

## **Essar Shipping Limited**

**3<sup>rd</sup> Annual Report 2012-13**

Second Sustainability Report

for

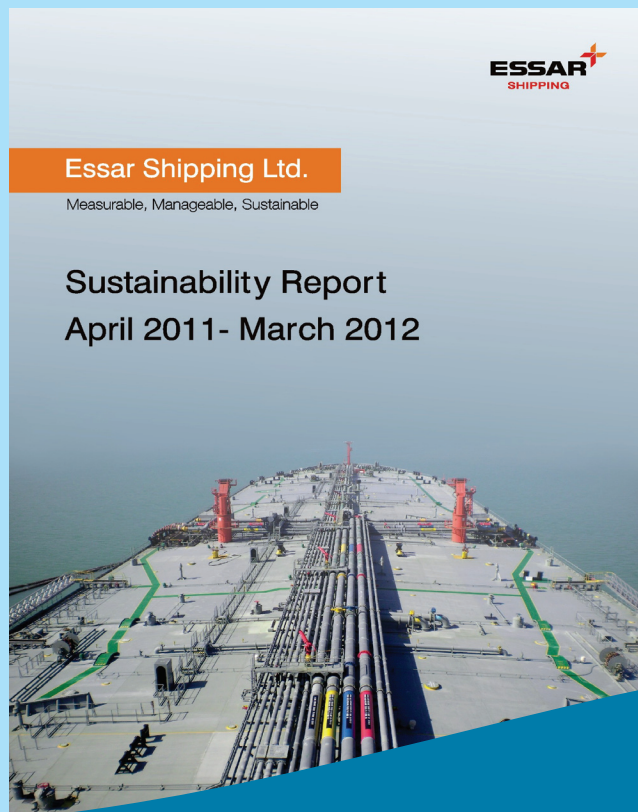
Essar Shipping Limited, 2012

**“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<sup>§</sup>**

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

**SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE<sup>§</sup>**

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

**COMPENSATION COMMITTEE<sup>§</sup>**

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

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE<sup>§</sup>**

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
<b>Appropriations:</b>				
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