ESSAR
SHIPPING

Essar Shipping Limited

1st annual report
2010-11

ESSAR SHIPPING

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Annual Report 2010-11

C O N T E N T S

ESSAR SHIPPING LIMITED

BOARD OF DIRECTORS

Anshuman Ruia
Director

R. N. Bansal
Independent Director

N. Srinivasan
Independent Director

K. V. Krishnamurthy
Independent Director

Deepak Kumar Varma
Independent Director

A. R. Ramakrishnan
Managing Director

Capt. Anoop Kumar Sharma
Whole-time Director

Ankur Gupta
Director

COMPANY SECRETARY
Vinayak Joshi

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

AUDIT COMMITTEE
Anshuman Ruia
K. V. Krishnamurthy
R. N. Bansal
N. Srinivasan

SHARE TRANSFER AND SHAREHOLDERS' GRIEVANCE COMMITTEE
Deepak Kumar Varma
A. R. Ramakrishnan
Capt. Anoop Kumar Sharma
Ankur Gupta

COMPENSATION COMMITTEE
Anshuman Ruia
R. N. Bansal
N. Srinivasan

REGISTERED OFFICE
Administrative Building
Essar Refinery Complex
Okha Highway (SH-25)
Taluka Khambalia
District Jamnagar
Gujarat - 361 305
Website: **www.essar.com**

REGISTRAR & TRANSFER AGENT
Data Software Research Company Private Limited
9, Pycroft Garden Road, Off Haddows Road
Nungambakkam, Chennai - 600 006
Tel: (044) 2821 2154, 2821 2207, Fax: (044) 2821 2133
E-mail: essar.shipping@dsrc-cid.in

CORPORATE OFFICE
Essar House
11, K. K. Marg
Mahalaxmi
Mumbai - 400 034

DIRECTORS' REPORT

To the Members of Essar Shipping Limited

Your Directors take pleasure in presenting the First Annual Report of your Company together with Audited Accounts for the year ended March 31, 2011. Pursuant to the provisions of Section 219 of the Companies Act, 1956 and as permitted by the Securities and Exchange Board of India (SEBI), the abridged annual accounts of the Company are enclosed. Any member interested in obtaining a copy of the unabridged accounts may write to the Company Secretary at the Registered Office.

1. FINANCIAL RESULTS:

The summary of the standalone and consolidated financial results of your Company for the year ended March 31, 2011 are furnished below:

(₹ in crore)

Particulars	Consolidated		Standalone	
	For the year ended 31.03.2011*	For the year ended 31.03.2010**	**For the year ended 31.03.2011***	For the Year ended 31.03.2010**
Total Income	1,342.80	–	546.95	–
Total Expenditure	1,005.81	–	287.27	–
EBITDA	336.99	–	259.68	–
Less: Interest & Finance charges	139.37	–	123.11	–
Less: Provision for Depreciation	162.23	–	56.90	–
Profit before Tax	35.39	–	79.67	–
Less: Provision for Tax	2.09	–	1.50	–
Profit before Share of Minority Interest	–	–	–	–
Add: Share of Minority Interest (loss)	–	–	–	–
Profit after Tax	33.30	–	78.17	–

The Composite Scheme of Arrangement for demerger of shipping, oilfields and logistics business of Essar Ports Limited (formerly known as Essar Shipping Ports & Logistics Limited) into Essar Shipping Limited became effective on May 9, 2011 and all assets and liabilities pertaining to shipping, logistics and oilfields business stood transferred to Essar Shipping Limited from the appointed date i.e., October 1, 2010, accordingly there are no comparative figures available.

* Performance for the period April 16, 2010 to March 31, 2011.

** The Company was incorporated on April 16, 2010. Since this is the first year of operations of the Company, previous year figures have been shown as Nil.

2. SCHEME OF ARRANGEMENT

Essar Shipping Ports & Logistics Limited (ESPLL) has successfully implemented the Scheme of Arrangement whereby Essar Ports & Terminals Limited and Essar International Limited got amalgamated with ESPLL and the Shipping & Logistics and Oilfields Drilling businesses were demerged into your Company.

The Demerger has resulted in the vesting of the Shipping & Logistics and Oilfields Drilling businesses into your Company. The Scheme has resulted in focused business operations of the Company and will give the Company increased flexibility in taking advantage of the huge growth opportunities in the business segments it operates in.

The authorised share capital of the Company was increased to ₹ 500,00,00,000/- from ₹ 5,00,000/-.

The Board of Directors of your Company have on May 21, 2011 issued and allotted 20,52,27,768 equity shares of ₹ 10/– each credited as fully paid to all eligible members of ESPLL as on May 19, 2011 being the Record Date fixed for ascertaining the members eligible to receive the shares of your Company pursuant to the demerger. Consequently the issued, subscribed and paid up share capital of your Company currently stands at Rs, 205,22,77,680/-. The shares of your Company shall be listed on the Bombay Stock Exchange and the National Stock Exchange.

3. DIVIDEND

Your Company which comprises of Sea Transportation, Oilfield Services and Logistics Businesses is currently expanding the capacities in these 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, 2011.

4. MANAGEMENT DISCUSSION & ANALYSIS

Overview of the World Economy

The world is gradually recovering from the shocks of the most severe recession since World War II. After fighting off the economic depression with massive public investment, the major concern today is to maintain growth without inflation as most developing nations have reached the pre-crisis activity levels. While the developing nations strengthen their financial policies to contain inflation, the developed economies seem to be continuing with the post-crisis clean up job. Two major events affecting the global economy this fiscal were the earthquake and tsunami in Japan and the continuing political struggle in the Middle East and North Africa, both of which have negatively affected the global economy. Emerging economies in Asia and the BRICS are expected to lead the global economic growth scenario, led by robust domestic consumption and a strong demand for global oil and mineral resources. China overtook Japan as the world's second largest economy this fiscal highlighting the changing global economic scenario.

The IMF predicts the global GDP to grow at 4.3% in 2011, down from its previous estimate of 4.4% and much lower than the growth of 5.1% in 2010, with the high-income nations growing at a meager 2.2%, mainly due to the Japanese earthquake and tighter policy measures. The developing economies are expected to grow at a strong 6.3%, even as developing economies around the world fight rising domestic inflation and take steps to avoid overheating.

The Euro zone is facing a severe debt crisis as it scrambles to bail out several of its members. The ECB has already spent over Euro 250 billion to fund the bailouts of three member nations even as the Euro faced downward pressure against the U.S. Dollar as the ECB prepares to slowly raise rates after a two year lull. Coupled with low growth prospects, The Euro zone may be entering a phase of severe economic austerity and the IMF predicts the Euro area to grow by 2% this fiscal.

The US economy is on the recovery path but will grow at a lower rate than previously estimated mainly due to higher global oil prices and a lower than expected factory output. The US economy is expected to grow at 2.5% in 2011, below its growth of 2.9% in 2010. The key focus areas for the high-income countries going forward will be deficit reduction and employment generation.

Overview of the Indian Economy

The Indian economy grew at an average annual GDP growth of over 9 per cent during the period 2005 to 2008, before slowing down to 6.1% due to the global financial crisis. After growing at 10.4% in 2010, the first time that the economy grew in double digits, the Indian economy is expected to grow at 8.2% in 2011. The RBI revised India's growth rate for 2011 downwards by 1 percentage point and expects it to grow at 8% this fiscal year. India's fiscal deficit is expected to fall in the coming years, though is expected to remain high at 4.6% of the GDP in 2011. Similarly, its debt ratio is expected to fall mainly due to higher output.

Inflation remains the biggest worry in the Indian political and economic circles as economists warn high food and global oil prices can hamper growth. Continuing its hawkish stance, the RBI has raised key rates 10 times in the past 15 months, most recently in June when it raised its key policy rate by 25 basis points to 5.7%. Higher interest rates will affect private capital expenditure and hurt growth as global bankers do not rule out further hikes in the future as core inflation continues to remain above RBI's comfort zone.

Global commodity pressures continue to remain a worry for India as its demand for global oil and mineral assets grows. Higher commodity prices, particularly food, will also put an upward pressure on wages, affecting India's competiveness in several industries. Several sectors may face lower demand due to higher interest rates.

YOUR COMPANY'S BUSINESS PERFORMANCE, OPPORTUNITIES AND OUTLOOK

The business model adopted by your Company is unique in nature with no peer group comparison. The business is based on the intrinsic and captive demand for transportation services and logistics & cargo handling infrastructure required by the steel, power generation and refining industry. With interests in crude and dry bulk carriers, port to plant logistics and oilfield services, your Company continues to provide end-to-end logistics solutions to its customers in a very cost effective manner.

a) **Sea Transportation Business:**

The global tanker and bulk carrier markets are still hampered by an oversupply of vessels amid weaker economic cues thus indicating a continued period of soft rates. However, the spot freight rates seemed to have stopped their downward spin in the recent past and it seems that the market may have bottomed out and even picked slightly, although the weak global economic cues will curtail significant growth in output and rates may not improve much in the near term.

In 2010, the main driver of global demand for commodities was China, and as the world's second largest economy takes steps to cool down its overheating economy and prevent an asset bubble, the growth in its demand for commodities is expected to remain subdued. At the same time, coal production in Australian mines was cut off due to flooding, thus depressing the rates further. Coal trade is expected to grow at 6+% in 2011 as India and China continue to use it as the primary source of fuel for power.

The global oversupply of bulk carriers, particularly capesize vessels, resulted in poor market conditions. However, new building addition is expected to slow, albeit slowly, as buyers cancel or put on hold new buildings and ship builders are asked to delay construction. The impact of the International Maritime Organization (IMO) regulations requiring the phasing out of single hull vessels by 2010 should be behind the global tanker market in the coming year. With Japan rebuilding its physical infrastructure and major developing economies continuing their infrastructure push, bulker rates may see slight improvements in the near future.

Even as global oil supplies experienced some major production shifts, with output from Libya coming to a halt and OPEC increasing production to make up for the deficit. Increased OPEC production is expected to lead to a stronger tanker market in 2011. Global oil demand is expected to grow by 1.7% to 89.4 MMbpd, lower than the growth rate of 3.4% in the previous year.

A significant shift is also being witnessed in the global sources of oil and minerals. With depleting coal supplies at home, China and India are now importing coal from as far as South America, and countries like Brazil and Russia are increasing their production of oil, thus necessitating newer sea routes and contracts.

With an experience of over 250 ship years and a diversified fleet of 25 vessels, Your Company's sea transportation business has an integrated business model that provides opportunities to cater to the complete supply chain management services to clients in the oil and gas, steel and power generation businesses.

The Sea Transportation business fleet includes two modern double hull Very Large Crude Carriers (VLCC) which are employed on time charter with global oil majors. Your company owns a fleet of six capesize dry bulk carriers which are employed with domestic and international steel mills. Your company has long term Contracts of Affreightment (CoA) for transportation of iron ore, coal, limestone etc.

Your Company will add to its fleet 12 new vessels in the next two years that will be employed on long term contracts for transportation of coal, iron ore and other raw materials for the steel and power sector. With its entire fleet under a CoA or time charter, your Company's exposure to the volatile spot market is greatly reduced.

b) Oilfields Services Business:

Global demand for offshore services is likely to revive gradually in line with a positive outlook on crude. New supplies of assets are expected to continue through 2011. Hence, while demand for rig services will revive gradually, continued inventory supply may keep rates tepid for some time along with idling of rigs. As off-shore drilling stretches out to newer regions, older rigs will face a pressure to upgrade to newer technologies or be phased out.

With a surge in oil prices over the last five years and improved technology, deepwater projects which were unviable in the past due to very low oil prices have become economically viable. This has warranted huge investments in the offshore space leading to increased demand for offshore support services. Global drilling in shallow waters is expected to decline as exploration companies explore more offshore prospects, including previously untapped regions such as the Arctic seas of Russia and production from traditional regions such as Norway decline.

Global oil demand grew at higher than expected 3.4% to 87.9 MMbpd in 2010, and is expected to grow at 1.7% in 2011 to 89.4 MMbpd, backed by continued global recovery efforts and higher demand expected from Japan as it rebuilds itself post-tsunami and looks to displace nuclear power with conventional power. China's oil imports, despite its efforts to slow down its overheating economy, are expected to account for 40% of the total increase in global oil demand, in addition to expanding in tons per mile, as it imports more from sources in West Africa and South America. The past year also witnessed a shift in production areas, as Russia and Brazil increased their output and OPEC pumped up its production levels on higher global demand and disruption in supply from Libya. As crude continues to hover above $100, off-shore drilling companies are expected to continue to focus on new explorations.

In its annual forecast, the Energy Information Administration (EIA) said that global oil demand will average about 105 million barrels per day in 2030 and almost 111 million bpd in 2035. Developing countries like China and India are expected to account for most of this increase in global oil demand.

The domestic offshore services sector is poised for significant growth on the back of recent successes by Reliance, ONGC and others under the New Exploration Licensing Policy (NELP), growing offshore crude/gas production, and monetization of new discoveries in basins like KG, Cambay and Mahanadi. This is likely to be a catalyst for demand for offshore supply vessels, drilling units and construction services.

During the 11th five year plan period, the total sedimentary basin area to be brought under exploration coverage is being targeted at 80%. Under NELP-VIII, the highest numbers of blocks were awarded for exploration, covering an area of 1.63 lakh sq. km. Further, the Government's Hydrocarbon Vision 2025 envisages a program for a comprehensive appraisal of all of India's basins by 2025, which augurs well for the offshore drilling industry. Hence strong domestic demand and relatively improved market conditions are likely to favour Indian rig owners going forward.

With an increase in demand for oil as envisaged, the demand-supply deficit is bound to increase going forward. Thus, tightening of oil supply, combined with a long term growth in demand, imply stable to increasing oil prices.

Your company, through its wholly owned subsidiary, Essar Oilfields Services Limited (EOSL), has recently qualified for a contract with ConocoPhillips to deploy its semisubmersible offshore rig Essar Wildcat in Indonesian waters for drilling 12 wells after the successful completion of its contract with Vietsovpetro. Land rig MR1 successfully completed drilling 2 wells for Schlumberger for their shale gas project with ONGC. Your company's Oilfield Services business has two jack-up rigs on order that will be delivered during this financial year. These rigs will be capable of drilling deeper and be able to withstand harsh environments.

c) Logistics Business:

Road transportation dominates the logistics market as it enables point-to-point transportation, effective tracking of cargo and limited multiple handling of consignments. Moreover, improved road infrastructure and higher capacity trucks (multi axle vehicles) have reduced transit times, thereby further improving the competitiveness of road transportation for shorter lead distances (<500 kms). The outlook for the road freight transport sector heavily depends on the outlook for other sectors such as agriculture and industry.

90 percent of India's logistics sector is unorganized but highly evolving. While the industry has been growing at

almost 10 percent in the past few years, the organized players have witnessed a much higher growth, thus shifting the weight in their favour. With the proposed Goods & Services Tax (GST), major gains are expected for the organized players, as infrastructure continues to remain a bottleneck. With a renewed push from the Government towards construction of national highways and expressways, fleet owners are expected to continue their drive to replace their fleets with newer and more powerful vehicles.

Your Company through its wholly owned subsidiary Essar Logistics Limited (ELL), carries out the business of logistics management, transshipment and port services and specializes in handling, storage distribution and movement of cargo by sea, road and rail. ELL operates a fleet of over 5,000 trucks for the movement of petroleum and steel products all across the country and handles the inter-carting activity of Essar Steel's Hazira plant. ELL plans to acquire more assets in the future to augment its cargo movement capabilities.

5. RISK MANAGEMENT

Economic Risks: As a business philosophy, your Company has followed the conservative policy of entering into long term contracts with reputed global majors in each of its divisions thereby ensuring long term profitability of the Company and assured cashflows.

Forex Risk: A majority of the revenues of your Company are in foreign currency which creates a natural hedge against foreign exchange exposures. Apart from this, Essar Group's specialised forex team provides efficient advice to mitigate the exchange risk of your Company.

Interest Rate Risk: Your Company has been 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.

6. QUALITY, SAFETY AND ENVIRONMENT

Your Company, in order to ensure highest standard of safety, has implemented and initiated various measures with respect to Quality, Safety and Environment Management Systems. The initiatives by your Company have been rewarded with several recognitions. Some of the noticeable ones amongst the many are as follows:

a) OHSAS 18001 certified by American Bureau of Shipping (ABS); first and only shipping company in India to obtain this certification.

b) ISO 9001:2000 and ISO 14001:2004 certification to the Sea Transportation business by ABS Quality Evaluations Inc.

c) Essar Wildcat awarded by the International Association of Drilling Contractors (IADC) for achieving 2 years without LTI.

d) Essar Wildcat received positive recommendations on its external HSE audit conducted by ABS.

e) Land Rig MR#1 recorded zero LTI since its inception in Schlumberger's India shale gas project.

7. INTERNAL CONTROL FRAMEWORK

Your Company conducts its business with integrity, high standards of ethical behavior and in compliance with the laws and regulations that govern its business. 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.

8. 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 of its business. Further the Company has taken a series of initiatives to enhance emotional and intellectual engagement of employees with the Company and its business.

9. 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.

10. SUBSIDIARIES:

Post the Scheme of Arrangement, following are the subsidiaries of your Company:

1. Essar Logistics Limited
2. Essar Oilfields Services Limited
3. Essar Oilfield Services (India) Limited
4. Energy Transportation International Limited
6. 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. 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.

11. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. A. R. Ramakrishnan retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. V. Ashok, Mr. Rajiv Agarwal and Mr. Shailesh Sawa have resigned from the Directorship of your Company. Your Board places on record their appreciation for the valuable contribution made by these Directors in the progress of the Company.

Mr. Anshuman Ruia, Mr. R. N. Bansal, Mr. N. Srinivasan, Mr. K. V. Krishnamurthy, Mr. Deepak Kumar Varma and Mr. Ankur Gupta have been appointed as Additional Directors. They will cease to be Directors on the date of the ensuing Annual General Meeting. The Company has received notices from members proposing the appointment of Mr. Anshuman Ruia, Mr. R. N. Bansal, Mr. N. Srinivasan, Mr. K. V. Krishnamurthy, Mr. Deepak Kumar Varma and Mr. Ankur Gupta as Directors of the Company.

Capt. Anoop Kumar Sharma was appointed as Additional Director in the wholetime employment of the Company designated as CEO – Sea Transportation Business. Capt. Sharma holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice from members proposing the appointment of Capt. Sharma as Director in the wholetime employment of the Company designated as CEO – Sea Transportation Business of the Company.

12. AUDITORS

Your Company's Auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Registration No. 117365W) retire at the ensuing Annual General Meeting. It is proposed to re-appoint M/s. Deloitte Haskins & Sells, Chartered Accountants as the Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

13. CORPORATE GOVERNANCE

The Company has complied with the requirements under the Corporate Governance reporting system. 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".

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

This does not apply to your Company as the Shipping industry is not included in the Schedule to the relevant rules.

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.)	:	₹ 359.38 crore
(2)	Used (including cost of acquisition of ships, loan repayments, interest, operating expenses, etc.)	:	₹ 353.40 crore

The Company has been exempted by the Central Government vide their Letter F. No. 46/45/2011-CL-III dated January 24, 2011 Under Section 211(4) of the Companies Act, 1956, from disclosing quantitive details in compliance with paras 4 D (a), (b), (c) and (e) of Part - II of Schedule - VI to the Companies Act, 1956 as Amended vide Notification No. GSR. 494(E) dated October 30, 1973.

15. PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given in the Annexure forming part of this Report. However, 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 said Act. 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.

16. 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.

17. FIXED DEPOSITS

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

18. APPRECIATION AND ACKNOWLEDGEMENTS

Your Directors express their sincere thanks and appreciation to all the employees for their commendable teamwork and contribution to the growth of the Company.

Your Directors also thank its bankers and other business associates for their continued support and co-operation during the year.

For and on behalf of the Board

Mumbai	**A. R. Ramakrishnan**	**K. V. Krishnamurthy**
July 4, 2011	Managing Director	Director

CORPORATE GOVERNANCE REPORT

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

Code of Conduct for Board Members and 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 a declaration of compliance with the Code of Conduct from Directors and Senior Management Personnel. The declaration by the Executive Director affirming compliance of the Board of Directors and Senior Management Personnel to the Code of Conduct is given in this Report.

2. **Board of Directors**

Your Company has an optimum combination of Executive and Non-Executive Independent Directors on the Board. The Board comprises of 8 (Eight) Directors out of which (Four) are Non-Executive.

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, 2011 the Board consisted of five members namely Shri Rajiv Agarwal, Shri K. K. Sinha, Shri A. R. Ramakrishnan, Shri V. Ashok and Shri Shailesh Sawa. Post the Composite Scheme of Arrangement, as approved by the Hon'ble High Court of Gujarat at Ahmedabad, the new composition, category of directors **(Post De-merger)** and directorships held in other companies as of May 23, 2011 was as under:

Name of Director	Category of Director	* No. of outside Directorships in other Indian public companies	**No. of Committee positions held in other public companies	
			Chairman	Member
#Mr. Anshuman Ruia	Promoter Non-Executive	8	–	–
#Mr. R. N. Bansal	Independent Non-Executive	10	4	8
#Mr. N. Srinivasan	Independent Non-Executive	14	4	5
#Mr. K. V. Krishnamurthy	Independent Non-Executive	10	4	3
#Mr. Deepak Kumar Varma	Independent Non-Executive	1	–	1
#Mr. A.R. Ramakrishnan (Managing Director)	Non-Promoter Executive	4	–	3
@Capt. Anoop Sharma	Whole Time Director	–	–	–
#Mr. Ankur Gupta	Non-Promoter Non Executive	1	–	1

@ Capt Anoop Sharma appointed as Whole Time Director w.e.f., May 9, 2011
# Appointed w.e.f., May 23, 2011.
* excludes foreign companies, private limited companies, Section 25 companies and Alternate Directorships.
** includes membership of Audit and Share Transfer & Shareholders' Grievance Committee only.

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" given 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 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 made by the Directors.

B. **Details of Board Meetings held during the year:**

Sr. No.	Date	Board Strength	No. of Directors present
1	April 19, 2010	3	3
2	April 22, 2010	3	3
3	May 25, 2010	3	3
4	June 19, 2010	3	3
5	August 2, 2010	4	4
6	August 9, 2010	4	4
7	August 23, 2010	4	4
8	August 25, 2010	4	4
9	September 9, 2010	4	4
10	October 20, 2010	5	5
11	November 26, 2010	5	5
12	November 29, 2010	5	5
13	February 2, 2011	5	3