



Essar Shipping Limited

Annual Report - 2015-16

BOARD OF DIRECTORS

Mr. P. K. Srivastava
Chairman

Captain Anoop Kumar Sharma*
Managing Director

Mr. N. Srinivasan
Independent Non-Executive Director

Captain Bhupinder Singh Kumar
Independent Non-Executive Director

Ms. S. Gayathri
Non-Executive Director

* Appointed as Managing Director with effect from November 01, 2015
Whole-time Director and CEO up to October 31, 2015.

COMPANY SECRETARY

Mr. Awaneesh Srivastava

AUDITORS

CNK & Associates LLP, Chartered Accountants
(Firm Registration No. 101961W)
Add.: Mistry Bhavan, 3rd Floor, Dinshaw Bachha Road,
Churchgate, Mumbai - 400 020.

COMMITTEES OF THE BOARD**AUDIT COMMITTEE**

Captain Bhupinder Singh Kumar (Chairman)

Mr. N. Srinivasan

Ms. S. Gayathri

STAKEHOLDERS RELATIONSHIP COMMITTEE

Captain Bhupinder Singh Kumar (Chairman)

Captain Anoop Kumar Sharma

NOMINATION & REMUNERATION COMMITTEE

Mr. N. Srinivasan (Chairman)

Captain Bhupinder Singh Kumar

Mr. P. K. Srivastava

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Captain Bhupinder Singh Kumar (Chairman)

Captain Anoop Kumar Sharma

Ms. S. Gayathri

RISK MANAGEMENT COMMITTEE

Captain Bhupinder Singh Kumar (Chairman)

Captain Anoop Kumar Sharma

Mr. Vikram 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
E-mail: esl.secretarial@essar.com

REGISTRAR & TRANSFER AGENT

Data Software Research Company Pvt. Limited
19, Pycroft 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 FOR ANNUAL GENERAL MEETING

Notice is hereby given that the Sixth Annual General Meeting (the Meeting) of the members of Essar Shipping Limited (the Company) will be held on Wednesday, August 10, 2016 at 2:00 p.m. at Registered Office of the Company at Administrative Building, Essar Refinery Complex, Okha Highway (SH-25), Taluka Khambalia, District - Jamnagar, Gujarat - 361 305, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a) the Audited Balance Sheet and Statement of Profit and loss Account together with the Cash Flow Statement of the Company for the financial year ended March 31, 2016, the reports of the Board of Directors and Auditors thereon; and
 - b) The Audited Consolidated Balance Sheet and Statement of Profit and loss Account together with the Cash Flow Statement of the Company for the financial year ended March 31, 2016 and report of Auditors thereon.
2. To appoint a Director in place of Ms. S Gayathri (DIN: 07115908), who retires by rotation and being eligible offers herself for re-appointment.
3. To re-appoint Auditors/ ratify the re-appointment of Auditors for the Financial Year 2016-17

SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section and is hereby 188 of the Companies Act, 2013 ("the Act") and Regulation 23 of the LODR regulation 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the members of the Company be and is hereby accorded to the Audit Committee and the Board of Directors to authorize the management of the Company to enter into agreement(s) and/or transaction(s), as may be appropriate, with the following Related Parties as defined under Section 2(76) of the Act and Clause 23 of LODR Regulation 2015 for sell, purchase, transfer or receipt of products, goods, materials, services or other obligations, if any, on such terms and conditions as may be mutually agreed upon between the Company and any of the Related Party, for the amount in aggregate not exceeding as mentioned against the name of each of the following Related Party during the period mentioned against the name of each Related Party:

Sr. No.	Name of Related Party	Nature of Transaction(s)	Amount (₹ in crore)		
			2015-16	2016-17	From April 01, 2017 till the date of 7th Annual General Meeting to be held in Calendar Year 2017

Sr. No.	Name of Related Party	Nature of Transaction(s)	Amount (₹ in crore)		
1	Essar Steel India Limited	Fleet operating and chartering services on Contract(s) of Affreightment and Spot fixture basis	446.93	600	400
		Equipment lease rental income	00	0.10	0.05
		Interest on inter-corporate deposits	11.29	15	8
		Inter Corporate Deposits	114.41	Nil	Nil
2	Essar Shipping (Cyprus) Limited	Direct Voyage Expenses	83.41	170	110
3	Essar Oil Limited	Purchase of Fuel Oil	Nil	35	20
		Aircraft usage charges	31.00	50	30
		ICDs	271	Nil	Nil
		Interest on Inter Corporate Deposits	7.03	28	Nil
		Fleet operating and chartering services on Contract(s) of Affreightment and Spot fixture basis	0.31	0.50	0.25

"RESOLVED FURTHER THAT consent of the members be and is hereby accorded for ratification of the aforesaid related party transactions already entered into by Company exceeding the threshold limits as specified in Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 and which are material in nature in terms of Regulation 23 (1) of LODR Regulation 2015.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

5. To consider and if thought fit to pass the following resolution for sale of upto 51% shares in Arkay Logistics Ltd. (Wholly owned subsidiary)

"RESOLVED THAT pursuant to the provisions of Section 179, 180 of the Companies Act, 2013 and rules made thereunder and Regulation 24 of the SEBI (LODR) Regulations, 2015 the consent of members of the Company be and is hereby given to approve the sale of upto 51% equity shares of Arkay Logistics Limited (wholly owned subsidiary) to the Arkay Holdings Limited or its affiliate at a value of ₹ 155 Crores."

6. To consider and if thought fit to pass the resolution u/s 20 of the Companies Act, 2013, for service of documents to shareholder (s) as per their request by charging the fee for speed post/ registered post/courier as the case may be, and authorise to Board of Directors to fix the charges.

"RESOLVED THAT Pursuant to the provisions Section 20 of Companies Act, 2013 and rules made therein, the consent of members of the Company be and is hereby given to authorize Board of Directors to fix the charges to be deposited/paid by the member who wants the service of documents through any particular mode."

By Order of the Board

Mumbai,
May 25, 2016

Awaneesh Srivastava
Company Secretary

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 AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXYIES 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.
- The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means.** Instructions and other information relating to e-voting are given in this Notice under Note No. 13. The Company will also send communication relating to remote e-voting which inter alia would contain details about User ID and password along with a copy of this Notice to the members, separately.
- Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their

behalf at the Meeting.

- In terms of Section 152 of the Companies Act, 2013, Ms. S. Gayathri (DIN: 07115908), Director, retires by rotation at the Meeting and being eligible, offers herself for reappointment. The Board of Directors of the Company recommends her re-appointment. Brief resume of Director proposed to be re-appointed, nature of her expertise in specific functional areas, names of companies in which she hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under SEBI (LODR) Regulation, 2015, are provided herein after the explanatory statement.
- A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
- Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
- 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.
- Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
- The Register of Members and Share Transfer Books of the Company shall remain close from, Thursday, August 04, 2016 to Wednesday, Aug 10, 2016 (both days inclusive) for the purpose of Annual General Meeting.
- Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc.
- 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.
- The members can attend the Meeting on Aug 10, 2016, at 2:00 p.m., in person or through proxy to vote on the resolutions set forth in the notice, if they are not able to exercise their votes through e-voting. The Scrutinizer shall submit the report for both physical and e-voting to the Board of Directors which shall be published on the website of the Company within 48 hours
- 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 3rd August, 2016 (cut-off date) are entitled to vote on the Resolutions set forth

in this Notice. Members who have acquired shares after the dispatch 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, Aug 05, 2016 and will end at 5.00 p.m. on Tuesday, Aug 09, 2016. The Company has appointed M/s. Martinho Ferrao & Associates, Practicing 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 Central Depository Services (India) Limited (CDSL) for facilitating e-voting for AGM. Members are requested to carefully read the instructions for e-voting before casting their vote.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on August 05, 2016 at 9:00 a.m. and ends on August 09, 2016 at 5:00 p.m.(IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 03, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field.

	<ul style="list-style-type: none"> In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v)

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If a Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store.
- (xix) Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

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

Item No. 4

The Company is an integrated logistics services provider engaged into the businesses of sea transportation, logistics services and oilfields services. The Company currently operates a diversified fleet of Very Large Crude Oil Carrier and bulk carriers including Capesize, mini-Capes, Supramaxes and Handysize bulk carriers. The Company in the ordinary course of its business provides sea transportation, logistics services and oilfields services to Essar Steel India Limited (ESIL) and Essar Oil Limited (EOL). They are companies engaged into manufacturing activities and require services of the Company for transportation of raw materials and finished goods. The fleet of the Company includes vessels owned by the Company as well as those taken on finance or operating lease. The Company is required to give/take vessels on hire to/from Essar Shipping (Cyprus) Limited (ESCL) for its business purposes.

ESIL, EOL and ESCL are Related Parties of the Company within the meaning of Section 2(76) of the Companies Act, 2013 and Regulations 23 of SEBI (LODR) Regulations 2015 / Clause 49(VII) of the Listing Agreement. Current and future transactions with ESIL, EOL and ESCL are/will be deemed to be 'material' in nature as defined in Clause 49(VII) of the Listing Agreement/Regulation 23 of SEBI (LODR), Regulations 2015 as they may exceed 10% of the annual turnover of the Company consequent on future business projections. Thus, in terms of Section 188 of the Companies Act, 2013 and Clause 49(VII)(E) of the Listing Agreement / SEBI (LODR), Regulations 2015 these transactions would require the approval of the members by way of a Special Resolution.

The transactions entered during the year with the said related parties are in accordance with the approval taken from Shareholders in the last Annual General Meeting and approval taken from the audit committee at their respective meeting for the quarter in which the transaction took place

The particulars of the contracts /arrangements /transactions are as under:

Name of the Related Party(ies)	Essar Steel India Limited, Essar Oil Limited and Essar Shipping (Cyprus) Limited
Name of Director(s) or KMP who is/are related	None
Nature of Relationship	Fellow Subsidiaries
Nature of contracts / arrangements /transactions	Providing Sea Transportation Service for transportation of raw materials and finished goods Giving/Taking vessels on hire
Material terms of the contracts /arrangements / Transactions	To be determined on an arm's length basis
Monetary Value	Amount mentioned in the resolution for corresponding period
Are the transactions in the ordinary course of business	Yes
Are the transactions on an arm's length basis	Yes
Whether the transactions would meet the arm's length standard in the opinion of the Company's Transfer Pricing Consultants	Yes
Whether the transactions have been/would be approved by the Audit Committee and the Board of Directors of the Company	Yes
Any other information relevant or important for the members to make a decision on the proposed transactions	None

The monetary value of the transactions proposed is estimated on the basis of the Company's current transactions and future business.

The Board is of the opinion that the transactions referred in the resolution would be in the best interest of the Company. The Board accordingly recommends the Special Resolution at Item No. 4 of the accompanying notice for your approval.

Item No.5.

Arkay Logistics Limited has been primarily formed for catering the various logistics requirements of the Steel, Power, Projects and Oil business of Essar Group and now since most of the project cargo movements have been completed and rest other requirements is being managed independently by respective businesses it becomes imperative for ESL to review the investments made in ALL.

Essar Shipping Limited as part of its strategy wants to focus now on its core business functions and high EBITDA margin businesses viz. Sea Transportation Business and Oilfields Services Business and thus it has been proposed to transfer the sale of investments in Arkay Logistics Limited to Arkay Holdings Limited or its affiliate (which is not a related party as defined under section 2(76) of the Companies Act, 2013).

Valuation:

Essar Shipping Limited has invested into 7.3 Crores equity shares of ₹ 10 each aggregating to ₹ 73 Crores in ALL.

The valuation of these shares is as under;

A) Book Value:

Book value as on March 31, 2015 is ₹ 38.23 per shares aggregating to ₹ 279.14 Crores

B) Independent Valuation:

Company had appointed M/s Kirtane and Pandit, LLP, to carry out an independent valuation of the Company. The valuation provided by them is ₹ 40.92 per share, aggregating to ₹ 298.70 Crores for 100% Share Capital.

The Company had taken another valuation report from M/s Anmol Sekhry Consultants Private Limited, as per their report the valuation of Company is 306.04 Crores for 100 % Share Capital @ ₹ 41.92 per share.

Offer received:

Arkay Holdings Limited has offered a Valuation of ₹ 304 Crores for 100% shares of the ALL. They currently want to acquire 51% shares in ALL at a value of ₹ 155 crores. The payment of the same will be done immediately upon transfer of shares to Arkay Holdings Limited or its affiliate.

The sale of 51% shares will result in a profit of ₹ 117.77 Crores to ESL.

Therefore the Board had considered the proposal and approved the same with recommendation to the Shareholders of the Company to approve the transaction by passing the aforesaid resolution:

Item No. 6.

The company has received a notice from a shareholder/member with a request to service the documents to him through speed post

under the expenses to be borne by him, therefore the resolution in item no. 6 have been proposed as special business for the consideration and approval of the members of the Company.

Details of Director seeking Re-appointment at Sixth Annual General Meeting in pursuance of SEBI (LODR) Regulations 2015.

Ms. S. Gayathri

Ms. S. Gayathri was appointed as Director at Annual General Meeting held on September 23, 2015 who shall retire by rotation under the provisions of section 152 has offered herself for re-appointment.

Ms. S. Gayathri, age 52 yrs. is a Commerce graduate and a Fellow of the Institute of Chartered Accountants of India.

Ms. Gayathri joined the Essar Group in November, 2009 as Group Head, Direct Taxes. In this role, she managed a corporate team that handled tax matters for six businesses and multiple tax jurisdictions in the areas of tax strategies and planning, transactions and structuring, transfer pricing, litigation and day to day advisory, besides driving tax related systems and process improvements and currently serves as Senior Vice President and Head, Direct and Indirect Taxes and Regulatory of Essar Energy.

Ms. Gayathri has 28 years of post-qualification experience and prior to joining the corporate domain, her career was in the area of consultancy services. Immediately prior to joining Essar, she was Partner, Tax and Regulatory services at Grant Thornton, and before that, she worked with KPMG and A. F. Ferguson & Co. She is also Director in the following Company;

Name of the Company	Director/ Independent Director/ No-Executive Director	Name of Committee	Chairperson/ Member
Essar Projects (India) Limited	Non – Executive Director	Audit Committee	Member
		Nomination and Remuneration Committee	Member
		CSR & Sustainability Committee	Member
		Operating Committee	Member
Essar Offshore Subsea Limited	Non – Executive Director	Audit Committee	Member
		Nomination and Remuneration Committee	Member
		CSR & Sustainability Committee	Member

Essar Power Hazira Limited	Non – Executive Director	Banking and Finance Committee	Member
		Share Committee	Member
		Business Management Committee	Member
Essar Power Gujarat Limited	Non – Executive Director	Nil	
Essar Power Transmission Co. Limited	Non – Executive Director	Nil	
Essar Steel India Limited	Non – Executive Director	Nil	
Essar Ports Limited	Non – Executive Director	Nil	
Essar Power M P Limited	Non – Executive Director	Nil	

The Company has received a notice in writing from a Member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Ms. Gayathri for the office of Director of the Company.

Keeping in view the expertise of Ms. S. Gayathri the Board is of the opinion that the appointment of Ms. Gayathri would be in the best interest of the Company. The Board accordingly recommends the resolution at Item No. 2 of the accompanying notice for your approval.

None of the Directors other than Ms. Gayathri is concerned or interested in the resolution at Item No. 2 of the accompanying Notice.

DIRECTORS' REPORT

To the Members of Essar Shipping Limited

Your Directors are pleased to present the Sixth Annual Report and Audited Financial Statements of the Company for the financial year ended March 31, 2016.

FINANCIAL RESULTS:

The Company's financial performance, for the year ended March 31, 2016 is summarized below:

₹ in Crore

Particulars	Consolidated		Standalone	
	For the year ended 31-03-2016	For the year ended 31-03-2015	For the year ended 31-03-2016	For the year ended 31-03-2015
Total Income	1985.56	2153.29	877.32	998.90
Total Expenditure	1479.11	1683.60	558.11	647.12
EBITDA	506.45	469.69	319.21	351.78
Less: Interest & Finance charges	479.32	477.13	280.37	286.32
Less: Provision for Depreciation	458.25	424.06	149.07	143.96
Less: Exceptional Item	—	—	—	—
Profit / (Loss) before Tax	(431.12)	(431.50)	(110.23)	(78.50)
Less: Tax	(21.94)	(27.38)	(3.39)	(4.50)
Profit / (Loss) for the year before share of profit of associate	(453.06)	(458.88)	(113.62)	(83.00)
Add: Share in Loss of associate	(0.03)	(0.07)	—	—
Profit / (Loss) for the year	(453.09)	(458.95)	(113.62)	(83.00)

DIVIDEND

In view of loss during the year 2015 -16, the Board of Directors has not recommended any dividend for the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of the World Economy & Shipping Industry

Global growth remains moderate, with uneven prospects across the main countries and regions. Growth rate is expected to be 3.4 percent in 2016 and 3.6 percent in 2017, as estimated by International Monetary Fund. Relative to last year, the outlook for advanced economies is improving, while growth in emerging market and developing economies is projected to be lower, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries.

Throughout the last century shipping industry has seen a general trend of increases in total trade volume. Increasing industrialization and the liberalization of national economies have fuelled free trade and a growing demand for consumer products. Following several years of incredibly buoyant shipping markets, much of the international shipping industry has fallen prey to the worldwide economic downturn.

Overview of the Indian Economy

Notwithstanding the current situation, the longer term outlook for the industry remains good. The world's population continues to expand, and emerging economies will continue to increase their requirements for the goods and raw materials that shipping transports so safely and efficiently. Emerging economies such as India have undertaken several initiatives such as development of coastal shipping, advanced technology ports, incentives to the domestic ship repair and ship building industry, port led development, revival of the manufacturing sector & infrastructure development of the country as a whole. Amongst the developing economies, IMF expects India to report the highest GDP growth of 7.5% in 2016-17 against the growth of world economy.

As per the latest Global Economic Prospects (GEP) report by World Bank, India is leading The World Bank's growth chart for major economies. India's maritime trade is expected to grow at a CAGR of 9.6% increasing India's share to the global sea borne trade to 17% by 2025. Thus, leading to an opportunity to increase cargo handling capacity from 1Bn MTPA to 2.5 Bn MTPA.

BUSINESS PERFORMANCE, OPPORTUNITIES AND OUTLOOK

The business performance is attributed to the demand & supply in the world trade industry. With focus on crude and dry bulk carriers, port to plant logistics and oilfield services, your Company intends to build an integrated value chain by providing end-to-end logistics solutions to its customers in a very cost effective manner.

a) Sea Transportation Business

The Company currently operates a diversified fleet of 15 vessels which includes Very Large Crude Carriers, Bulk carriers such as Capsize, Mini-capes, Supramaxes and Handy-size. Company's revenue has declined in the recent past due to decline in charter rates as a result of continuous slowdown in the Shipping industry. The sector is in a crisis mode as it navigates oil price volatility, a drop in global demand and a glut of supply in ship capacity. The benchmark Baltic Dry Index, which tracks sea trade prices, hit an all-time low of 290 in February'16. It's recovered somewhat since then, but prospects still appear bleak. The shipping industry is experiencing its largest dry bulk market recession since the 1980s. The uncertain global economic outlook and the increased imbalance between supply and demand have led to historical low freight rates.

Given the current oversupply of vessels in the marketplace that has built up over the past five years, rates are expected to remain at depressed levels for at least two more years as the market struggles to find a new equilibrium.

Your company is taking a series of initiatives to weather the difficult market conditions on the operational front as well as on the financing end to make a sustainable business model for its shipping business. The initiative includes using a collective mix model for deployment of vessels into long term contracts to ensure assured returns & to employ few vessels on spot contracts to take advantage of the volatility