



ANNUAL REPORT 2013-14
Essar Shipping Limited



BOARD OF DIRECTORS

Mr. P. K. Srivastava
Chairman

Mr. A. R. Ramakrishnan
Managing Director

Mr. Michael P. Pinto[^]
Independent Non-Executive Director

Mr. N. Srinivasan
Independent Non-Executive Director

Mr. N. C. Singhal[^]
Independent Non-Executive Director

Captain Bhupinder Singh Kumar[^]
Independent Non-Executive Director

Captain Anoop Kumar Sharma
Chief Executive Officer

Mr. Ankur Gupta
Director

[^] Appointed as Additional Director with effect from August 7, 2013

COMPANY SECRETARY

Mr. Hitesh Kumar Jain (From August 12, 2014)

Mr. Vinayak Joshi (Till May 31, 2014)

AUDITORS

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

COMMITTEES OF THE BOARD**AUDIT COMMITTEE**

Mr. Michael P. Pinto (Chairman)

Mr. N. Srinivasan

Captain Bhupinder Singh Kumar

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Captain Bhupinder Singh Kumar (Chairman)

Mr. A. R. Ramakrishnan

Captain Anoop Kumar Sharma

NOMINATION & REMUNERATION COMMITTEE

Mr. N. Srinivasan (Chairman)

Captain Bhupinder Singh Kumar

Mr. Michael P. Pinto

Mr. P. K. Srivastava

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Captain Bhupinder Singh Kumar (Chairman)

Mr. A. R. Ramakrishnan

Captain Anoop Kumar Sharma

Mr. Ankur Gupta

REGISTERED OFFICE

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

CORPORATE OFFICE

Essar House
11, K. K. Marg
Mahalaxmi
Mumbai - 400 034
Maharashtra, India
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 Fourth 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 Khambalia, District - Jamnagar, Gujarat - 361 305 at 10:00 a.m. on Friday, September 26, 2014 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Statement of Profit and Loss for the Year Ended March 31, 2014 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. P. K. Srivastava (DIN: 00843258), who retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
3. To re-appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Registration No.117365W) as the Statutory Auditor 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

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (the 'Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. N. Srinivasan (DIN: 00004195), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who was appointed as a Director and in respect of whom the Company has received notice in writing in the prescribed manner under Section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board for a consecutive period of 3 (Three) years, for a term up to the conclusion of the Seventh Annual General Meeting of the Company in the calendar year 2017.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed/considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto and to give effect to the resolution."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (the 'Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or

re-enactment(s) thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. N. C. Singhal (DIN: 00004916), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who was appointed as a Director and in respect of whom the Company has received notice in writing in the prescribed manner under Section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board for a consecutive period of 3 (Three) years, for a term up to the conclusion of the Seventh Annual General Meeting of the Company in the calendar year 2017.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed/considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto and to give effect to the resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (the 'Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Clause 49 of the Listing Agreement, Captain Bhupinder Singh Kumar (DIN: 00284649), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who was appointed as a Director and in respect of whom the Company has received notice in writing in the prescribed manner under Section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board for a consecutive period of 3 (Three) years, for a term up to the conclusion of the Seventh Annual General Meeting of the Company in the calendar year 2017.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed/considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto and to give effect to the resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152, read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (the 'Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Michael P. Pinto (DIN: 00021565), a non-executive independent director

of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who was appointed as a Director and in respect of whom the Company has received notice in writing in the prescribed manner under Section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board for a consecutive period of 3 (Three) years, for a term up to the conclusion of the Seventh Annual General Meeting of the Company in the calendar year 2017.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed/considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto and to give effect to the resolution."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203, read with Schedule V of the Companies Act, 2013 (the Act) and all other applicable provisions of the Act, if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approval from the Central Government or any other authority, as may be required, consent of the Company be and is hereby accorded to the appointment of Mr. A. R. Ramakrishnan (DIN: 00583765) as the Managing Director (the Wholetime Key Managerial Personnel) of the Company for a period of 3 (Three) years commencing from May 23, 2014 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors (hereinafter referred to as, the Board, which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment, as may be agreed to between the Board and Mr. A. R. Ramakrishnan.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed/considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto and to give effect to the resolution."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203, read with Schedule V of the Companies Act, 2013 (the Act) and all other applicable provisions of the Act, if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approval from the Central Government or any other authority, as may be required, consent of the Company be and is hereby accorded to the appointment of

Captain Anoop Kumar Sharma (DIN: 03531392) as the Wholetime Director designated as Chief Executive Officer (the Wholetime Key Managerial Personnel) of the Company for a period of 3 (Three) years commencing from May 23, 2014 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors (hereinafter referred to as, the Board, which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment, as may be agreed to between the Board and Captain Anoop Kumar Sharma.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed/considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto and to give effect to the resolution."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and any rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), consent and approval of the Company be and is hereby accorded to the Board of Directors (hereinafter reference to as 'the Board' which terms shall include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) for borrowing or continuing to borrow any sum or sums of money, from time to time, from State or Central Government or one or more bodies corporate or Banks or Financial Institutions or Overseas Corporate Bodies or Foreign Financial Institutions or any other agency either domestic or foreign or the public, either resident / non-resident by way of cash credit, advances, deposits, bill discounting or bridge loans, term loans or any other loans or otherwise and whether in Indian currency or in foreign currency, whether unsecured or secured and if secured, by mortgage, charge, hypothecation or lien or pledge or any other encumbrances over the Company's assets and properties whether movable and / or immovable or stock-in-trade (including book debts, bills, raw materials, stores and spare parts and components in stock or in transit) and debts and advances including uncalled capital and work in progress and all or any of the undertakings of the Company, notwithstanding that the sum or sums so borrowed together with the money, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of ₹ 5000,00,00,000/- (Rupees Five Thousand Crore only) over and above the aggregate of the paid up share capital of the Company and its free reserves.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with any or all of the aforesaid parties, terms, conditions, documents etc. and do all such acts, deeds, matters and things as may be deemed/considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto, or otherwise considered by the Board to be in the best interest of the Company and to give effect to the foregoing resolution."

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and any rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), subject to such approvals, consents, sanctions and permissions, as may be necessary, and the Articles of Association of the Company and all other provisions of applicable laws, consent and approval of the Company be and is hereby accorded to the Board of Directors (hereinafter reference to as 'the Board' which terms shall include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) for creating mortgages and/or charges, hypothecation, pledge and/or any other encumbrances on such terms and conditions and at such time(s) and in such form and manner as it may think fit, on all or any of the movable and/or immovable properties of the Company, wheresoever situated, both present and future or the whole or substantially the whole of any one or more of the Company's undertaking(s) in favour of all or any of the public or private financial institutions, banks, lenders, financiers, trustees, investing agencies, companies, bodies corporate or any other person(s)/entities, or any combination of the above, whomsoever participating in extending financial assistance, to secure term loans, rupee loans, working capital facilities, foreign currency loans, debentures, bonds, convertible loans, fully/partly paid convertible/non-convertible bonds, financial facilities/assurances or any other debt instruments (by private placement basis or otherwise) or any other type of financial assistances, together with interests, commitment charges, premium on prepayment and on redemption, costs, charges, expenses and all other monies payable by the Company in terms of the respective loan agreements / heads of agreements/letters of sanction, memorandum of terms and conditions etc., entered into or to be entered into by the Company in respect of the aforesaid loans / financial assistances/debentures obtained/to be obtained as may be agreed to by the Board, up to an equivalent aggregate amount as approved by the members pursuant to Section 180(1)(c) of the Companies Act, 2013 and as amended from time to time.

RESOLVED FURTHER THAT the securities to be created by the Company as aforesaid may rank pari passu with the mortgages and/or charges already created or to be created from time to time in future by the Company or vary and /or alter the terms and conditions of the security created/to be created as aforesaid or in such other manner and ranking as may be thought expedient by the Board and as may be agreed to amongst the concerned parties.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise and execute any and all agreements and documents, necessary for creating mortgages and / or charges as aforesaid and do all such acts, deeds, matters and things as may be deemed/considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto, or otherwise considered by the Board to be in the best interest of the Company and to give effect to the foregoing resolution."

By Order of the Board

Mumbai
August 8, 2014

A. R. Ramakrishnan
Managing Director

Registered Office:
Essar Shipping Limited
Administrative Building
Essar Refinery Complex
Okha Highway (SH - 25)
Taluka Khambalia
District Jamnagar
Gujarat - 361 305
CIN: L61200GJ2010PLC060285

Notes:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Pursuant to the provisions of Section 105 of the Companies Act, 2013 ('the Act'), a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. **The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting.** A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
- Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
- The Register of Members and Share Transfer Books of the Company shall remain closed from September 12, 2014 to September 26, 2014, both days inclusive.
- 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.
- An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto.
- 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. 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.
8. Details under Clause 49 of the Listing agreement with the Stock Exchanges in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, is separately annexed hereto. The Directors seeking appointment/reappointment have furnished the declaration under Rule 14 of the Companies (Appointment and Qualification of Directors) Rules, 2014 as required under Section 164(2) of the Act. The Register of Directors' and Key Managerial Personnel and their shareholding and the Register of Contracts and Arrangements in which directors are interested shall be open for inspection at the meeting to any person having right to attend the meeting.
9. 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.
10. In accordance with Section 20 of the Act and Companies (Management and Administration) Rules, 2014, service of documents on members by a company is allowed through electronic mode. Accordingly, as a part of Green Initiative, soft copy of the Annual Report for the Year Ended March 31, 2014 has been sent to all the members whose email address(es) are registered with the Company/Depository Participant(s) unless any member has requested for a hard copy of the same. Further, in terms of SEBI Circular No. CIR/CFD/DIL/7/2011, dated October 5, 2011, the hard copies of Abridged Annual Report have been sent to all other members who have not registered their email address(es). Members, who have not yet registered their email address with the Company/RTA/ Depository Participant are requested to register their email address at the earliest.
11. The Securities and Exchange Board of India has notified that the Members/ transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their Income Tax Permanent Account Number (PAN) card to the Company / RTA while transacting in the securities market including transfer, transmission or any other corporate action. Accordingly, all the Members/transferee of shares (including joint holders) in physical form are requested to furnish a certified copy of their PAN Card to the company/ RTA while transacting in the securities market including transfer, transmission or any other corporate action.
12. The shares of the Company are under compulsory Demat trading. Members holding shares in physical form are requested to convert their shares into dematerialized form in their own interest and convenience purpose.
13. Pursuant to Section 101 and Section 136 of the Act read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. 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. 101 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 Depository Participant(s) only.
 - c. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
14. **Voting through electronic means:**

Pursuant to Section 108 of the Act, read with the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means (e-voting) in respect of the resolutions contained in this Notice.

The Members, whose names appear in the Register of Members / list of Beneficial Owners as on August 22, 2014 as cut-off date are entitled to vote on the Resolutions set forth in this Notice. Members who have acquired shares after the despatch of the Annual Report and before the book closure may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.

The e-voting period will commence at 9.00 a.m. on Friday, September 19, 2014 and will end at 5.00 p.m. on Monday, September 22, 2014. The Company has appointed Mr. Bhavin Mehta, Practising Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast.

The Company is providing e-voting facility to its members to enable them to cast their votes electronically. The Company has entered into an arrangement with National Securities Depository Limited (NSDL) for facilitating e-voting for AGM. Members are requested to carefully read the instructions for e-voting before casting their vote.

(a) In case of Members receiving an e-mail from NSDL:

 - (i) Open the PDF file 'ESL e-Voting.pdf' attached to the e-mail, using your Client ID / Folio No. as password. The PDF file contains your User ID and Password for e-voting. Please note that the Password provided in PDF is an 'Initial Password'.
 - (ii) Launch an internet browser and open <https://www.evoting.nsdl.com/>
 - (iii) Click on Member - Login.
 - (iv) Insert 'User ID' and 'Initial Password' as noted in step (i) above and click 'Login'.

- (v) Password change menu will appear. Change the Password with a new Password of your choice. Please keep a note of the new Password. It is strongly recommended not to share your Password with any person and take utmost care to keep it confidential.
- (vi) Home page of e-voting will open. Click on e-Voting - Active Voting Cycles.
- (vii) Select 'E-Voting Event Number (EVEN)' of Essar Shipping Limited.
- (viii) Now you are ready for e-voting as 'Cast Vote' page opens.
- (ix) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'Confirm' when prompted.
- (x) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional Members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at bhavinmehta2001@gmail.com with a copy marked to evoting@nsdl.co.in.

(b) In case of Members receiving physical copy of the Notice of AGM and Attendance Slip

- (i) Initial Password is enclosed separately with the Annual Report in the following format.

| EVEN (E-Voting Event Number) | USER ID | PASSWORD |
|---------------------------------|---------|----------|
| - | - | - |

- (ii) Please follow all steps from Sr. No. (i) to Sr. No. (xii) above, to cast vote.

General

- I. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of NSDL's e-voting website www.evoting.nsdl.com.
- II. If you are already registered with NSDL for e-voting then you can use your existing User ID and Password for casting vote.
- III. The voting rights shall be as per the number of equity share held by the Member(s) as on August 22, 2014. Members are eligible to cast vote electronically only if they are holding shares as on that date.
- IV. The Companies (Management and Administration) Rules, 2014 provides that the electronic voting period shall be completed three days prior to the date of AGM. Accordingly, the e-voting period will commence at 9.00 a.m. on Friday, September 19, 2014 and will end at 5.00 p.m. on Monday, September 22, 2014. The e-voting module shall be disabled by NSDL at 5.00 p.m. on Monday, September 22, 2014.

- V. The results shall be declared on or after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4 to 7

As per Section 149(5) of the Companies Act, 2013 ('the Act') the Company is required to appoint Independent Directors under section 149(4) of the Act, within a period of one year from April 1, 2014 i.e. the date of commencement of the said Section and Rules made there under. Since the Company had already appointed Mr. N. Srinivasan, Mr. N. C. Singhal, Captain Bhupinder Singh Kumar and Mr. Michael P. Pinto, as Non-Executive Independent Directors in the past, in terms of Companies Act, 1956 and the Listing Agreement with the Stock Exchanges, the Board of Directors in their meeting held on August 8, 2014 has recommended to reappoint the above said directors as Non-Executive Independent Directors within the meaning of Sections 149 and 152 [including Section 149(10)] of the Act read with Schedule IV attached thereto and Rules made thereunder, for a term of 3 (Three) consecutive years with effect from the date of this Annual General Meeting upto the conclusion of Annual General Meeting of the Company to be held in the Calendar Year 2017.

The Company has received declarations from Mr. N. Srinivasan, Mr. N. C. Singhal, Captain Bhupinder Singh Kumar and Mr. Michael P. Pinto, that they meet the criteria of independence as prescribed under Section 149 (6) of the Act, and also under Clause 49 of the Listing Agreement with the Stock Exchanges. They have further confirmed that they are not disqualified from being appointed as Director under Section 164 of the Act.

The Board of Directors is of the opinion that Mr. N. Srinivasan, Mr. N. C. Singhal, Captain Bhupinder Singh Kumar and Mr. Michael P. Pinto are persons of integrity and possess relevant expertise and experience and are eligible and fulfils the conditions specified by the Act, for the position of an independent director of the Company. The Board considers that their association as Directors will be beneficial to and be in the interest of the Company. The brief resume of the said Directors, the nature of their expertise in specific functional areas, names of companies in which they have held directorships, committee memberships/ chairmanships, their shareholding etc., are separately annexed hereto. A copy of respective draft letters of appointment of Mr. N. Srinivasan, Mr. N. C. Singhal, Captain Bhupinder Singh Kumar and Mr. Michael P. Pinto as Non-Executive Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

The Company has received notices in writing from members, along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of each of the aforesaid Directors for the office of Directors of the Company. This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Board of Directors recommend the resolutions for your approval. The said independent directors are not related to any of the Directors or Key Managerial Personnel (including relatives of Directors or Key Managerial Personnel) of the Company in terms of Section 2(77) of the Act.

None of the Directors and Key Managerial Personnel of the

Company (including relatives of directors or Key Managerial Personnel) other than the respective Non-Executive Independent Director himself, is concerned or interested, financially or otherwise, in these resolutions.

Item No. 8

Mr. A. R. Ramakrishnan was appointed as the Managing Director of the Company by the Board of Directors at their meeting held on May 23, 2011 and Members of the Company, thereafter approved his appointment, as such, at the Annual General Meeting held on September 9, 2011 for a period of 3 (three) Years with effect from May 23, 2011.

The Board of Directors at their meeting held on May 20, 2014, based on the recommendation of Compensation Committee of directors (redesignated as Nomination and Remuneration Committee) and Audit Committee of Directors at their Meeting held on May 20, 2014, respectively, subject to the approval of the Members, had appointed Mr. A. R. Ramakrishnan as the Whole-time Director, designated as the Managing Director of the Company (as the Whole-time Key Managerial Personnel) from May 23, 2014 to May 22, 2017. The gist of material terms and conditions relating to his appointment are as follows:

Office of Appointment: Wholetime Director, Designated as the Managing Director (the Wholetime Key Managerial Personnel)

Period of Appointment: Upto three years w.e.f., May 23, 2014 co-terminus with the Company Policy.

In consideration of his duties, Mr. Ramakrishnan shall be paid the following remuneration;

Remuneration:

Basic Salary: Basic salary in the range of ₹ 5,00,000/- to ₹ 10,00,000/- per month, as may be determined by the Board of Directors or such other authority as may be delegated by the Board.

In addition to the Basic Salary, Mr. A. R. Ramakrishnan shall be entitled to perquisites and allowances viz., 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 ₹ 23,50,000/- per month. As per the rules of the Company, Mr. A. R. Ramakrishnan, will be eligible for Provident Fund, Gratuity and Superannuation, which payments shall not be included for the purpose of calculation of the Managerial Remuneration.

Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, if in any financial year during the currency of tenure of Mr. A. R. Ramakrishnan, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above subject to compliance with the applicable provisions of Sections 196, 197 and 203 read with Schedule V of the Act, and all other applicable provisions of the Act, if any, and the Companies (Appointment

and Remuneration of Managerial Personnel) Rules, 2014, if and to the extent necessary, with the approval of the Central Government.

The above may be treated as an abstract of the agreement between the Company and Mr. A. R. Ramakrishnan pursuant to Section 190 and other applicable provisions of the Act and the rules made thereunder.

The statement containing the information required under Schedule V to the Act is provided in the Annexure to the Notice.

The Board is of the opinion that the appointment of Mr. A. R. Ramakrishnan would be in the best interest of the Company. The Board accordingly recommends the resolution at Item No. 8 of the accompanying Notice for your approval. Mr. A. R. Ramakrishnan does not hold any shares in the Company. Mr. A. R. Ramakrishnan is not related to any of the directors or Key Managerial Personnel (including relatives of directors or Key Managerial Personnel) of the Company in terms of Section 2(77) of the Act.

None of the Directors and Key Managerial Personnel of the Company (including relatives of directors or Key Managerial Personnel) other than Mr. A. R. Ramakrishnan, is concerned or interested, financially or otherwise, in these resolutions.

Item No.9

Captain Anoop Kumar Sharma was appointed as an Additional Director designated as the Chief Executive Officer, of the Company by the Board of Directors at their Meeting held on May 9, 2011 and Members of the Company, thereafter approved his appointment, as such, at the Annual General Meeting held on September 9, 2011 for a period of 3 (three) Years with effect from May 23, 2011.

The Board of Directors at their meeting held on May 20, 2014, based on the recommendation of Compensation Committee of directors (redesignated as Nomination and Remuneration Committee) and Audit Committee of Directors at their Meeting held on May 20, 2014, respectively, subject to the approval of the Members, had appointed Captain Anoop Kumar Sharma as the Whole-time Director, designated as the Chief Executive Officer of the Company (as the Whole-time Key Managerial Personnel) from May 23, 2014 to May 22, 2017. The gist of material terms and conditions relating to his appointment are as follows:

Office of Appointment: Wholetime Director, Designated as the Chief Executive Officer (the Wholetime Key Managerial Personnel).

Period of Appointment: Upto three years w.e.f., May 23, 2014 co-terminus with the Company Policy.

Remuneration:

In consideration of his duties, Captain Anoop Kumar Sharma shall be paid the following remuneration:

Basic Salary: Basic salary in the range of ₹ 3,00,000/- to ₹ 8,00,000/- per month, as may be determined by the Board of Directors or such other authority as may be delegated by the Board.

In addition to the Basic Salary, Captain Anoop Kumar Sharma 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 ₹ 10,00,000/- per month. As per the rules of the Company, Captain Anoop Kumar Sharma will be eligible for Provident Fund, Gratuity and Superannuation, which payments shall not be included for the purpose of calculation of the Managerial Remuneration.

Minimum Remuneration:

Notwithstanding anything to the contrary herein contained if in any financial year during the currency of tenure of Captain Anoop Kumar Sharma, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above subject to compliance with the applicable provisions of Sections 196, 197 and 203 read with Schedule V of the Companies Act, 2013 (the Act) and all other applicable provisions of the Act, if any, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 if and to the extent necessary, with the approval of the central government.

The above may be treated as an abstract of the agreement between the Company and Captain Anoop Kumar Sharma pursuant to section 190 and other applicable provisions of the Act and the rules made thereunder.

The statement containing the information required under Schedule V to the Act is provided in the Annexure to the Notice.

The Board is of the opinion that the Captain Anoop Kumar Sharma's qualifications and varied experience would be most beneficial to the Company and would lead the Company to the next level of growth. The Board accordingly recommends the resolution at Item No. 9 of the accompanying Notice for your approval. Captain Anoop Kumar Sharma does not hold any shares in the Company. Captain Anoop Kumar Sharma is not related to any of the Directors or Key Managerial Personnel (including relatives of Directors or Key Managerial Personnel) of the Company in terms of Section 2(77) of the Act.

None of the Directors and Key Managerial Personnel of the Company (including relatives of Directors or Key Managerial Personnel) other than Captain Anoop Kumar Sharma, is concerned or interested, financially or otherwise, in these resolutions.

Item No.10 & 11

The members of the Company had at the Extraordinary General Meeting held on August 25, 2010 passed ordinary resolutions under Sections 293(1)(a) and 293(1)(d) of the Companies Act, 1956, granting their consent for availing borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time should not exceed ₹ 5000 Crore over and above the paid up share capital and free reserves of the Company prevailing from time to time and also for creation of charge on Company's properties.

In terms of the Companies Act, 2013 ('the Act'), Sections 180(1)(c) and 180(1)(a) of the Act which provides for approval by the Members by way of Special Resolutions as against Ordinary Resolutions under the Companies Act, 1956. Therefore it is necessary to obtain approval of Members by means of Special Resolutions under the provisions of Sections 180(1)(a) and 180(1)(c) of the Act, to enable the Board of Directors of the Company to borrow moneys, apart from the temporary loan obtained from the Company's bankers in the ordinary course of business in excess of the aggregate of paid-up share capital and free reserves of the Company and create charge/mortgage/hypothecation on the Company's properties both present and future, in favour of the banks/financial institutions/other investing agencies/trustees for the holders of debentures/bonds, to secure the repayment of moneys borrowed by the Company, (including temporary loans obtained from the Company's bankers in the ordinary course of business). The terms of such security may include a right in certain events of default, to take over management or control of the whole or substantially the whole of the undertaking(s) of the Company.

Since mortgaging or charging the movable and/or immovable properties and assets of the Company with the right of taking over management or control in certain events of default may be construed/considered to be disposal of the Company's undertaking within the meaning of section 180(1)(a) of the Act, therefore it is proposed to seek approval of the Members for creating such mortgages and/or charges on the assets and properties of the Company, both present and future.

Whilst no increase in the said limits is currently being proposed, the Members approval is being sought pursuant to Sections 180(1)(a) and 180(1)(c) of the Act by way of Special Resolutions. The above proposals as set out in the resolutions at item no. 10 and 11 of the Notice are in the interest of the Company and hence your Directors commend the same for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company nor their relatives are concerned or interested in the resolutions.

By Order of the Board

Mumbai
August 8, 2014

A. R. Ramakrishnan
Managing Director

Registered Office:**Essar Shipping Limited**

Administrative Building
Essar Refinery Complex
Okha Highway (SH - 25)
Taluka Khambhalia
District Jamnagar
Gujarat - 361 305
CIN : L61200GJ2010PLC060285