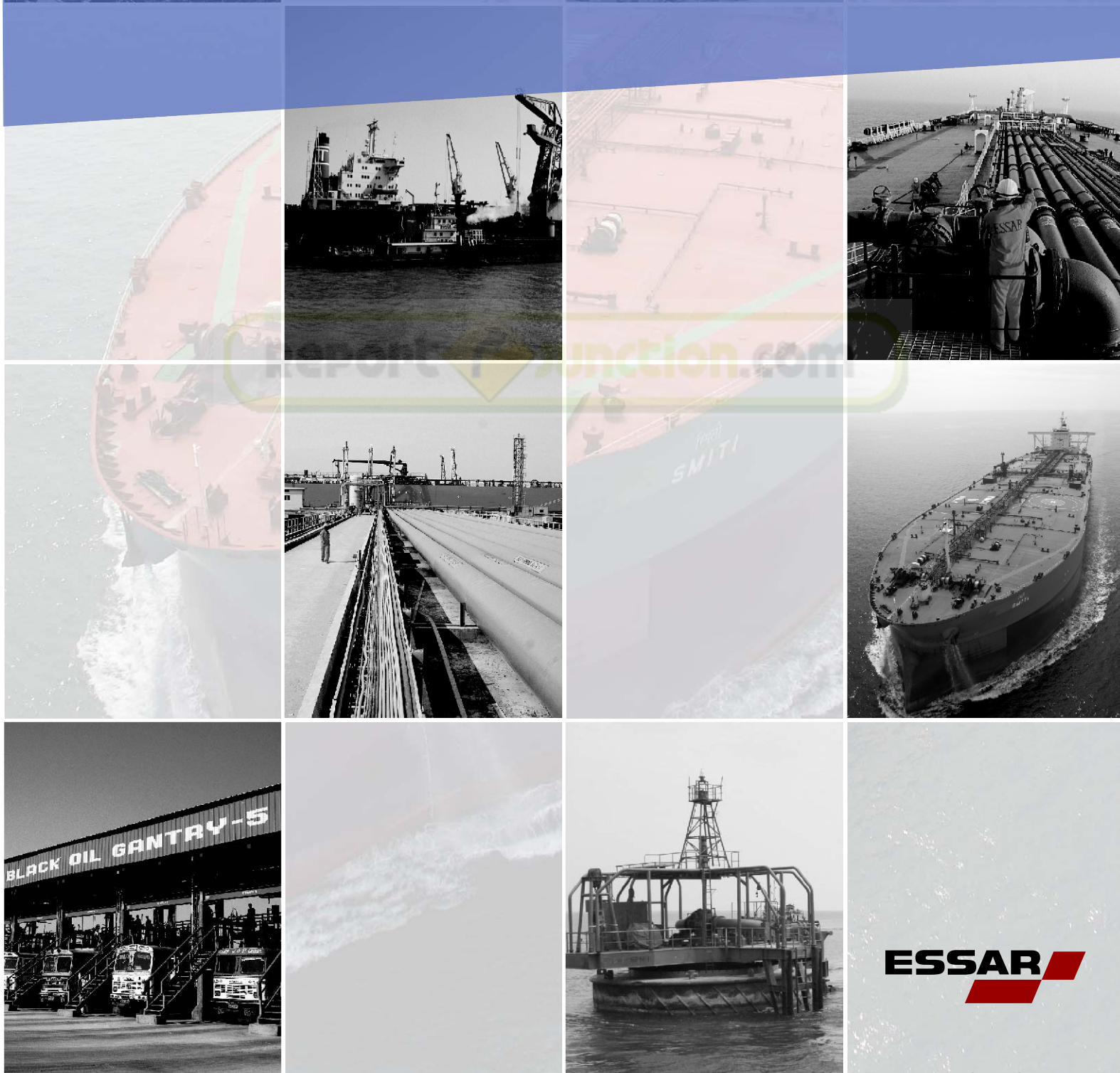


# Essar Shipping Ports & Logistics Limited

Annual Report 2007 - 2008



**ESSAR**

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Dear Members,

As you are aware, the Registered Office of the Company has been shifted. The new address is as under:

Essar Shipping Ports & Logistics Limited,  
Administrative Building,  
Essar Refinery Complex,  
Okha Highway (SH – 25),  
Taluka Khambalia,  
District Jamnagar,  
Pin Code: 361 305,  
Gujarat State.

Members are requested to take note of the said change. All correspondence to the Company should henceforth be sent to the above address only.

**Manoj Contractor**  
Company Secretary

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## BOARD OF DIRECTORS

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**Shashi Ruia**  
Chairman

**Ravi Ruia**  
Vice Chairman

**Anshuman Ruia**  
Director

**Sanjay Mehta**  
Managing Director

**A. R. Ramakrishnan**  
Wholetime Director

**V. Ashok**  
Wholetime Director

**R. N. Bansal**  
Independent Director

**N. Srinivasan**  
Independent Director

**K. V. Krishnamurthy**  
Independent Director

**Dilip J. Thakkar**  
Independent Director

**COMPANY SECRETARY**  
Manoj Contractor

**AUDITORS**  
Deloitte Haskins & Sells

### AUDIT COMMITTEE

R. N. Bansal  
N. Srinivasan  
Anshuman Ruia

### COMPENSATION COMMITTEE

Ravi Ruia  
Anshuman Ruia  
Sanjay Mehta

### SHARE TRANSFER & SHAREHOLDERS' GRIEVANCE COMMITTEE

Ravi Ruia  
Sanjay Mehta  
A. R. Ramakrishnan  
V. Ashok

### REGISTERED OFFICE

Administrative Building, Essar Refinery Complex  
Okha Highway (SH - 25), Taluka Khambhalia  
Distt. - Jamnagar  
Gujarat 361305

### CORPORATE OFFICE

Essar House  
11, Keshavrao Khadye Marg  
Mahalaxmi, Mumbai 400 034

### REGISTRARS & SHARE TRANSFER AGENTS

Data Software Research Company Private Limited  
"Sree Sovereign Complex"  
22, 4th Cross Street, Trustpuram, Kodambakkam  
Chennai 600 024  
e-mail: dsr cmd@vsnl.com

## NOTICE TO MEMBERS

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Notice is hereby given that the Thirty-second Annual General Meeting of Essar Shipping Ports & Logistics Limited will be held at the Registered Office of the Company at Administrative Building, Essar Refinery Complex, Okha Highway (SH - 25), Taluka Khambhalia, Distt. Jamnagar, Gujarat 361305 at 3.30 p.m. on Saturday, September 27, 2008, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended March 31, 2008 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 by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sanjay Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ravi Ruia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants as 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:

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

“RESOLVED THAT Mr. K. V. Krishnamurthy, who was appointed as an Additional Director by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 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 under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company.”

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

“RESOLVED THAT Mr. Dilip J. Thakkar, who was appointed as an Additional Director by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 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 under Section 257 of the Companies Act, 1956, proposing his

candidature for the office of Director, be and is hereby appointed as Director of the Company.”

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

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, Mr. Sanjay Mehta be and is hereby re-appointed as Managing Director of the Company for a period of three years with effect from September 18, 2008 on the terms and conditions as set out in the Explanatory Statement annexed hereto.”

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, the Managing Director shall be paid remuneration by way of salary, perquisites and allowances as specified above or as may be decided by the Board of Directors.”

“RESOLVED FURTHER THAT the terms and conditions set out for appointment and payment of remuneration herein, may be altered and varied from time to time by the Board of Directors of the Company as it may, in its discretion deem fit so as not to exceed the limits specified under Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) or any amendments made thereto.”

“RESOLVED FURTHER THAT the Agreement may be terminated by either party (Company or the Managing Director) by giving the other three months prior notice of termination in writing.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all necessary steps including filing of necessary applications, forms, letters, etc., with the Government and other authorities to give effect to the above resolution.”

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

“RESOLVED THAT in partial modification of the resolution passed by the members at the Thirty-first Annual General Meeting of the Company held on September 25, 2007, approving the appointment and terms of remuneration of Mr. V. Ashok, Wholetime Director and in accordance with the provisions of Sections 198, 269, 309, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the variation in the terms of remuneration of Mr. V. Ashok, Wholetime Director for the remaining period of his tenure in office,



with effect from April 1, 2008, as set out in the Explanatory Statement annexed hereto.”

“RESOLVED FURTHER THAT all other terms and conditions of appointment of Mr. V. Ashok, Wholetime Director as approved earlier by the members, shall remain unchanged.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all necessary steps as may be necessary to give effect to the above resolution.”

By Order of the Board

**MANOJ CONTRACTOR**  
Company Secretary

Jamnagar  
July 29, 2008

**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. The proxy need not be a member of the Company. Proxy forms in order to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
2. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, September 22, 2008 to Saturday, September 27, 2008, both days inclusive.
4. The members are requested to immediately notify, in their own interest, the change in their mailing address to the Company's Registrars and Share Transfer Agents, Data Software Research Company Private Limited, "Sree Sovereign Complex", 22, 4<sup>th</sup> Cross Street, Trustpuram, Kodambakkam, Chennai 600 024, Tel : 91-44-2483 3738, Fax: 91-44-2483 4636.
5. Members who are holding shares in identical order of names in more than one folio are requested to send to

the Company the details of such folios together with the Share Certificates for consolidating their holdings in one folio. Members are further advised to hold the shares in dematerialised form, as the trading of the shares on Bombay Stock Exchange and National Stock Exchange where the shares of your Company are listed is in compulsory demat mode.

6. Members are informed that in case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. In terms of Section 109A of the Companies Act, 1956, members are entitled to make nomination in respect of shares held by them in physical form. Members desirous of making nominations are requested to send their requests in Form 2B, in duplicate, to the Secretarial Department at the Registered Office of the Company or to the Registrars and Share Transfer Agents - Data Software Research Company Private Limited.
8. Members desiring any information regarding the accounts are requested to write to the Company at Essar House, 11, Keshavrao Khadye Marg, Mahalaxmi, Mumbai 400 034 atleast 7 days before the date of the Meeting to enable the Company keep the information ready.
9. The Chairman of the Audit Committee of Directors shall be present at the Annual General Meeting to reply to the queries of members on the Annual Accounts of the Company.
10. Appointment / Re-appointment of Directors:  
  
At the ensuing Annual General Meeting, Mr. N. Srinivasan, Mr. Sanjay Mehta and Mr. Ravi Ruia retire by rotation and being eligible offer themselves for reappointment. Mr. K. V. Krishnamurthy and Mr. Dilip J. Thakkar are proposed to be appointed as Directors. The information pertaining to the aforesaid Directors in terms of Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto.
11. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business at item Nos. 6 to 9 hereinabove, is annexed hereto.

## ANNEXURE TO NOTICE:

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### Item No. 6

Mr. K. V. Krishnamurthy was appointed as an Additional Director of the Company with effect from June 20, 2008. In terms of Section 260 of the Companies Act, 1956 and in accordance with Article 73 of the Articles of Association of the Company, Mr. Krishnamurthy 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 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. Krishnamurthy as a candidate for the office of Director of the Company.

Mr. K. V. Krishnamurthy, a Chartered Accountant by profession is a fellow member of the Indian Institute of Bankers and was a member of its Governing Board. He has over thirty-three years of experience in Public Sector Banking. His areas of specialisation include both domestic and international banking, treasury management, risk management, foreign exchange management and human resource management.

He is credited with the remarkable turnaround of both Bank of India and Syndicate Bank, leading nationalised banks. He has been the Chairman/Director of nationalised banks like Bank of India, Bank of Baroda, Syndicate Bank and other financial institutions like Indo Hong Kong International Finance Company Limited, Export Credit Guarantee Corporation of India and Agricultural Finance Corporation of India Limited.

Mr. Krishnamurthy is also a Director on the Board of various Indian public limited companies. Your Board is of the opinion that the vast experience of Mr. Krishnamurthy would be beneficial for the future growth of the Company. Your Directors accordingly recommend the resolution at Item No. 6 of the Notice for your approval.

None of the Directors, except Mr. Krishnamurthy, is concerned or interested in this resolution.

#### Item No. 7

Mr. Dilip J. Thakkar was appointed as an Additional Director of the Company with effect from June 20, 2008. In terms of Section 260 of the Companies Act, 1956 and in accordance with Article 73 of the Articles of Association of the Company, Mr. Thakkar 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 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. Thakkar as a candidate for the office of Director of the Company.

Mr. Thakkar, a practicing Chartered Accountant by profession since last forty-six years is a Partner of M/s. Jayantilal Thakkar & Co., and Jayantilal Thakkar Associates, Chartered Accountants, Mumbai. Mr. Thakkar has vast experience in the fields of Accounts, Finance, Taxation, FEMA, etc.

He is also a Director on the Board of various Indian public limited companies. Your board is of the opinion that the vast experience of Mr. Thakkar would be beneficial for the future growth of the Company. Your Directors accordingly recommend the resolution at Item No. 7 of the Notice for your approval.

None of the Directors, except Mr. Thakkar, is concerned or interested in this resolution.

#### Item No. 8

Mr. Sanjay Mehta was appointed as the Managing Director of the Company with effect from September 18, 2005 for a period of three years. The term of appointment of Mr. Mehta as the Managing Director expires on September 17, 2008. Considering his vast experience and management skills, the Board at its meeting held on July 29, 2008, has re-appointed him as the Managing Director with effect from September 18, 2008 for a further period of three years.

Mr. Mehta has an Honors Degree from London School of Economics and a Masters Degree from London Business School. Prior to joining Essar in June 2000, Mr. Mehta was head of the South East Asia Investment Banking Desk at American Marine Advisors Inc., New York; Simpson, Spence & Young; Hambros Bank and Goldman Sachs. Mr. Mehta has experience in raising capital in the US financial markets. Mr. Mehta also has vast experience of ports & terminals, logistics and the shipping industry.

After considering various factors, the Remuneration Committee recommended the remuneration for Mr. Mehta. The Board of Directors, accepting the recommendation of the Remuneration Committee, have approved the following remuneration to be paid to Mr. Mehta with effect from September 18, 2008:

#### 1. Remuneration :

Basic salary in the range of Rs. 1,00,000/- to Rs. 3,50,000/- per month, as may be determined by the Board of Directors or such other authority as may be delegated by the Board of Directors.

#### 2. In addition to the Basic Salary, Mr. Mehta shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent

allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses/allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; education allowance; leave travel concession for self and his family including dependents; club fees; premium for medical insurance; commission and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors or such other authority as may be delegated by the Board of Directors from time to time upto the limit of Rs. 10,00,000/- per month. As per the rules of the Company, Mr. Mehta is eligible for Provident Fund, Gratuity and Superannuation, which payments shall not be included for the purpose of calculation of the managerial remuneration.

The appointment of Mr. Mehta as Managing Director is subject to the approval of the Central Government.

Mr. Sanjay Mehta has been associated with the Company for past eight years and under his leadership, the Company has made significant progress to transform itself into an integrated logistics solutions provider.

The Board is of the opinion that his appointment as the Managing Director of the Company would be in the best interest of the Company and accordingly the resolution at Item No. 8 of the Notice is recommended for Members approval.

None of the Directors, except Mr. Mehta is concerned or interested in this resolution.

This explanation together with the accompanying Notice is and should be treated as an abstract under Section 302 of the Companies Act, 1956.

#### **Item No. 9**

The members had, at the Annual General Meeting of the Company held on September 25, 2007, approved the appointment of Mr. V. Ashok as Wholetime Director of the Company for a period of five years commencing from December 7, 2006 on the terms and conditions as contained in the resolution appointing Mr. Ashok as Wholetime Director.

Mr. Ashok is presently responsible for the Finance, Administration and other functions of the Company. He has also been entrusted with the responsibility of overseeing the finance and business functions of the subsidiaries of the Company.

The Remuneration Committee reviewed the remuneration package of the Wholetime Director with a view to align the package with the best corporate practices prevailing in the industry. After considering various factors, the Remuneration Committee recommended an increase in the remuneration payable to Mr. Ashok.

The Board of Directors, accepting the recommendation of the Remuneration Committee has revised the remuneration payable to Mr. Ashok with effect from April 1, 2008 as per particulars given hereinbelow:

#### **1. Remuneration :**

Basic salary in the range of Rs. 2,00,000/- to Rs. 5,00,000/- per month, as may be determined by the Board of Directors or such other authority as may be delegated by the Board of Directors.

#### **2. In addition to the Basic Salary, Mr. Ashok shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses/allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; education allowance; leave travel concession for self and his family including dependents; club fees; premium for medical insurance; commission and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors or such other authority as may be delegated by the Board of Directors from time to time up to the limit of Rs. 10,00,000/- per month. As per the rules of the Company, Mr. Ashok is eligible for Provident Fund, Gratuity and Superannuation, which payments shall not be included for the purpose of calculation of the managerial remuneration.**

All other terms and conditions of his appointment in terms of the resolution passed by the members on September 25, 2007 remain unchanged.

The Board is of the opinion that the increase in the remuneration would be in the interest of the Company and accordingly the resolution at Item No. 9 of the Notice is recommended for members approval.

None of the Directors, except Mr. Ashok is concerned or interested in this resolution.

This explanation together with the accompanying Notice is and should be treated as an abstract under Section 302 of the Companies Act, 1956.

By Order of the Board

**MANOJ CONTRACTOR**  
Company Secretary

Jamnagar  
July 29, 2008

# Essar Shipping Ports & Logistics Limited

(formerly known as Essar Shipping Limited)

## Annexure to Notice:

### Details of Directors seeking re-appointment / appointment at the Thirty-second Annual General Meeting in pursuance of Clause 49 of the Listing Agreement.

#### Mr. N. Srinivasan

Mr. N. Srinivasan is a Commerce Graduate and a member of the Institute of Chartered Accountants of India since 1955 and was a senior partner in Fraser & Ross / Deloitte Haskins & Sells until 1997. He has been closely associated with the development of the profession of Accounting and Auditing in India. He was Chairman of the Southern India Regional Council and also a Central Council Member of the Institute of Chartered Accountants of India.

Mr. Srinivasan has been associated with various Business Organisations and has served as Deputy President of the Associated Chamber of Commerce and Industry of India (ASSOCHAM), New Delhi, Chairman of The Madras Chamber of Commerce and Industry and President of The Indo-American Chamber of Commerce among others. He has also served as a Director on the Board of The Institute of Internal Auditors Inc., Florida – USA, Director of Indian Bank, Chennai, Senate Member of the Annamalai University and Honorary Professor, Institute of Financial Management and Research, Chennai.

Mr. Srinivasan is also a Director on the Board of various Indian public limited companies viz. United Breweries (Holdings) Ltd., Best & Crompton Engineering Ltd., McDowell Holdings Ltd., Tractors & Farm Equipments Ltd., The Andhra Pradesh Paper Mills Ltd., India Cements Ltd., India Cements Capital Ltd., Ador Multiproducts Ltd., Amco Batteries Ltd., The United Nilgiri Tea Estates Company Ltd., GATI Ltd., Ador Fontech Ltd., Tafe Motors and Tractors Ltd., and U. B. Engineering Ltd.

Mr. Srinivasan is also a member of the Audit Committees of India Cement Ltd., Amco Batteries Ltd., The Andhra Pradesh Paper Mills Ltd. and India Cement Capital Ltd. He is the Chairman of the Audit Committee of GATI Ltd., Tractors & Farm Equipments Ltd. and U.B. Engineering Ltd. He is also the Chairman of the Investors Grievance Committee of United Breweries (Holdings) Ltd.

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

#### Mr. Sanjay Mehta

Mr. Sanjay Mehta, has a Honors Degree from London School of Economics and a Master's Degree from London Business School. Mr. Mehta has been with the shipping industry for the last fifteen years. His area of specialisation is shipping and project finance. Prior to joining Essar, Mr. Mehta was head of the South East Asia and Asia Pacific Maritime Financing Desk of American Marine Advisors Inc., New York. Prior to this he was associated with Simpson, Spence & Young, Hambros Bank and Goldman Sachs.

Mr. Mehta is also a Director on the Board of following Indian public limited companies viz. Vadinar Oil Terminal Ltd., Essar

Logistics Ltd., Essar Bulk Terminal Ltd. and Essar Bulk Terminal (Salaya) Ltd.

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

#### Mr. Ravi Ruia

Mr. Ravi Ruia, is an Engineer by training. His rare business and entrepreneurial abilities with an eye for details has enabled the Essar Group to be ranked among the top industrial houses in the Country. Essar has emerged as the fourth largest industrial house in India in terms of assets.

Mr. Ruia, commenced his business career in the family business way back in 1969. He ably assisted his elder brother Mr. Shashi Ruia in steering the Essar Group to its current pre-eminent position. The Essar Group has diversified business interests in specific areas such as Shipping Ports & Logistics, Steel, Power, Telecom, Oil & Gas, Construction and Financial Services. The Essar Group has emerged as a leading business conglomerate in India.

Mr. Ruia is a widely travelled industrialist. He is connected with several industry and trade associations both at the national and bilateral level. Mr. Ruia has provided the foresight and vision to mastermind Essar Group's strategy so as to consolidate Essar's activities through backward and forward integration. In this process the created synergy has been utilised to propel Essar's rapid growth.

Mr. Ruia is also a Director on the Board of various Indian public limited companies viz. Vodafone Essar Ltd., Essar Oil Ltd., Essar Steel Ltd., Essar Investments Ltd., Essar Power Ltd., India Securities Ltd., and Essar Steel (Hazira) Ltd.

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

#### Mr. K. V. Krishnamurthy

Mr. K. V. Krishnamurthy, a Chartered Accountant by profession is a fellow member of the Indian Institute of Bankers and was a member of its Governing Board. He has over thirty-three years of experience in Public Sector Banking. His areas of specialisation include both domestic and international banking, treasury management, risk management, foreign exchange management and human resource management.

He is credited with the remarkable turnaround of Bank of India and Syndicate Bank, leading nationalised banks. He has been the Chairman/Director of nationalised banks like Bank of India, Bank of Baroda, Syndicate Bank and other financial institutions like Indo Hong Kong International Finance Company Limited, Export Credit Guarantee Corporation of India and Agricultural Finance Corporation of India Limited.



Mr. Krishnamurthy is also a Director on the Board of various Indian public limited companies, viz., Asset Reconstruction Co. (India) Ltd., Sundaram BNP Paribas Fund Trustee Co. Ltd., Rap Media Ltd., Centrum Capital Ltd., Centrum Direct Ltd., Essel Propack Ltd., Borosil Glass Works Ltd., Essar Steel Ltd., Thirumalai Chemicals Ltd., V.V.F. Industries Ltd. and KPIT Cummins Ltd.

Mr. Krishnamurthy is the Chairman of the Audit Committee of Borosil Glass Works Ltd., VVF Industries Ltd. and Centrum Capital Limited. He is also a member of the Audit Committee of Asset Reconstruction Company (India) Limited, Sundaram BNP Paribas Trustees Co. Ltd., Essel Propack Limited, Essar Steel Ltd., Thirumalai Chemicals Ltd. and KPIT Cummins Ltd.

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

**Mr. Dilip J. Thakkar**

Mr. Thakkar, a practicing Chartered Accountant by profession since last forty-six years and is a Partner of M/s. Jayantilal Thakkar & Co., and Jayantilal Thakkar

Associates, Chartered Accountants, Mumbai. Mr. Thakkar has vast experience in the fields of Accounts, Finance, Taxation, FEMA, etc.

He is also a Director on the Board of various Indian public limited companies viz., Omega Management Services Ltd., Poddar Developers Ltd., Panasonic Battery India Co. Ltd., Essar Oil Ltd., Thirumalai Chemicals Ltd., The Ruby Mills Ltd., PAE Ltd., Himatsingka Seide Ltd., Indo Count Industries Ltd., Walchandnagar Industries Ltd., Garware Offshore Services Ltd. and Garware Polyester Ltd.

Mr. Thakkar is the Chairman of the Audit Committee of Essar Oil Ltd., Thirumalai Chemicals Ltd., PAE Ltd. and Himatsingka Seide Ltd. He is also a member of the Audit Committee of Panasonic Battery India Co. Ltd., and Walchandnagar Industries Ltd. He is the Chairman of the Investors Grievances Committee of Panasonic Battery India Co. Ltd. and a member of the Investors Relations Committee of Essar Oil Ltd. and Share Transfer Committee of Thirumalai Chemicals Ltd.

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



# Essar Shipping Ports & Logistics Limited

(formerly known as Essar Shipping Limited)

## DIRECTORS' REPORT

### To the Members of Essar Shipping Ports & Logistics Limited

Your Directors take pleasure in presenting the Thirty-second Annual Report of your Company together with Audited Accounts for the year ended March 31, 2008. Pursuant to the provisions of section 219 of the Companies Act, 1956 and as permitted by the Securities and Exchange Board of India (SEBI), abridged accounts are enclosed. Any member interested in obtaining a copy of unabridged accounts may write to the Company Secretary at the Registered Office.

### FINANCIAL ANALYSIS:

A summary of the standalone and consolidated financial results of your Company for the year ended March 31, 2008 are furnished below:

(Rs. in crore)				
Particulars	Standalone		Consolidated	
	For the year ended 31-03-2008	For the year ended 31-03-2007	For the year ended 31-03-2008	For the year ended 31-03-2007
Total Income	1,063.93	1,045.13	2,255.67	1,682.70
Total Expenditure	598.73	719.00	1,460.36	1,301.41
EBITDA	465.20	326.13	795.31	381.28
Less: Interest & Finance charges	89.19	94.48	266.55	104.25
Less: Provision for Depreciation	106.64	90.51	221.48	112.03
Profit before tax	269.37	141.14	307.28	165.01
Less: Provision for Tax	(27.70)	(7.16)	(43.68)	(7.26)
Profit before Share of Minority Interest	241.67	133.98	263.60	157.75
Add : Share of Minority Interest	—	—	13.81	—
Profit after tax	241.67	133.98	277.41	157.75
Add: Balance in Profit and Loss Account as per last Balance Sheet	589.93	490.45	1,010.83	887.58
Less: Transfer to Tonnage Tax Reserve	(30.00)	(34.50)	(30.00)	(34.50)
Balance carried forward to Balance Sheet	801.60	589.93	1,258.24	1,010.83

### DIVIDEND:

During the year, your Company has consolidated the ports and terminals businesses into its fold and also proposes to bring in the oilfields & drilling services business through a merger. These businesses are highly capital intensive and nurturing these new businesses to their optimum value would require significant capital commitments. These investments will add value in the coming years. In order to plough back earnings into the growth of these businesses, no dividend for the current year has been recommended.

### MANAGEMENT DISCUSSION & ANALYSIS:

#### RE-ORGANISATION OF THE SHIPPING, PORTS AND LOGISTICS BUSINESS:

Your Company has re-organised its business with certain other businesses of the Essar Group to become a one-of-a-kind

integrated logistics company. As part of this re-organisation exercise, your Company has brought the ports and terminal assets under its fold. In order to become a fully integrated logistics solutions provider, it is proposed to also bring the oilfields & drilling services business carried on by Essar Oilfields Services Limited in its fold. With investments in dry bulk ports and oil terminals, crude and dry bulk carriers, port to plant logistics and interests in oil field services, this re-organisation will enable your Company to provide end-to-end logistics solutions to its customers. The business model adopted by your Company is unique in nature with no peer group having advantage of this model. The business model is driven on the intrinsic demand for transportation services and logistics & cargo handling infrastructure required by the growing steel, power generation and refining industry in India and worldwide. In order to reflect the new identity, the name of your Company has also been changed to Essar Shipping Ports & Logistics Limited.