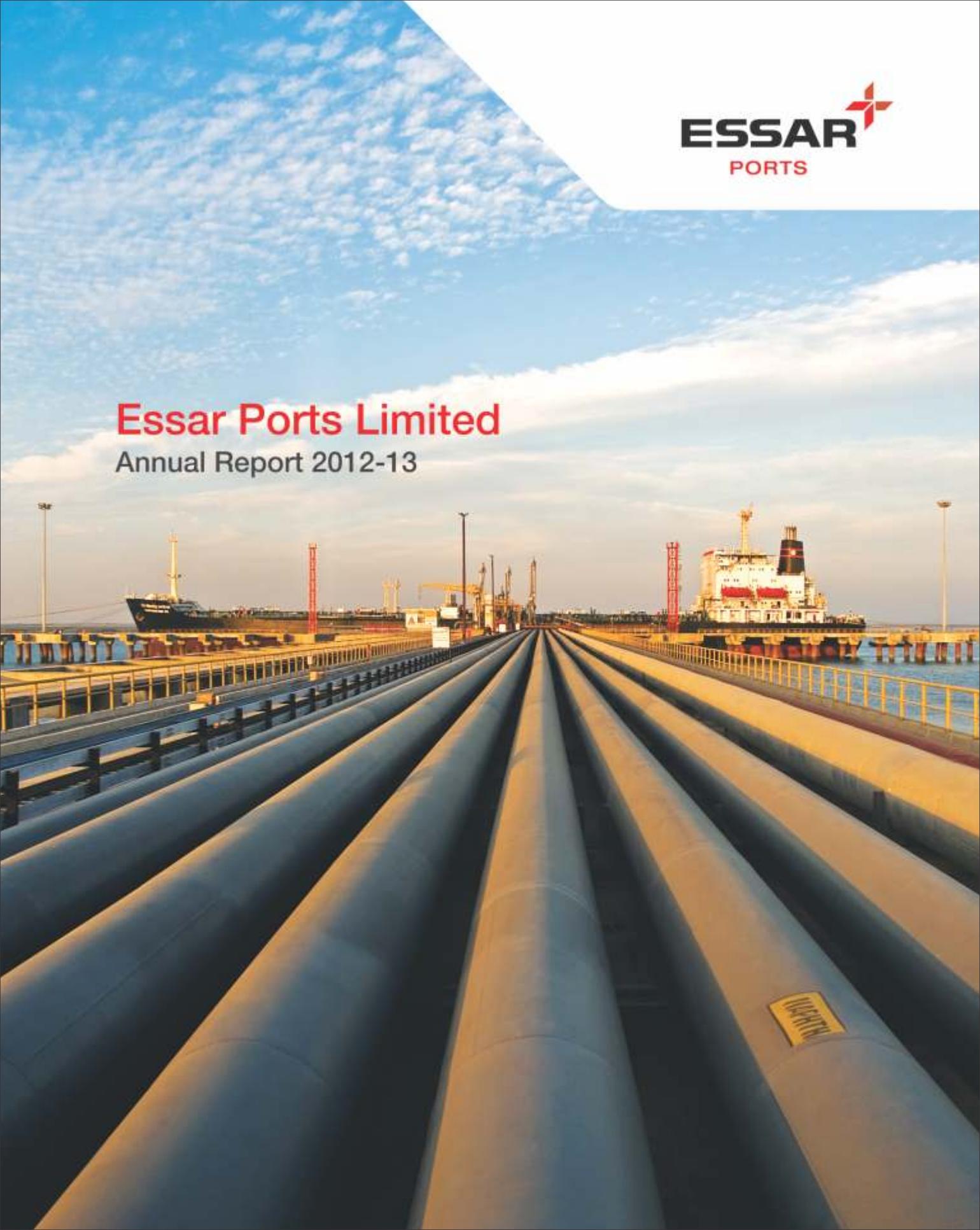


# Essar Ports Limited

Annual Report 2012-13



# CORPORATE INFORMATION

## BOARD OF DIRECTORS (31.7.2013)

**Dilip J. Thakkar**  
Independent Director

**R. N. Bansal**  
Independent Director

**Deepak Kumar Varma**  
Independent Director

**T. S. Narayanasami**  
Independent Director

**N. C. Singhal (w.e.f. 18.7.2013)**  
Independent Director

**Dr. Jose Paul (w.e.f. 18.7.2013)**  
Independent Director

**Michael P. Pinto (w.e.f. 18.7.2013)**  
Independent Director

**P. K. Srivastava (w.e.f. 16.12.2012)**  
Director

**Jan Adam**  
Director

**Rajiv Agarwal**  
CEO & Managing Director

**K. K. Sinha**  
Wholetime Director

**Shailesh Sawa**  
Director Finance

**COMPANY SECRETARY**  
Manoj Contractor

**AUDITORS**  
Deloitte Haskins & Sells

## AUDIT COMMITTEE

R. N. Bansal  
Deepak Kumar Varma  
T. S. Narayanasami

## SHAREHOLDERS' GRIEVANCE COMMITTEE

R. N. Bansal  
Deepak Kumar Varma  
Rajiv Agarwal  
Shailesh Sawa

## SHARE TRANSFER COMMITTEE

Rajiv Agarwal  
K. K. Sinha  
Shailesh Sawa

## COMPENSATION COMMITTEE

R. N. Bansal  
Dilip J. Thakkar  
Deepak Kumar Varma

## REGISTRAR & TRANSFER AGENTS

Data Software Research Company Private Limited  
19, Pycrofts Garden Road  
Off. Haddows Road, Nungambakkam  
Chennai 600 006  
Tel: + 91 44 2821 3738, 2821 4487 Fax: +91 44 2821 4636  
e-mail: [essar.ports@dsrc-cid.in](mailto:essar.ports@dsrc-cid.in)

## REGISTERED OFFICE

Administrative Building  
Essar Refinery Complex  
Okha Highway (SH-25)  
Taluka Khambhalia  
District Jamnagar, Gujarat 361 305  
Tel: +91 2833 661449 Fax: +91 2833 662929  
e-mail: [epl.secretarial@essar.com](mailto:epl.secretarial@essar.com)

## ADMINISTRATIVE OFFICE

Tower 2, Equinox Business Park  
Off. Bandra Kurla Complex  
L.B.S. Marg, Kurla (West)  
Mumbai 400 070  
Tel: +91 22 6733 5000 Fax: +91 22 6708 2188  
e-mail: [epl.secretarial@essar.com](mailto:epl.secretarial@essar.com)

## NOTICE TO MEMBERS

Notice is hereby given that the Thirty-Seventh Annual General Meeting of Essar Ports Limited will be held at the Registered Office of the Company at Administrative Building, Essar Refinery Complex, Okha Highway (SH – 25), Taluka Khambhalia, Distt. - Jamnagar, Gujarat 361305 on Thursday, September 26, 2013 at 2.30 p.m. to transact the following business:

### ORDINARY BUSINESS

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 declare a dividend on equity shares.
3. To appoint a Director in the place of Shri. Dilip J. Thakkar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Shri. T. S. Narayanasami, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad having Registration No. 117365W as 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

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

“RESOLVED THAT Shri. P. K. Srivastava, who was appointed as an Additional Director by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

“RESOLVED THAT Shri. N. C. Singhal, who was appointed as an Additional Director by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257

of the Companies Act, 1956, proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

“RESOLVED THAT Dr. Jose Paul, who was appointed as an Additional Director by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

“RESOLVED THAT Shri. Michael Pinto, who was appointed as an Additional Director by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (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, Shri. Rajiv Agarwal be and is hereby re-appointed as Managing Director of the Company for a period of three years with effect from July 24, 2013 on a 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 Compensation Committee or any other committee of the Board formed for the purpose) to alter and vary the terms and conditions of the said appointment, as may be agreed to between the Board and Shri. Rajiv Agarwal."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (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, Shri. Shailesh Sawa be and is hereby re-appointed as a Wholtime Director of the Company designated as Director Finance for a period of three years with effect from July 24, 2013 on a 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 Compensation Committee or any other committee of the Board formed for the purpose) to alter and vary the terms and conditions of the said appointment, as may be agreed to between the Board and Shri. Shailesh Sawa."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

12. To consider and if thought fit, to pass with or without modification, the following resolution as a Special resolution:

"RESOLVED THAT pursuant to the provisions of Sections 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force), enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and in accordance with the guidelines issued by the Government of India (GOI), the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI) and / or any other competent authorities and clarifications thereof, issued from time to time, the applicable provisions of Foreign Exchange Management Act, 1999 (FEMA), Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subject to such approvals, permissions, consents and sanctions, as may

be necessary from the GOI, RBI, SEBI and / or other competent authorities and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the Board, which term shall include any committee constituted / to be constituted by the Board for exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot (including with provisions for reservation on firm and / or competitive basis, for such part of issue and for such categories of persons including employees of the Company as may be permitted), in one or more tranches, Equity Shares and / or Equity Shares through Global Depository Securities (GDSs) / Receipts (GDRs) and / or American Depository Receipts (ADRs) and / or Optionally / Compulsorily Convertible / Foreign Currency Convertible Bonds (FCCBs) and / or Convertible Bonds, Convertible Debentures, fully or partly and / or any other instruments / securities, convertible into or exchangeable with Equity Shares and / or securities convertible into Equity Shares at the option of the Company and / or the holder(s) of such securities and / or securities linked to Equity Shares and / or securities with or without detachable / non detachable warrants and / or warrants with a right exercisable by the warrant holders to subscribe to Equity Shares and / or any instruments (hereinafter referred to as 'Securities' which terms shall *inter alia* include Equity Shares) or combination of Securities, with or without premium as the Board may, at its sole discretion decide by way of one or more public and / or private offerings in domestic and / or one or more international markets(s), with or without green shoe option, and / or private placement or issue through Prospectus, Institutional Placement Programme, Qualified Institutions Placement in accordance with the Guidelines for Qualified Institutions Placement prescribed under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended or by anyone or more or a combination of the above modes / methods or otherwise and at such time or kinds, with or without an over allotment offer, and in one or more tranches, aggregating to an amount not exceeding US\$ 1,000,000,000 (United States Dollars One Billion only) or in equivalent Indian Rupees or any other currency to Domestic / Foreign Investors / Qualified Institutional Buyers / Institutional Investors / Foreign Institutional Investors/ Members / Employees / Non-Resident Indians / Companies / Bodies Corporate / Trusts / Mutual Funds / Banks / Financial Institutions / Insurance Companies / Pension Funds / Individuals or otherwise, whether shareholders of the Company or not and on such terms and conditions, as the Board may, at its sole discretion, at any time hereinafter decide."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board, in consultation with Lead Managers, Underwriters, Advisors, Merchant Bankers and / or other persons as appointed by the Company be and is hereby authorised to finalise the timing of the issue(s) / offering(s), including the

investors to whom the Securities are to be allotted and accept any modifications to the terms of issue as may be required and any other matter in connection with or incidental to the issue.”

“RESOLVED FURTHER THAT the Company and / or any entity, agency or body, authorised and / or appointed by the Company, may issue depository receipts representing the underlying Securities issued by the Company in negotiable, registered or bearer form with such features and attributes as are prevalent in domestic / international capital markets for instruments of this nature and to provide for the tradability and free transferability thereof as per practices and regulations (including listing on one or more stock exchange(s) in or outside India) and under the forms and practices prevalent in the domestic / international markets.”

“RESOLVED FURTHER THAT:

- i. The equity shares issued and allotted directly or upon conversion, exchange, redemption or cancellation of other Securities when fully paid up, shall rank pari-passu with the existing equity shares of the Company;
- ii. The Relevant Date for determining the pricing of the Securities (whether on Qualified Institutions Placement to QIBs as per provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended or issue of equity shares underlying the GDSs / GDRs / ADRs or securities issued on conversion of FCCB(s) shall be the date of the meeting in which the Board decides to open the proposed issue or such date as may be notified by SEBI, the RBI or any other authority from time to time; and
- iii. For the purpose of giving effect to this resolution the Board be and is hereby authorised to do all such acts, deeds, matters and things as the Board may in its absolute discretion consider necessary, proper, expedient, desirable or appropriate for making the said issue as aforesaid and to settle any question, query, doubt or difficulty that may arise in this regard including the power to allot under subscribed portion, if any, in such manner and to such person(s) as the Board, may deem fit and proper in its absolute discretion to be most beneficial to the Company.”

“RESOLVED FURTHER THAT such of these Securities to be issued, which are not subscribed, may be disposed off by the Board in such manner and on such terms including offering /

placing them with Banks / Financial Institutions / Mutual Funds or otherwise as the Board may deem fit and proper in its absolute discretion.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution on it, to any Committee or Directors or any person or persons, as it may in its absolute discretion deem fit in order to give effect to this resolution.”

By Order of the Board

Mumbai  
July 18, 2013

**Manoj Contractor**  
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 23, 2013 to September 26, 2013, both days inclusive.
5. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 relating to the Special Business at item Nos. 6 to 12 of the accompanying Notice is annexed.
6. Members desiring any information regarding the accounts are requested to write to the Company at Equinox Business Park, Tower-2 (First Floor), L.B.S. Marg, Off. Bandra Kurla Complex, Kurla (West), Mumbai 400 070 atleast 7 days before the date of the Meeting to enable the Company to keep the information ready.

# ANNEXURE TO NOTICE

## Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

### Item No. 6

Shri. P. K. Srivastava has been appointed as an Additional Director of the Company with effect from October 16, 2012. In terms of Section 260 of the Companies Act, 1956 and in accordance with Article 73 of the Articles of Association of the Company, Shri. Srivastava holds office upto the date of the ensuing Annual General Meeting.

Shri. 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.

Shri. Srivastava 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 of which 10 years as the Chairman and Managing Director of Shipping Corporation of India Limited, a group "A" Public Sector Undertaking in India with an annual turnover in excess of USD 1 billion.

Shri. Srivastava thereafter joined Emirates Trading Agency L.L.C., Dubai, UAE as Group Advisor (Trading & Shipping Division). Shri. Srivastava was responsible for the overall management of large business enterprises mainly in the fields of Shipping, Oil Transportation and Infrastructure Development.

Shri. Srivastava was the Chairman and Managing Director of Shipping Corporation of India Limited. He was the President of Indian National Shipowners' Association and Association of Multimodal Transport Operators of India.

He was also the Chairman of Irano-Hind Shipping Company Limited and Indian National Committee of American Bureau of Shipping (ABS) and Member of ABS and its council. He was also a Director on the Board of Steamship Mutual Underwriting Association Limited (SMUL), London, Indian Register of Shipping and Cochin Shipyard Limited. He also held the position of Chairman of India, Pakistan, Bangladesh, Ceylon Conference. Shri. Srivastava was also a member of Institute of Public Enterprises, Hyderabad, Board of Governors and World Maritime University and National Shipping Board.

Shri. Srivastava is currently a Director on the Board of following other public limited companies viz., Essar Shipping Limited, Essar Bulk Terminal Limited, Vadinar Oil Terminal Limited, Vadinar Ports & Terminals Limited, Essar Bulk Terminal Paradip Limited, Essar Oilfield Services India Limited, Essar Logistics Limited, Essar Paradip Terminals Limited and Essar Bulk Terminal (Salaya) Limited.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956, with requisite deposit proposing the name of Shri. Srivastava as a candidate for the office of Director of the Company.

The Board is of the opinion that the appointment of Shri. Srivastava would be in the best interest of the Company. The Board accordingly recommends the resolution at item No. 6 of the accompanying notice for your approval.

None of the Directors other than Shri. Srivastava are concerned or interested in the resolution at item No. 6 of the accompanying Notice.

### Item No. 7

Shri. N. C. Singhal has been appointed as an Additional Director of the Company with effect from July 18, 2013. In terms of Section 260 of the Companies Act, 1956 and in accordance with Article 73 of the Articles of Association of the Company, Shri. Singhal holds office upto the date of the ensuing Annual General Meeting.

Shri. Singhal is a post graduate in Economics, Statistics & Administration and is professionally educated from IIM, Ahmedabad and Kolkata and IIT, Kanpur.

Shri. Singhal had founded the erstwhile SCICI Limited and served as its Chief Executive Officer and Managing Director. Shri. Singhal has also served as a Senior Executive of The Industrial Credit & Investment Corporation of India Limited (since renamed as ICICI Limited) for 15 years and Oil & Natural Gas Commission. He has vast experience in the field of Banking and Finance.

Shri. Singhal has been a Banking Expert to the Industrial Development Bank of Afghanistan, Kabul and Consultant and Management Specialist with the Asian Development Bank, Manila.

Shri. Singhal is currently a director on the Board of following other public limited companies viz., Deepak Fertilisers and Petrochemicals Corporation Limited, Max India Limited, Birla Sunlife Asset Management Company Limited, Tolani Shipping Company Limited, SCI Forbes Limited, Binani Industries Limited, Forbes Bumi Armada Limited, Amal Limited, Capital First Limited, Forbes Bumi Armada Offshore Limited and Essar Bulk Terminal Limited.

Shri. Singhal is also 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. Mr. Singhal 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.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956, with requisite deposit proposing the name of Shri. Singhal as a candidate for the office of Director of the Company.

The Board is of the opinion that the appointment of Shri. Singhal would be in the best interest of the Company. The Board accordingly recommends the resolution at item No. 7 of the accompanying notice for your approval.

None of the Directors other than Shri. Singhal are concerned or interested in the resolution at item No. 7 of the accompanying Notice.

### Item No. 8

Dr. Jose Paul has been appointed as an Additional Director of the Company with effect from July 18, 2013. In terms of Section 260 of the Companies Act, 1956 and in accordance with Article 73 of the Articles of Association of the Company, Dr. Paul holds office upto the date of the ensuing Annual General Meeting.

Dr. Jose Paul is a post graduate in M.A. (Political Science) from the University of Mysore and has secured a PhD degree in Port Management from University of Wales, Cardiff, United Kingdom with considerable credit.

Dr. Paul is also a Fellow of the British Institute of Management (FBIM) and Chartered Institute of Transport, London (FCIT).

Dr. Paul has also published a number of papers on port and shipping in national and international magazines and journals.

Dr. Paul has won many awards and prizes, to mention a few, First Prize and the "Akiyama Award" in the International Essay Competition organised by the International Association of Ports and Harbours, Tokyo, Japan in 1986, Silver Medal and a Scroll at the World Port Conference held in Seoul, South Korea in May 1987 and the LIFE TIME ACHIEVEMENT AWARD instituted by EXIM INDIA Shipping Times received at Taj Coromandel, Chennai in July 2010 from Secretary (Shipping), Government of India for significant contribution made in the Maritime sector.

Dr. Paul was the Deputy Chairman, New Mangalore Port Trust from 1989 to 1994, Deputy Chairman & Acting Chairman, Jawaharlal Nehru Port Trust, New Mumbai from 1994 to 1997, Chairman, Mormugao Port Trust, Goa from 1997 to 2001 and Member, Executive Council, Indian Maritime University, Chennai for the period April 1, 2009 – March 31, 2011.

He was the only speaker invited from India by the International Association of Ports and Harbours to speak in the 21st World Port Conference held in May 1999 in Kuala Lumpur, Malaysia and again in the 22nd World Port Conference held in May 2001 in Montreal, Canada.

On the invitation of the UNCTAD, Dr. Paul attended the Expert Group meeting on globalisation of port logistics: opportunities and challenges for developing countries held on December 12, 2007.

Dr. Paul was also a part-time Lecturer, Department of Maritime Studies, University of Wales, Cardiff, UK (1985 – 1987) and Visiting Professor to Kellogg School of Management, Evanston, Illinois, US and prepared a profile of a research project on "The US legislation on advance presentation of vessel cargo manifest" (May to July 2003).

The Company has received a notice from a member under Section 257 of the Companies Act, 1956, with requisite deposit proposing the name of Dr. Paul as a candidate for the office of Director of the Company.

The Board is of the opinion that the appointment of Dr. Paul 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.

None of the Directors other than Dr. Paul are concerned or interested in the resolution at item No. 8 of the accompanying Notice.

#### Item No. 9

Shri. Michael Pinto has been appointed as an Additional Director of the Company with effect from July 18, 2013. In terms of Section 260 of the Companies Act, 1956 and in accordance with Article 73 of the Articles of Association of the Company, Shri. Pinto holds office upto the date of the ensuing Annual General Meeting.

Shri. Pinto graduated in B.A. (Political Science) from University of Madras and M.A. (Sociology) from University of Delhi. He also holds the degree of MPA (Master of Public Administration) from Harvard.

Shri. Pinto began his working career as a management trainee with Hindustan Lever in 1966. On his selection into the Indian Administrative Service (IAS) he joined the Government and served with them till his superannuation in 2003.

The several assignments that he held include:

- CEO of the Maharashtra Industrial Development Corporation (MIDC)
- VC and MD of the Maharashtra State Road Transport Corporation
- CMD, Handicrafts and Handlooms Export Corporation of India (HHEC)
- Chairman of the Central Cottage Industries Corporation (CCIC)
- MD, Maharashtra State Finance Corporation, Minister (Economic) Embassy of India, Paris
- Chairman, Maharashtra State Electricity Board (MSEB)
- Director General (Shipping) Government of India
- Chairman, Jawaharlal Nehru Port
- Secretary (Shipping) Government of India.

The blend of experience, in the private sector where he started his career, as well as the several public enterprises, both at the state and the centre in which he served has given him a unique insight into private public partnerships and how they can be harnessed to increase welfare and improve economic conditions especially in developing countries.

A few among the many achievements of Shri. Pinto are as under:

At MSEB, following the Government's decision to order the stoppage of work on the Dhabol power project, Shri. Pinto assisted a special committee, appointed by the Government of Maharashtra, to re-frame the outlines of the project in a form that was more acceptable to the authorities concerned. All this was accomplished at a time when private power generation and the guidelines under which it could be allowed were still in their infancy.

As Director General of Shipping, Shri. Pinto was asked to head a National Shipping Policy Committee to formulate a long term perspective plan for Indian shipping. The report led to several new policy initiatives, notably the opening up of training in the maritime sector to private investment and also created an environment in which development and growth of the Indian fleet was placed on top of government's agenda.

Shri. Pinto's next assignment was with the Jawaharlal Nehru Port (JNP), India's largest container port and one that has placed India on the world map in the port sector. Both as Chairman of JNP as well as the Indian Ports Association (IPA), Shri. Pinto played a stellar role in opening the port sector to private investment and in popularising the concept of the landlord port. Thanks largely to these efforts, a sector that was long considered to be a government monopoly has attracted private investment, both private and foreign, of more than US\$ 2 billion. Shri. Pinto also headed a committee of management that successfully negotiated a settlement with workers of all major ports. For the first time in the history of the port sector, the agreement was for 10 years instead of the customary 4.

As Secretary to the Govt. of India, Shri. Pinto helped shape maritime policy and ensured a greater role for private investment in this sector. He forcefully articulated India's stand at several international fora like the IMO, the OECD and the International Association of Ports and Harbours (IAPH). He has been a speaker on port and shipping related matters at several international seminars. Shri. Pinto was the first (and so far the only) Indian to be elected as Vice Chairman of the council of the IMO.

After his retirement from government in 2003, Shri. Pinto was entrusted by the Government of Maharashtra to chair an expert group to prepare the case of the state government for enhanced assistance from the 12<sup>th</sup> Finance Commission. After this assignment was successfully completed, he was entrusted to chair the Maharashtra Board for Reconstruction of State Enterprises which he did till April 2005.

He was, till recently, the Vice Chairman of the National Commission for Minorities in the rank and status of Union Minister of State.

Shri. Pinto is currently a Director on the Board of following other 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 and Snowman Logistics Limited.

Shri. Pinto is also 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, Ashoka Buildcon Limited and Snowman Logistics Limited and member of the Shareholders' Grievance Committee of Ashoka Buildcon Limited.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956, with requisite deposit proposing the name of Shri. Pinto as a candidate for the office of Director of the Company.

The Board is of the opinion that the appointment of Shri. Pinto would be in the best interest of the Company. The Board accordingly recommends the resolution at item No. 9 of the accompanying notice for your approval.

None of the Directors other than Shri. Pinto are concerned or interested in the resolution at item No. 9 of the accompanying Notice.

#### Item No. 10

Your Company develops and operates ports and terminals and is one of India's largest private-sector port company by capacity and throughput. Your Company provides these services through its subsidiaries which provide port and terminal services for liquid, dry bulk, break bulk, general cargo and small volumes of container cargo for specialised project equipment, with an existing aggregate capacity of 104 million metric tons per annum (MMTPA) across facilities located at Vadinar and Hazira in the State of Gujarat.

The Company is also in the process of scaling this capacity to 181 MMTPA.

Implementation and successful operations of these projects requires expert guidance.

The Board of Directors at their meeting held on May 27, 2010 had appointed Shri. Rajiv Agarwal as an Additional Director on the Board of the Company with effect from May 27, 2010.

The Board of Directors at the same meeting had further appointed Shri. Agarwal as a Wholtime Director and Chief Executive Officer designated as Managing Director of the Company for a period of three years with effect from July 24, 2010. Subsequently, the members of the Company at their thirty-fourth Annual General Meeting held on July 24, 2010 had approved the appointment and the remuneration to Shri. Agarwal.

The term of office of Managing Director of Shri. Agarwal ended on July 23, 2013.

The Board of Directors at their meeting held on April 18, 2013 has recommended that Shri. Agarwal be appointed as the Managing Director of the Company for a period of three years from July 24, 2013.

Shri. Agarwal is a Chartered Accountant, Cost and Works Accountant and Company Secretary by qualification with over 28 years of rich and varied experience in industries like Retail, BPO, Telecom, Manmade fibres, Shipping and Logistics etc., and has successfully led businesses as CEO since 1992, mainly in telecom services and shipping, logistics and ports sectors.

Shri. Agarwal was the Chief Executive Officer of Modi Champion during 1992-94 and Joint Managing Director of Modi Korea Telecom during 1994-97. He joined the Essar Group in 1997 as Chief Operating Officer in Essar Telecom. Shri. Agarwal served on the Board of public listed companies in India and United States of America. Shri. Agarwal has held the position of Chief Financial Officer and Executive Director on the Board of this Company during 1998-2002.

Shri. Agarwal was the President of IndoRama Synthetics Limited during 2002-2004. Shri. Agarwal held the position of CEO and Director of The Mobile Store Limited and created a well recognised and strong Indian Telecom Brand in just 2 years.

Shri. Agarwal has won a series of accolades and awards including CEO of the Year Award – 2009 Asia Retail Congress, Retail Professional of the Year:2008 at Franchise India and Best Retailer in Telecom Segment – over 2 years in India Retail Forum.

Shri. Agarwal is currently a Director on the Board of following other public limited companies viz., Essar Bulk Terminal Limited, Vadinar Oil Terminal Limited, Vadinar Ports & Terminals Limited, Essar Bulk Terminal Paradip Limited, AMW Capital Limited, Essar Bulk Terminal (Salaya) Limited, Essar Paradip Terminals Limited, Essar Dredging Limited and Essar Vizag Terminals Limited.

Shri. Agarwal is also member of the Audit Committee of Essar Bulk Terminal Limited, Vadinar Oil Terminal Limited, Vadinar Ports & Terminals Limited, Essar Bulk Terminal Paradip Limited, Essar Bulk Terminal (Salaya) Limited and Essar Paradip Terminals Limited.

The terms of appointment of Shri. Agarwal are as under:

1. Period of Appointment : three years from July 24, 2013.
2. In consideration of his duties, Shri. Agarwal shall be paid the following remuneration:

The gist of the remuneration to Shri. Agarwal is as under:

#### a) Remuneration :

Basic salary in the range of Rs. 6,00,000/- to Rs. 13,50,000/- 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, Shri. Agarwal shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof; House Maintenance Allowance together with reimbursement of expenses / allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; education allowance; leave travel concession for self and his family including dependents; club fees, premium for medical insurance, commission and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors or such other authority as may be delegated by the Board of Directors from time to time upto

the limit of Rs. 28,00,000/- per month. As per the rules of the Company, Shri. Agarwal will be eligible for Provident Fund, Gratuity and Superannuation, which payments shall not be included for the purpose of calculation of the Managerial Remuneration.

b) Minimum Remuneration:

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of tenure of Shri. Agarwal, 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 Schedule XIII to the Act, if and to the extent necessary, with the approval of the Central Government, if required.

3. Shri. Agarwal shall not be paid any sitting fees for attending the meetings of the Board or any Committee(s) thereof.
4. Shri. Agarwal shall be bound by the non-compete and confidentiality provisions as applicable to the members of the Board.
5. Shri. Agarwal shall cease to be a Director if he ceases to be an employee.
6. Either party shall be entitled to terminate the employment by giving not less than three calendar months prior notice in writing in that behalf to the other party, provided that the Company shall be entitled to terminate Shri. Agarwal's employment at any time by payment to him of three months basic salary in lieu of such notice.

The remuneration proposed is in line with industry norms. Shri. Agarwal does not have any pecuniary relationship directly or indirectly with the Company nor is he related to any other managerial personnel of the Company.

The above may be treated as an abstract of the agreement between the Company and Shri. Agarwal pursuant to Section 302 of the Companies Act, 1956.

The Board accordingly recommends the resolution at item No. 10 of the accompanying notice for your approval.

None of the Directors other than Shri. Agarwal is deemed to be concerned or interested in the resolution at item No. 10 of the accompanying notice.

**Item No. 11**

Your Company develops and operates ports and terminals and is one of India's largest private-sector port company by capacity and throughput. Your Company provides these services through its subsidiaries which provide port and terminal services for liquid, dry bulk, break bulk, general cargo and small volumes of container cargo for specialised project equipment, with an existing aggregate capacity of 104 million metric tons per annum (MMTPA) across facilities located at Vadinar and Hazira in the State of Gujarat.

The Company is also in the process of scaling this capacity to 181 MMTPA.

Since these projects are capital intensive in nature, tie up of financial arrangements is very vital for the success of these projects.

The Board of Directors at their meeting held on July 24, 2010 appointed Shri. Shailesh Sawa as an Additional Director on the Board of the Company.

The Board of Directors at the same meeting had further appointed Shri. Sawa as a Wholetime Director designated as Director Finance of the Company for a period of three years with effect from July 24, 2010. Subsequently, the members of the Company at the thirty-fifth Annual General Meeting held on August 26, 2011 had approved the appointment and the remuneration to Shri. Sawa.

The term of office of Shri. Sawa ended on July 23, 2013.

The Board of Directors at their meeting held on April 18, 2013 has recommended that Shri. Sawa be appointed as Wholetime Director designated as Director Finance of the Company for a period of three years from July 24, 2013.

Shri. Sawa is a qualified Chartered Accountant and Cost and Works Accountant. Shri. Sawa has a rich and varied experience of over 26 years in the fields of Finance and Capital Markets.

Shri. Sawa has been associated with the Essar Group since 1994 and has held many positions in various group companies viz., India Securities Limited, Essar Power Limited and Essar Oil Limited. He was associated with Essar Oil Limited since January 2002 and has played a leading role in restarting of the refinery project and restructuring of the Company's financials besides raising large amount required for completing the refinery.

In 2007, Shri. Sawa was appointed as Chief Financial Officer of Essar Oil's Refinery Expansion Division. He spearheaded the fund raising for the refinery expansion plan and tied up ECB and rupee loan of Rs.18,600 crore (USD 4.6 billion) which was one of the largest debt tie up in the history of Indian Corporate Sector.

As Chief Financial Officer of the Expansion Division, Shri. Sawa was responsible for Finance, Treasury, Accounts, Audit and Compliances of Essar Oil's Expansion Division. Prior to this, Shri. Sawa has been associated with many organisations like Gujarat Ambuja Cements Limited, Modern Wollens Limited and Securities & Exchange Board of India.

Shri. Sawa is currently a Director on the Board of following other public limited companies viz., Essar Bulk Terminal Limited, Vadinar Oil Terminal Limited, Vadinar Ports & Terminals Limited, Essar Bulk Terminal Paradip Limited, Essar Bulk Terminal (Salaya) Limited, Essar Paradip Terminals Limited, Essar Dredging Limited and Essar Vizag Terminals Limited.

Shri. Sawa is also member of the Audit Committee of Essar Bulk Terminal Limited, Vadinar Oil Terminal Limited, Vadinar Ports & Terminals Limited, Essar Bulk Terminal Paradip Limited, Essar Bulk Terminal (Salaya) Limited and Essar Paradip Terminals Limited.

The terms of appointment of Shri. Sawa are as under:

1. Period of Appointment : three years from July 24, 2013.
2. In consideration of his duties, Shri. Shailesh Sawa shall be paid the following remuneration:
  - a) Remuneration :

Basic salary in the range of Rs. 6,00,000/- to Rs. 12,50,000/- 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, Shri. Sawa shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof; House Maintenance Allowance together with reimbursement of expenses / allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; education allowance; leave travel concession for self and his family including dependents; club fees, premium for medical insurance, commission and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors or such other authority as may be delegated by the Board of Directors from time to time upto the limit of Rs. 20,00,000/- per month. As per the rules of the Company, Shri. Sawa will be eligible for Provident Fund, Gratuity and Superannuation, which payments shall not be included for the purpose of calculation of the Managerial Remuneration.

b) Minimum Remuneration:

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of tenure of Shri. Sawa, 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 Schedule XIII to the Act, if and to the extent necessary, with the approval of the Central Government, if required.

3. Shri. Sawa shall not be paid any sitting fees for attending the meetings of the Board or any Committee(s) thereof.
4. Shri. Sawa shall be bound by the non-compete and confidentiality provisions as applicable to the members of the Board.
5. Shri. Sawa shall cease to be a Director if he ceases to be an employee.
6. Either party shall be entitled to terminate the employment by giving not less than three calendar months prior notice in writing in that behalf to the other party, provided that the Company shall be entitled to terminate Shri. Sawa's employment at any time by payment to him of three months basic salary in lieu of such notice.

The remuneration proposed is in line with industry norms. Shri. Sawa does not have any pecuniary relationship directly or indirectly with the Company nor is he related to any other managerial personnel of the Company.

The above may be treated as an abstract of the agreement between the Company and Shri. Sawa pursuant to Section 302 of the Companies Act, 1956.

None of the Directors other than Shri. Sawa are concerned or interested in the resolution at item No. 11 of the accompanying Notice.

**Item No. 12**

Your Company develops and operates ports and terminals and is India's second largest private-sector port company by capacity and throughput. Your Company provides these services through its subsidiaries which provide port and terminal services for liquid, dry bulk, break bulk, general cargo and small volumes of container cargo for specialised project equipment, with an existing aggregate capacity of 104 million metric tons per annum (MMTPA) across facilities located at Vadinar and Hazira in the State of Gujarat.

The Company is also in the process of scaling this capacity to 181 MMTPA.

Execution of various projects of the subsidiary companies require considerable amount of equity.

In order to meet the funding needs for the expansions plans mentioned above, including but not limited to meeting the equity needs of the Company for further organic and inorganic expansions and reducing the debt, the Company is exploring various options to raise fresh capital by issuance of either Equity Shares and / or Global Depository Receipts (GDRs), Foreign Currency Convertible Bonds (FCCBs) or any other security ("**Securities**") of the Company either by way of a public issue or a private placement (including a Qualified Institutional Placement in accordance with Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, Institutional Placement Programme or such other mode / methods as may be permitted.

The detailed terms and conditions for the issue / offering will be determined in consultation with the lead managers, consultants, advisors and / or such other intermediaries as may be appointed for the issue / offer. Wherever necessary and applicable, the pricing of the issue / offer will be finalised in accordance with applicable guidelines in force, of the Government of India, Securities and Exchange Board of India, Reserve Bank of India and other appropriate authorities.

The size of any of the above issue / offering of Securities is proposed to be upto an aggregate amount not exceeding US\$ 1 billion or equivalent amount in Indian or any other currency (inclusive of such premium as may be determined) to be issue in one or more tranches.

The Securities issued pursuant to the issue / offering may be listed on the Indian stock exchange(s) and / or internationally recognised stock exchange(s).

Section 81 of the Companies Act, 1956 provides, inter alia, that whenever the Company proposes to increase its subscribed capital by further issue / offer and allotment of shares, such shares shall be offered to the existing members of the Company in the manner laid down in the said Section, unless the members decide otherwise by a special resolution.

Accordingly, the consent of the members is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement(s) executed by the Company with the stock exchange(s), authorising the Board of Directors and / or a Committee thereof to issue the Securities, as stated in the resolution, which would result in issuance of shares of the Company to persons other than the existing members of the Company.

None of the Directors of the Company is in any way concerned or interested in the proposed resolution. The Board recommends the Special Resolution at item No. 12 of the accompanying notice for approval by the members.

By Order of the Board

Mumbai  
July 18, 2013

**Manoj Contractor**  
Company Secretary

**Registered Office:**

Administrative Building  
Essar Refinery Complex  
Okha Highway (SH – 25)  
Taluka Khambhalia  
District Jamnagar, Gujarat 361 305

## ANNEXURE TO NOTICE

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

### **SHRI. DILIP J. THAKKAR**

Shri. Dilip J. Thakkar, a practicing Chartered Accountant by profession since last 52 years is a Partner of M/s. Jayantilal Thakkar & Co. and Jayantilal Thakkar Associates, Chartered Accountants, Mumbai. Shri. Thakkar has vast experience in the fields of Accounts, Finance, Taxation, FEMA, etc.

Shri. Thakkar is currently a Director on the Board of following other public limited companies viz., an independent professional Director on the Board of Poddar Developers Limited, Panasonic Energy India Company Limited, Essar Oil Limited, The Ruby Mills Limited, PAE Limited, Himatsingka Seide Limited, Indo Count Industries Limited, Walchandnagar Industries Limited, Garware Polyester Limited, Modern India Limited, Premier Limited, Magus Estates & Hotels Limited and Westlife Development Limited.

Shri. Thakkar is also Chairman of the Audit Committee of Panasonic Energy India Company Limited, Essar Oil Limited, PAE Limited and Himatsingka Seide Limited and Walchandnagar Industries Limited and member of the Audit Committee of Premier Limited and Westlife Development Limited. Shri. Thakkar is also member of the Investors Relations Committee of Essar Oil Limited and Shareholders' Grievance Committee of Walchandnagar Industries Limited.

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

### **SHRI. T. S. NARAYANASAMI**

Shri. Narayanasami has over 40 years experience in the field of Banking and Finance and is the Non-Executive Chairman of Experian Credit Information Company of India Pvt. Ltd.

Shri. Narayanasami was associated with Bank of India as Chairman and Managing Director. Prior to that, he was the Chairman & Managing Director of Indian Overseas Bank. He was also the Chairman & Managing Director of Andhra Bank. He has served as Executive Director of Punjab National Bank. He began his carrier with Union Bank of India and was General Manager prior to moving to Punjab National Bank.

He has held various positions as Chairman of Managing Committee of Indian Banks' Association, Director General - Insurance Corporation of India, President of the Governing Council of Indian Institute of Banking and Finance and Chairman of the Governing Board of Institute of Banking Personnel Selection, Member of Board of Trustees of Credit Guarantee Fund Trust for Micro and Small Enterprises, Member - Governing Council, Institute for Development and Research in Banking Technology, Member - Governing Council, National Institute of Bank Management and Member - Primary Market Advisory Committee, Securities and Exchange Board of India.

Shri. Narayanasami is currently a Director on the Board of following other public limited companies viz., Axis Asset Management Company Limited, Central Depository Services (India) Limited, LICHFL Asset Management Company Limited, Indraprastha Medical Corporation Limited, Asia Motorworks Limited and Empee Hotels Limited, Viraj Profiles Limited and AMW Motors Limited.

Shri. Narayansami is also a member of the Audit Committee of Axis Asset Management Company Limited and Central Depository Services (India) Limited.

Shri. Narayanasami does not hold any shares in the Company.

### **SHRI. P. K. SRIVASTAVA**

Shri. 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.

Shri. Srivastava 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 of which 10 years as the Chairman and Managing Director of Shipping Corporation of India Limited, a group "A" Public Sector Undertaking in India with an annual turnover in excess of USD 1 billion.

Shri. Srivastava thereafter joined Emirates Trading Agency L.L.C., Dubai, UAE as Group Advisor (Trading & Shipping Division). Shri. Srivastava was responsible for the overall management of large business enterprises mainly in the fields of Shipping, Oil Transportation and Infrastructure Development.

Shri. Srivastava was the Chairman and Managing Director of Shipping Corporation of India Limited. He was the President of Indian National Shipowners' Association and Association of Multimodal Transport Operators of India.

He was also the Chairman of Irano-Hind Shipping Company Limited and Indian National Committee of American Bureau of Shipping (ABS) & Member of ABS and its council. He was also a Director on the Board of Steamship Mutual Underwriting Association Limited (SMUL), London, Indian Register of Shipping and Cochin Shipyard Limited. He also held the position of Chairman of India, Pakistan, Bangladesh, Ceylon Conference. Shri. Srivastava was also a member of Institute of Public Enterprises, Hyderabad, Board of Governors and World Maritime University and National Shipping Board.

Shri. Srivastava is currently a Director on the Board of following other public limited companies viz., Essar Shipping Limited, Essar Bulk Terminal Limited, Vadinar Oil Terminal Limited, Vadinar Ports & Terminals Limited, Essar Bulk Terminal Paradip Limited, Essar Oilfield Services India Limited, Essar Logistics Limited, Essar Paradip Terminals Limited and Essar Bulk Terminal (Salaya) Limited.

Shri. Srivastava does not hold any shares in the Company.

### **SHRI. N. C. SINGHAL**

Shri. Singhal is a Postgraduate in Economics, Statistics & Administration and is professionally educated from IIM, Ahmedabad and Kolkata and IIT, Kanpur.

Shri. Singhal had founded the erstwhile SCICI Limited and served as its Chief Executive Officer and Managing Director. Shri. Singhal has also served as a Senior Executive of The Industrial Credit & Investment Corporation of India Limited (since renamed as ICICI Limited) for 15 years and Oil & Natural Gas Commission. He has vast experience in the field of Banking and Finance.

Shri. Singhal has been a Banking Expert to the Industrial Development Bank of Afghanistan, Kabul and Consultant and Management Specialist with the Asian Development Bank, Manila.

Shri. Singhal is currently a director on the Board of following other public limited companies viz., Deepak Fertilisers and Petrochemicals Corporation Limited, Max India Limited, Birla Sunlife Asset Management Company Limited, Tolani Shipping Company Limited, SCI Forbes Limited, Binani Industries Limited, Forbes Bumi Armada Limited, Amal Limited, Capital First Limited, Forbes Bumi Armada Offshore Limited and Essar Bulk Terminal Limited.

Shri. Singhal is also 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. Mr. Singhal 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.

Shri. Singhal does not hold any shares in the Company.

#### **DR. JOSE PAUL**

Dr. Jose Paul is a post-graduate in M.A. (Political Science) of the University of Mysore and has secured a PhD degree in Port Management of the University of Wales, Cardiff, United Kingdom with considerable credit.

Dr. Paul is also a Fellow of the British Institute of Management (FBIM) and Chartered Institute of Transport, London (FCIT).

Dr. Paul has also published a number of papers on port and shipping in national and international magazines and journals.

Dr. Paul has won many awards and prizes, to mention a few, First Prize and the "Akiyama Award" in the International Essay Competition organised by the International Association of Ports and Harbours, Tokyo, Japan in 1986, Silver Medal and a Scroll at the World Port Conference held in Seoul, South Korea in May 1987 and the LIFE TIME ACHIEVEMENT AWARD instituted by EXIM INDIA Shipping Times received at Taj Coromandel, Chennai in July 2010 from Secretary (Shipping), Government of India for significant contribution made in the Maritime sector.

Dr. Paul was the Deputy Chairman, New Mangalore Port Trust from 1989 to 1994, Deputy Chairman & Acting Chairman, Jawaharlal Nehru Port Trust, New Mumbai from 1994 to 1997, Chairman, Mormugao Port Trust, Goa from 1997 to 2001 and Member, Executive Council, Indian Maritime University, Chennai for the period April 1, 2009 – March 31, 2011.

He was the only speaker invited from India by the International Association of Ports and Harbours to speak in the 21st World Port Conference held in May 1999 in Kuala Lumpur, Malaysia and again in the 22nd World Port Conference held in May 2001 in Montreal, Canada.

On the invitation of the UNCTAD, Dr. Paul attended the Expert Group meeting on globalisation of port logistics: opportunities and challenges for developing countries held on December 12, 2007.

Dr. Paul was also a part-time Lecturer, Department of Maritime Studies, University of Wales, Cardiff, UK (1985 – 1987) and Visiting Professor to Kellogg School of Management, Evanston, Illinois, US and prepared a profile of a research project on "The US legislation on

advance presentation of vessel cargo manifest" (May to July 2003).

Dr. Paul does not hold any shares in the Company.

#### **SHRI. MICHAEL PINTO**

Shri. Pinto graduated in BA (Political Science) from University of Madras and M.A. (Sociology) from University of Delhi. He also holds the degree of MPA (Master of Public Administration) from Harvard.

Shri. Pinto began his working career as a management trainee with Hindustan Lever in 1966. On his selection into the Indian Administrative Service (IAS) he joined the Government and served with them till his superannuation in 2003.

The several assignments that he held include:

- CEO of the Maharashtra Industrial Development Corporation (MIDC)
- VC and MD of the Maharashtra State Road Transport Corporation
- CMD, Handicrafts and Handlooms Export Corporation of India (HHEC)
- Chairman of the Central Cottage Industries Corporation (CCIC)
- MD, Maharashtra State Finance Corporation, Minister (Economic) Embassy of India, Paris
- Chairman, Maharashtra State Electricity Board (MSEB)
- Director General (Shipping) Government of India
- Chairman, Jawaharlal Nehru Port
- Secretary (Shipping) Government of India.

The blend of experience, in the private sector where he started his career, as well as the several public enterprises, both at the state and the centre in which he served has given him a unique insight into private public partnerships and how they can be harnessed to increase welfare and improve economic conditions especially in developing countries.

A few among the many achievements of Shri. Pinto are as under:

At MSEB, following the Government's decision to order the stoppage of work on the Dhabol power project, Shri. Pinto assisted a special committee, appointed by the Government of Maharashtra, to re-frame the outlines of the project in a form that was more acceptable to the authorities concerned. All this was accomplished at a time when private power generation and the guidelines under which it could be allowed were still in their infancy.

As Director General of Shipping, Shri. Pinto was asked to head a National Shipping Policy Committee to formulate a long term perspective plan for Indian shipping. The report led to several new policy initiatives, notably the opening up of training in the maritime sector to private investment and also created an environment in which development and growth of the Indian fleet was placed on top of government's agenda.

Shri. Pinto's next assignment was with the Jawaharlal Nehru Port (JNP), India's largest container port and one that has placed India on the world map in the port sector. Both as Chairman of JNP as well as the Indian Ports Association (IPA) Shri. Pinto played a stellar role in opening the port sector to private investment and in popularising the

concept of the landlord port. Thanks largely to these efforts, a sector that was long considered to be a government monopoly has attracted private investment, both private and foreign, of more than US\$ 2 billion. Shri. Pinto also headed a committee of management that successfully negotiated a settlement with workers of all major ports. For the first time in the history of the port sector, the agreement was for 10 years instead of the customary 4.

As Secretary to the Govt. of India Shri. Pinto helped shape maritime policy and ensure a greater role for private investment in this sector. He forcefully articulated India's stand at several international fora like the IMO, the OECD and the International Association of Ports and Harbours (IAPH). He has been a speaker on port and shipping related matters at several international seminars. Shri. Pinto was the first (and so far the only) Indian to be elected as Vice Chairman of the council of the IMO.

After his retirement from government in 2003, Shri. Pinto was requested by the Government of Maharashtra to chair an expert group to prepare the case of the state government for enhanced assistance from the 12<sup>th</sup> Finance Commission. After this assignment was successfully completed, he was requested to chair the Maharashtra Board for Reconstruction of State Enterprises which he did till April 2005.

He was, till recently, the Vice Chairman of the National Commission for Minorities in the rank and status of Union Minister of State.

Shri. Pinto is currently a Director on the Board of following other 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 and Snowman Logistics Limited.

Shri. Pinto is also 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, Ashoka Buildcon Limited and Snowman Logistics Limited and member of the Shareholders' Grievance Committee of Ashoka Buildcon Limited.

Shri. Pinto does not hold any shares in the Company.

#### **SHRI. RAJIV AGARWAL**

Shri. Rajiv Agarwal is a Chartered Accountant, Cost and Works Accountant and Company Secretary by qualification with over 28 years of rich and varied experience in industries like Retail, BPO, Telecom, Manmade fibres, Shipping and Logistics etc., and has successfully led businesses as CEO since 1992, mainly in telecom services and shipping, logistics and ports sectors.

Shri. Agarwal was the Chief Executive Officer of Modi Champion during 1992-94 and Joint Managing Director of Modi Korea Telecom during 1994-97. He joined the Essar Group in 1997 as Chief Operating Officer in Essar Telecom. Shri. Agarwal served on the Board of public listed companies in India and United States of America. Shri. Agarwal has held the position of Chief Financial Officer and Executive Director on the Board of this Company during 1998-2002.

Shri. Agarwal was the President of IndoRama Synthetics Limited during 2002-2004. Shri. Agarwal held the position of CEO and Director of The Mobile Store Limited and created a well recognised and strong Indian Telecom Brand in just 2 years.

Shri. Agarwal has won a series of accolades and awards including CEO of the Year Award – 2009 Asia Retail Congress, Retail Professional

of the Year:2008 at Franchise India and Best Retailer in Telecom Segment – over 2 years in India Retail Forum.

Shri. Agarwal is currently a Director on the Board of following other public limited companies viz., Essar Bulk Terminal Limited, Vadinar Oil Terminal Limited, Vadinar Ports & Terminals Limited, Essar Bulk Terminal Paradip Limited, AMW Capital Limited, Essar Bulk Terminal (Salaya) Limited, Essar Paradip Terminals Limited, Essar Dredging Limited and Essar Vizag Terminals Limited.

Shri. Agarwal is also member of the Audit Committee of Essar Bulk Terminal Limited, Vadinar Oil Terminal Limited, Vadinar Ports & Terminals Limited, Essar Bulk Terminal Paradip Limited, Essar Bulk Terminal (Salaya) Limited and Essar Paradip Terminals Limited.

Shri. Agarwal does not hold any shares in the Company.

#### **SHRI. SHAILESH SAWA**

Shri. Sawa is a qualified Chartered Accountant and Cost and Works Accountant. Shri. Sawa has a rich and varied experience of over 26 years in the fields of Finance and Capital Markets.

Shri. Sawa has been associated with the Essar Group since 1994 and has held many positions in various group companies viz., India Securities Limited, Essar Power Limited and Essar Oil Limited. He was associated with Essar Oil Limited since January 2002 and has played a leading role in restarting of the refinery project and restructuring of the Company's financials besides raising large amount required for completing the refinery.

In 2007, Shri. Sawa was appointed as Chief Financial Officer of Essar Oil's Refinery Expansion Division. He spearheaded the fund raising for the refinery expansion plan and tied up ECB and rupee loan of Rs.18,600 crore (USD 4.6 billion) which was one of the largest debt tie up in the history of Indian Corporate Sector.

As Chief Financial Officer of the Expansion Division, Shri. Sawa was responsible for Finance, Treasury, Accounts, Audit and Compliances of Essar Oil's Expansion Division. Prior to this, Shri. Sawa has been associated with many organisations like Gujarat Ambuja Cements Limited, Modern Wollens Limited and Securities and Exchange Board of India.

Shri. Sawa is currently a Director on the Board of following other public limited companies viz., Essar Bulk Terminal Limited, Vadinar Oil Terminal Limited, Vadinar Ports & Terminals Limited, Essar Bulk Terminal Paradip Limited, Essar Bulk Terminal (Salaya) Limited, Essar Paradip Terminals Limited, Essar Dredging Limited and Essar Vizag Terminals Limited.

Shri. Sawa is also member of the Audit Committee of Essar Bulk Terminal Limited, Vadinar Oil Terminal Limited, Vadinar Ports & Terminals Limited, Essar Bulk Terminal Paradip Limited, Essar Bulk Terminal (Salaya) Limited and Essar Paradip Terminals Limited.

Shri. Sawa does not hold any shares in the Company.

# DIRECTORS' REPORT

## To the Members of Essar Ports Limited

Your Directors take pleasure in presenting the Thirty-Seventh Annual Report of your Company together with Audited Accounts for the year ended March 31, 2013.

### 1. FINANCIAL RESULTS

The summary of consolidated and standalone financial results of your Company for the year ended March 31, 2013 are furnished below:

(Rs. in crore)

Particulars	Consolidated		Standalone	
	For the year ended March 31, 2013	For the year ended March 31, 2012	For the year ended March 31, 2013	For the year ended March 31, 2012
Total Revenue	1,434.64	1,131.06	70.83	52.56
Total Expenses	280.72	217.85	29.06	23.52
Profit before exceptional items, finance costs, tax, depreciation and amortisation	1,153.92	913.21	41.77	29.04
Less: Finance Costs	510.82	420.81	72.47	92.40
Less: Depreciation and amortisation	244.03	220.24	7.62	7.40
Profit / (Loss) before exceptional item and tax	399.07	272.16	(38.32)	(70.76)
Less: Exceptional item	-	235.51	-	--
Profit / (Loss) after exceptional item and before tax	399.07	36.65	(38.32)	(70.76)
Less: Provision for tax	64.47	(62.19)	0.05	(0.23)
Profit / (Loss) before Share of minority interest	334.60	98.84	(38.37)	(70.99)
Less: Share of minority interest	3.05	34.89	-	--
Profit / (Loss) for the year	331.55	63.95	(38.37)	(70.99)

### 2. DIVIDEND

Your Company proposes a dividend of 5% on the equity shares of the Company.

### 3. MANAGEMENT DISCUSSION & ANALYSIS

#### Indian Economy and Infrastructure Sector

The Indian Economy's growth is estimated to have moderated to a decadal low of 5% in FY13 from 6.5% in FY12. The revival of private investment is a key to raise India's GDP growth in the coming years. In order to improve the investment climate, the government during budget for FY14 has announced an investment allowance of upto 15% of the total investments over Rs. 100 crore in plant and machinery during the two years ending March 2015. But a substantial and sustainable boost to investment sentiment will come only when major issues such as mining rights, land acquisition, environmental clearances, are satisfactorily resolved.

In spite of this slowdown, India has the potential to continue to be one of the fastest growing economies in the world. Fundamentals of the economy remain strong, backed by promising growth in external trade. Government expects the GDP growth to revive during FY14 to about 6% for which there seems to be promise on continued efforts to improve investment climate.

Indian Economy witnessed moderation in inflation during FY13 and the budget for FY14 expects inflation to further moderate to average 6.5% which will also give enough control to Reserve Bank of India (RBI) to lower repo rate. If this happens as per plan, it will further fuel the investment and contribute towards growth of the economy.

The focus of the Government has to be on growth of the infrastructure sector to ensure that earlier growth targets set in the ports, roads, steel and power sectors are achieved and the economy gets back to 8% plus growth rate trajectory.

## Ports Sector

Indian ports have handled a total of 898 million metric tonnes (MMT) of cargo during FY12 registering a moderate growth of 5% compared to 884 MMT of cargo handled during FY11. The ports sector in India has grown at a CAGR of 10% in the last 10 years.

However, in the last 2 years, growth in the ports sector has been below its potential due to imposition of higher export duty on iron ore and higher railway charges for transportation of iron ore. Growth of the port sector has also been affected by rise in prices of imported coal. However, these issues are expected to be temporary in nature and the port sector growth story is expected to remain intact in the long run.

A sharp fall in iron ore exports has reduced the cargo at most of the major ports, even while the so-called non-major ports, mainly in Gujarat, have bucked the trend. The fiscal year ending March 2013 saw cargo handled by the 12 major ports shrunk by 2.5 per cent, to 545 million tonnes (mt), from 561 mt in 2011-12. This makes it the lowest in last four years.

As per Maritime Agenda 2010-20 published by the Ministry of Shipping, port traffic is expected to reach to 2,495 MMT by 2020 from 850 MMT in 2010. As the economy grows, port traffic will increase and more investment opportunities will be created in this sector. Considering high capacity utilisation of existing port assets and expected higher traffic growth in future, new capacity addition in ports will have good utilisation and the port sector will remain an attractive investment destination.

In contrast, the total traffic at Gujarat Maritime Board ports reached 293 MMT (million metric tonne) for year ending March 31, 2013, from 259 MMT in 2011-12, registering a growth of 13% over the previous year. The privately-operated ports in Gujarat alone handled over 53 per cent cargo handled by all ports.

Out of the 42 projects targeted for award in 2012-13, 27 port projects involving an investment of Rs. 6,303.19 crore were bid out to private firms by March 31, 2013. Some of the bidders have backed out subsequently, which will see those particular projects being further delayed.

An interesting development in the ports sector is the draft tariff guidelines for ports. Recently, the Shipping Ministry has released a draft guideline linking tariff to market forces, which would be applicable to all future projects. The new guidelines will not strictly ensure market related rates but the Tariff Authority for Major Ports (TAMP) will still continue to play a major role in determining the rates. As per the new draft tariff guidelines, upcoming terminals will be exempted from getting their prices regulated by TAMP and pass over the price setting function to market dynamics.

The Government has announced that it would work towards removing bottlenecks to kick start over 215 infrastructure projects worth Rs. 7 lakh crore. It is a very positive announcement and this initiative should help the infrastructure sector overall.

Projects like the Dedicated Freight Corridor are eagerly awaited and would help greatly in speedier connectivity of the ports to the north Indian hinterland.

To sum up the macro view, we can expect some positive moves and improvement in the overall sentiment.

## Challenges faced by the port sector

Several port projects have been affected due to procedural delays linked to approvals and clearances required for the projects. Connectivity of ports is another major challenge as it is critical for the ports to operate at their optimum capacity. Government initiatives for development of port connectivity as linkages to the hinterland would provide necessary boost to the sector.

## Essar Ports – performance

Your Company is one of the largest private sector port and terminal companies in India and the year under review has been a good year for the Company.

## Performance Highlights:

- Essar Ports Board recommends a dividend of 5% of face value of the share (Rs. 0.50 per share) for FY2013, amounting to Rs. 21,39,43,999/-.
- Highest ever cargo handled in a year for Essar Ports at 54.52 MMT, up from 43.23 MMT in FY2012, an increase of 26%. For Q4FY13, cargo handled increased by 20% to 14.82 MMT as against 12.36 MMT in Q4FY12.
- Net Profit for FY13 increased 5 times to Rs. 331.9 crore from Rs. 64.0 crore in FY12. For Q4FY13, the Net Profit was Rs. 92.5 crore up from a loss of Rs. 61.5 crore during Q4FY12.
- Earnings Per Share for FY13 were at Rs. 7.76 as against Rs. 1.56 for FY12.
- Revenue for FY13 increased by 27% to Rs. 1437.9 crore from Rs. 1131.1 crore in FY12. For Q4FY13, the Revenue increased by 32% to Rs. 390.3 crore from Rs. 296.6 crore in Q4FY12.
- EBITDA for FY13 increased by 27% to Rs. 1159.0 crore from Rs. 913.2 crore in FY12. For Q4FY13, the EBITDA increased by 26% to Rs. 305.8 crore from Rs. 243.2 crore in Q4FY12.
- Continued focus on Quality, Health, Safety and Environment resulted in ISO 9001 certification for quality; ISO 14001 certification for Environment and OHSAS 18001 certificates for occupational health

and safety for the Company's Vadinar and Hazira facilities.

### Performance Update

#### Operational Highlights:

##### Projects Completed:

- Your Company commissioned the state of the art **16 MMTPA Dry Bulk Terminal at Paradip**, with a fully mechanised ship loading system with a capacity of 5,000 tons per hour. It is **one of the most modern terminals** of its type in India, connected to the stockyard by a 9 km long covered conveyor system.
- Your Company also completed the construction of 3 HSD tanks of capacity 180,000 KL during the year at Vadinar.

##### Operations on track:

- Essar Oil completed expansion of 20 MMTPA refinery in June 2012 and accordingly, the Vadinar terminal is now operating at an enhanced run-rate of 10.5 MMT per quarter (42MMTPA).
- During FY13, your **company's terminals handled a record 683 ships**, as against 514 ships handled for the corresponding previous year.
- Your Company's commitment towards Quality, Health, Safety & Environment was highlighted with your Company winning the following awards during the year:
  - Vadinar terminal continued to be an award winning asset for its world class HSE practices. Awards won during the year include India Shipping Summit, Gujarat Star Awards and ROSPA.
  - Hazira terminal won the HSE award from Greentech foundation and Best coal port performer award in the Indian Coal Markets conference.

##### Progress of the project under implementation:

- Progress of the construction of a 20 MMTPA coal berth at Salaya is as per plan. The project is 59% complete. Piling and Decking works of the Jetty and Approach trestle to Jetty have been completed. Bund Work has started. Ship loader erection is completed and Unloaders erection is under progress. Stackyard is operational with two stacker cum reclaimers and Conveyor fabrication is under progress.
- Construction of a deep draft coal terminal at Paradip is expected to commence during FY14. Environment clearance and forest clearance have been received and the project is expected to start once the land for construction is handed over by Paradip Port Trust.

### Risk and Concerns

Implementation and operation of port and terminal facilities are dependent on various regulatory approvals and government policies. Changes in macro economic factors like inflation, interest rate, world trade and natural catastrophes also play an important role in the trade of goods and cargo.

Any adverse change in the above may affect the performance of your Company. Your Company periodically reviews the risks associated with the business and takes steps to mitigate and minimise the impact of risks.

#### 4. QUALITY, SAFETY AND ENVIRONMENT

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

- Vadinar Oil Terminal Limited (VOTL) has been certified by British Standard for Occupational Health & Safety Advisory Services (OHSAS) for, 'Zero Gas Release', 'Zero Fire Incident' and 'Zero Loss Time Accident or No Loss Time Accident'.
- VOTL completed 2,380 Lost Time Injury Free days during the year under review.
- In line with Environment Management initiatives, VOTL successfully achieved the 'Zero Spill / No Spill', target and 'Reduction of Emission'.
- An Annual Audit was also successfully carried out for the following ISO certifications:
  - ISO 9001:2008 Quality Management System by ABS;
  - ISO/TS 29001:2007 for Quality Management – Petroleum Sector by ABS
  - ISO 28000:2007 for Security Management Systems by ABS
  - ISO 14001:2004 Environment Management System by Det Norske Veritas(DNV);
  - ISO 9001:2008 Quality Management System by DNV;
  - ISO 18001:2007 OHSAS by DNV;
- Essar Bulk Terminal Limited (EBTL) also achieved Zero Loss Time Injury during the year.
- EBTL has been certified for the following :
  - ISO 18001:2007 OHSAS by IRQS for health & Safety

- ISO 14001:2004 Environment Management System by IRQS
- ISO 9001:2008 Quality Management System by IRQS

The terminal of EBTL also has the Navigation Safety at Ports Committee (NSPC) approval from the Director General of Shipping, Mumbai.

## 5. INTERNAL CONTROL FRAMEWORK

Your Company conducts its business with integrity and high standards of ethical behaviour and in compliance with the laws and regulations that govern its business. Your Company has a well-established framework of internal controls in its operations, including suitable monitoring procedures. In addition to an external audit, the financial and operating controls of your Company at various locations are reviewed by Internal Auditors, who report their observations to the Audit Committee of the Board.

## 6. HUMAN RESOURCE

Human resources have always been the key to success of your Company's business. A balance of internal and external talent was maintained to ensure right skills are available to initiate project activities. A large number of fresh talent comprising engineers and management graduates were deployed to nurture future Essar Ports facilities.

At the existing ports, special emphasis was laid on the training of employees with a combination of "On the job and Off the job" training. Your Company has introduced technology-enabled HR practices in Performance Management and Training to streamline and strengthen these practices.

## 7. INFORMATION TECHNOLOGY

Your Company successfully implemented SAP in its financial and related systems. For dry bulk as well as oil terminals, systems have been implemented to capture end-to-end workflow covering all activities from pre-arrival intimations to actual departure of vessels. Expected berth occupancy is being plotted thereby optimising the berth utilisation and increasing berth efficiency. Various dashboard reports have been implemented in the system for berth performance and resource monitoring.

## 8. SUBSIDIARIES

As on March 31, 2013, the following were the subsidiaries of your Company:

1. Vadinar Oil Terminal Limited (VOTL)
2. Vadinar Ports & Terminals Limited (a subsidiary of VOTL)

3. Essar Bulk Terminal Limited (EBTL)
4. Essar Bulk Terminal Paradip Limited (a subsidiary of EBTL)
5. Essar Bulk Terminal (Salaya) Limited
6. Essar Paradip Terminals Limited
7. Essar Dredging Limited

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit & Loss Account and other documents of the subsidiary companies are not attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of the subsidiary companies.

## 9. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri. Dilip J. Thakkar, and Shri. T. S. Narayanasami retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Shri. P. K. Srivastava has been appointed as an Additional Director on October 16, 2012. The Company has received a notice from a member proposing the appointment of Shri. Srivastava as a Director of your Company.

Shri. N. C. Singhal, Dr. Jose Paul and Shri. Michael Pinto have been appointed as an Additional Directors on July 18, 2013. The Company has received notice from members proposing the appointment of Shri. N. C. Singhal, Dr. Jose Paul and Shri. Michael Pinto as Directors of your Company.

Your Board would like to inform the members about the sad demise of Shri. K. V. Krishnamurthy who left for heavenly abode on January 16, 2013 after being associated with your Company as Director for about 4 years. Your Board places on record its appreciation for the invaluable contributions made by Shri. Krishnamurthy during his tenure as Director.

Shri. Anshuman Ruia resigned from the directorship of your Company on October 16, 2012. Your Board also place on record their appreciation for the invaluable contribution made by Shri. Ruia in the growth and progress of the Company during his tenure as Director.

## 10. AUDITORS

Your Company's Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, the Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 (the Act) and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

## 11. CORPORATE GOVERNANCE

The Company has complied with the requirements under the Corporate Governance reporting system. The disclosures as required therein have been furnished in the Annexure to the Directors' Report under the head "Corporate Governance".

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

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

### Foreign Exchange:

- |                                                                               |                      |
|-------------------------------------------------------------------------------|----------------------|
| (1) Earned (including freight, charter, hire earnings, interest income, etc.) | : Rs. 603.35 lacs.   |
| (2) Used (including loan repayments, interest, operating expenses, etc.)      | : Rs. 1,526.91 lacs. |

## 13. PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given in the Annexure forming part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Report and Accounts are being sent to all the shareholders of the Company excluding the statement of particulars of employees under u/s 217(2A) of the said Act. Any shareholder interested in obtaining a copy of this statement may write to the Company Secretary for the same at the Registered Office of the Company.

## 14. STATEMENT OF DIRECTORS RESPONSIBILITIES

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the annual accounts on a going concern basis.

## 15. APPRECIATION AND ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

**Rajiv Agarwal**  
Managing Director

**Shailesh Sawa**  
Director Finance

Mumbai  
July 18, 2013

# CORPORATE GOVERNANCE REPORT

## 1. Statement on Company's philosophy on Code of Corporate Governance

Your Company believes that adhering to global standards of Corporate Governance is essential to enhance shareholders value and achieve long term corporate goals. The Company's philosophy on Corporate Governance stresses the importance of transparency, accountability and protection of shareholder interests. The Board overseas periodic review of business plans, monitors performance and ensures compliance of regulatory requirements including SEBI Regulations and Listing requirements.

## 2. Board of Directors ("the Board")

### A. Composition, Category, Attendance and Number of other Directorships of the Directors are furnished below:

As at March 31, 2013 the Board consisted of the following Directors. The composition, category of directors and directorships held in other companies was as under:

Name of Director	Category of Director	* No. of outside Directorships in other Indian public companies	**No. of Committee positions held in other public companies	
			Chairman	Member
Shri. R. N. Bansal	Independent Non-Executive	9	3	5
Shri. Dilip J. Thakkar	Independent Non-Executive	13	5	5
Shri. Deepak Kumar Varma	Independent Non-Executive	4	2	2
Shri. T. S. Narayanasami	Independent Non-Executive	10	-	4
#Shri. Jan Adam	Non-Promoter Professional	-	-	-
##Shri. P. K. Srivastava	Non-Promoter Professional	6	-	-
Shri. Rajiv Agarwal (Managing Director & CEO)	Non-Promoter Executive	8	-	6
Shri. K. K. Sinha (Executive Director)	Non-Promoter Executive	8	-	6
Shri. Shailesh Sawa (Director Finance)	Non-Promoter Executive	7	-	6

\* excludes foreign companies, private limited companies, Section 25 companies and alternate directorships.

\*\* includes membership of Audit and Shareholders' Grievance Committee only.

#Shri. Jan Adam was appointed as a Director on May 30, 2012.

##Shri. P. K. Srivastava has been appointed as an Additional Director w.e.f. October 16, 2012.

Shri. S. N. Ruia, Chairman and Shri. A. S. Ruia, Director have resigned from the Board of Company on May 25, 2012 and October 16, 2012 respectively.

Shri. K. V. Krishnamurthy passed away on January 16, 2013.

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

Sr. No.	Date	Board strength	No. of Directors present
1	April 27, 2012	10	7
2	May 30, 2012	10	6
3	July 24, 2012	10	8
4	October 16, 2012	10	10
5	January 17, 2013	9	7

**C. Attendance of Directors at Board Meetings and at the last Annual General Meeting:**

Director	No. of Board Meetings attended	Attendance at last AGM
Shri. Shashi Ruia *	Nil	No
Shri. Anshuman Ruia **	2	No
Shri. R. N. Bansal	2	No
Shri. K. V. Krishnamurthy @	4	No
Shri. Dilip J. Thakkar	2	No
Shri. Deepak Kumar Varma	5	No
Shri. T. S. Narayanasami	4	No
Shri. Jan Adam #	2	No
Shri. P. K. Srivastava ##	2	No
Shri. Rajiv Agarwal	5	Yes
Shri. K. K. Sinha	5	Yes
Shri. Shailesh Sawa	5	Yes

\* ceased to be director on May 25, 2012

\*\*ceased to be director on October 16, 2012

@ deceased on January 16, 2013

# appointed as director on May 30, 2012

## appointed as director on October 16, 2012

Shri. R. N. Bansal, Chairman of the Audit Committee did not attend the AGM as he was travelling overseas. However, the management team was present to respond to the queries by the members.

**3. Audit Committee:**

The Audit Committee of the Company *inter alia* performs all the functions specified under the Companies Act, 1956 and Clause 49 of the Listing Agreement.

**Composition:**

As on March 31, 2013, the Committee comprised of three Independent Directors. The Chairman of the Audit Committee is an Independent Director. All the members of the Committee are financially literate and have relevant financial management and / or audit exposure. The Managing Director, Chief Executive Officer, Director Finance, Statutory Auditors and Internal Auditors attend the meetings. The Company Secretary is the Secretary to the Committee.

**Details of Audit Committee Meetings held during the year:**

Sr. No.	Date	Committee strength	No. of members present
1	May 30, 2012	4	2
2	July 24, 2012	4	2
3	October 16, 2012	3	3
4	January 17, 2013	2	2

**Attendance at Audit Committee Meetings:**

Director	No. of meetings held	No. of meetings attended
Shri. Anshuman Ruia *	4	Nil
Shri. R. N. Bansal, Chairman	4	2
Shri. K. V. Krishnamurthy #	4	3
Shri. Deepak Kumar Varma	4	4
Shri. T. S. Narayanasami **	4	NA

\* resigned w.e.f. October 16, 2012

# passed away on January 16, 2013

\*\* appointed on January 17, 2013

#### 4. Remuneration to Directors:

Details of Remuneration paid to the Managing Director and Wholetime Directors during the year ended March 31, 2013 is as under:

(Rs.)

Name of Director	Basic Salary	Allowances, Perquisites and other benefits	Contribution to Provident & Superannuation Fund	Total
Shri. Rajiv Agarwal CEO & Managing Director	44,37,228	1,82,19,323	5,32,464	2,31,89,015
Shri. K. K. Sinha Wholetime Director	55,45,680	80,41,317	6,65,482	1,42,52,479
Shri. Shailesh Sawa Director Finance	72,00,000	76,21,703	8,64,000	1,56,85,703

The Services of the aforesaid Executive Directors can be mutually terminated by giving three month's notice or three month's salary in lieu thereof.

#### Stock Options

During the year no further Stock Options have been granted to the Executive Directors. During Financial Year 2011 – 12, Shri. Rajiv Agarwal and Shri. Shailesh Sawa were granted 2,31,954 and 1,23,285 Stock Options respectively. These Options were granted on November 28, 2011. One third Options granted shall vest at the end of third, fourth and fifth year respectively from the date of grant. The vested options can be exercised over a period of seven years from the date of vesting of the Options. One Option is equal to one Equity Share of Rs. 10/- each of the Company. The Options have been granted at a price of Rs. 70.10 per Option.

Details of sitting fees paid to Non-Executive Directors for the meetings held during the year ended March 31, 2013:

Non-Executive Directors	Sitting Fees paid for Board/Committee meetings (Rs.)
Shri. Shashi Ruia	Nil
Shri. Anshuman Ruia	40,000.00
Shri. R. N. Bansal	80,000.00
Shri. K. V. Krishnamurthy	1,10,000.00
Shri. Dilip J. Thakkar	40,000.00
Shri. Deepak Kumar Varma	1,80,000.00
Shri. T. S. Narayanasami	80,000.00
Shri. Jan Adam	Nil

No shares or convertible instruments are held by any members of the Board in the Company.

#### 5. Shareholders' Grievance Committee and Share Transfer Committee:

##### A. Shareholders Grievance Committee:

###### Terms of Reference:

To redress grievances and complaints of members on all matters pertaining to their shareholding in the Company.

###### Composition:

The Committee comprised of Shri. R. N. Bansal, Shri. Deepak Kumar Varma, Shri. Rajiv Agarwal and Shri. Shailesh Sawa.

The Committee met 4 times during the year ended March 31, 2013.

## B. Share Transfer Committee:

### Terms of Reference:

To oversee the functioning of the Registrar & Share Transfer Agents and ensure that the process of share transfers, transmissions and issue of duplicate shares is effective and efficient.

### Composition:

The Committee comprised of Shri. Rajiv Agarwal, Shri. K. K. Sinha and Shri. Shailesh Sawa.

The Board has further authorised the Executive Directors and the Company Secretary to approve the Share Transfers and other related transactions on a regular basis under the supervision of the Committee.

The Committee met 5 times during the year ended March 31, 2013.

### Details of shareholders complaints received, solved and pending share transfers:

There were no complaints pending at the beginning of the year. A total of 118 complaints were received during the year ended March 31, 2013, most of which being non-receipt of annual reports and non-receipt of share certificates. All the complaints were redressed under the supervision of the Committee and no complaints were outstanding as on March 31, 2013.

All valid share transfer requests received during the year were duly attended to and processed in time. There were no valid requests pending for share transfers as on March 31, 2013.

## 6. General Body Meeting:

### (a) Details of General Meetings held in last three years:

Financial year	Meeting	Date	Time	Location
2009-10	AGM	24-07-10	03.00 PM	Administrative Building
	EGM	30-11-10	10.00 AM	Essar Refinery Complex
2010-11	AGM	09-09-11	12.00 NOON	Okha Highway (SH-25)
2011-12	AGM	27-09-12	02.30 PM	Jamnagar Gujarat 361 305

### (b) Special Resolutions passed in the previous three Annual General Meetings:

#### July 24, 2010:

To issue Equity Shares, Foreign Currency Convertible Bonds, Global Depository Receipts, etc.

#### September 9, 2011:

- Remuneration to be paid to Shri. Rajiv Agarwal, CEO & Managing Director.
- Remuneration to be paid to Shri. Shailesh Sawa, Director Finance.
- Remuneration to be paid to Shri. K. K. Sinha, Wholetime Director.
- To issue Equity Shares, Foreign Currency Convertible Bonds, Global Depository Receipts, etc.
- Implement the Stock Option Scheme and grant of Options thereunder.
- Extend the Stock Option Scheme to employees of subsidiary and holding companies.

#### September 27, 2012:

- To issue Equity Shares, Foreign Currency Convertible Bonds, Global Depository Receipts, etc.
- To increase the maximum number of Options to be issued per employee under the Essar Ports Employees Stock Options Scheme – 2011.
- Amend the Articles of Association of the Company.

- (c) No resolutions are proposed to be passed at the ensuing Annual General Meeting which require approval of members through Postal Ballot.

## 7. Disclosures:

- There are no materially significant related party transactions made by the Company that may have potential conflict with the interest of the Company at large.
- Transactions with related parties during the year are disclosed in Note No. 31 forming part of the financial statements in the Annual Report.
- During the last three years no penalty or stricture has been imposed on the Company by Stock Exchanges/SEBI/ Statutory Authorities on matters related to Capital Markets.
- No person has been denied access to the Audit Committee.

## 8. Means of Communication:

Financial results and other information about the Company	The quarterly and annual financial results are submitted to the BSE Limited and National Stock Exchange of India Limited which is uploaded on their websites. These results are also displayed on the Company's websites: <a href="http://www.essar.com">www.essar.com</a> and <a href="http://www.essarports.com">www.essarports.com</a>
Publication of financial results	Published in major newspapers such as Business Standard, Jai Hind and Sanj Samachar.
Press releases and presentation to Institutional Investors and to the Analyst	Press releases and presentations made to Institutional Investors and Analysts are displayed on the Company's websites: <a href="http://www.essar.com">www.essar.com</a> and <a href="http://www.essarports.com">www.essarports.com</a>
Management Discussion & Analysis	Forms part of the Annual Report, which is mailed to the shareholders of the Company

## 9. General Shareholders information:

### A. Annual General Meeting details:

Date	September 26, 2013
Venue	Administrative Building, Essar Refinery Complex Okha Highway (SH - 25), Taluka Khambhalia Distt. - Jamnagar, Gujarat 361305
Time	2.30 p.m.
Book Closure	September 23, 2013 to September 26, 2013 (both days inclusive)

### B. Financial Calendar:

Financial year of Company	April 1, 2013 to March 31, 2014
First Quarter results	On or before August 14, 2013
Second Quarter results	On or before November 14, 2013
Third Quarter results	On or before February 14, 2014
Annual results for the year	On or before May 30, 2014

### C. Registrars and Share Transfer Agents:

Data Software Research Company Private Limited  
19, Pycrofts Garden Road, Off. Haddows Road  
Nungambakkam, Chennai- 600 006  
Tel: (044) 2821 3738, 2821 4487 Fax: (044) 2821 2133  
E-Mail: [essar.ports@dsrc-cid.in](mailto:essar.ports@dsrc-cid.in)

### D. Share Transfer System:

To expedite the process of share transfers, transmissions, etc., the Board of your Company has delegated these powers to the Executive Directors and the Company Secretary of the Company.

All valid share transfer requests received by the Company in physical form are registered within an average period of 15 days. The Company dematerialises the shares after getting the dematerialisation requests being generated by the Depository Participants.

**E. Listing on Stock Exchanges:**

The Company's securities are listed on the following Stock Exchanges:

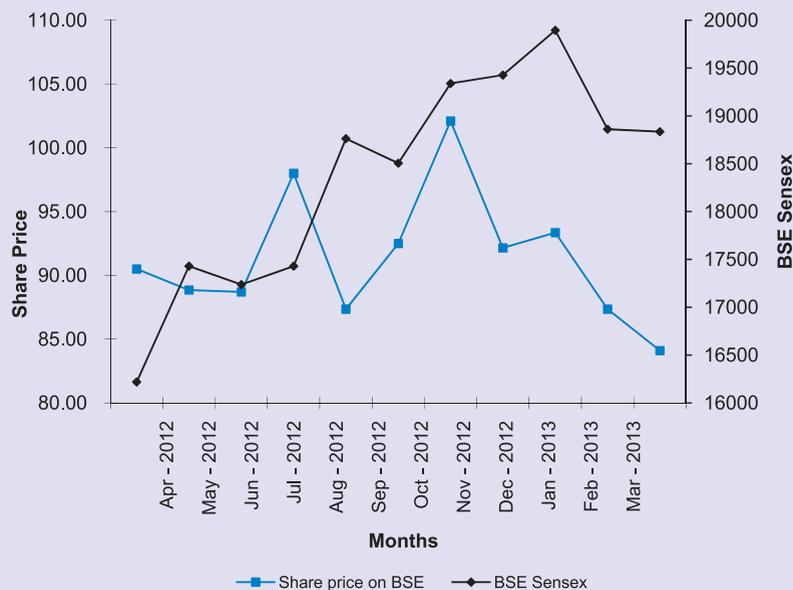
<b>BSE Limited</b> Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 023 Code : 500630	<b>National Stock Exchange of India Limited</b> Exchange Plaza, Bandra Kurla Complex Bandra East, Mumbai 500 051 Code : ESSARPORTS
--------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------

Annual Listing fee for the year 2013-14 has been paid to the respective stock exchanges.

**Market price data (High/Low) for each month in the financial year 2012-2013 on the BSE Limited and National Stock Exchange of India Limited:**

BSE Limited			National Stock Exchange of India Limited		
Month	Highest	Lowest	Month	Highest	Lowest
April, 2012	95.70	79.55	April, 2012	95.95	80.25
May, 2012	103.00	86.50	May, 2012	103.00	86.40
June, 2012	91.00	86.25	June, 2012	93.80	85.00
July, 2012	102.80	88.35	July, 2012	102.90	86.95
August, 2012	102.60	85.25	August, 2012	102.70	86.85
September, 2012	94.30	85.00	September, 2012	103.00	74.00
October, 2012	106.75	90.65	October, 2012	109.85	90.90
November, 2012	103.55	91.50	November, 2012	103.80	90.55
December, 2012	100.00	88.95	December, 2012	101.00	90.50
January, 2013	99.40	81.30	January, 2013	99.50	81.65
February, 2013	92.95	82.10	February, 2013	92.85	81.10
March, 2013	92.40	74.20	March, 2013	91.70	73.00
<b>Scrip Code : 500630</b>			<b>Scrip Code : ESSARPORTS</b>		

**Share Price performance in comparison to BSE Sensex**



**F. Shareholding Pattern as on March 31, 2013:**

SHAREHOLDING BY	NO. OF SHARES	%
Promoters	34,35,87,159	80.30
Financial Institutions / Mutual Funds / Banks / Insurance Companies	21,94,262	0.51
Other Corporate Bodies	2,60,51,314	6.09
Foreign Institutional Investors	3,37,26,174	7.88
Non-Resident Individuals	5,89,570	0.14
Public	2,17,39,519	5.08
<b>Total</b>	<b>42,78,87,998</b>	<b>100.00</b>

**G. Distribution of Shareholding as on March 31, 2013:**

No. of equity shares held	Number of shareholders	% of shareholders	Total number of shares	% of holding
Upto 5000	98,815	99.62	1,47,28,308	3.44
5001-10000	176	0.18	12,51,245	3.19
10001-20000	72	0.07	10,11,626	0.24
20001-30000	38	0.04	9,66,447	0.23
30001-40000	15	0.02	5,07,989	0.12
40001-50000	13	0.01	5,89,555	0.14
50001-100000	19	0.02	15,35,564	0.36
100001 and above	40	0.04	40,72,97,264	95.19
<b>TOTAL</b>	<b>99,188</b>	<b>100.00</b>	<b>42,78,87,998</b>	<b>100.00</b>

- H. Compliance Officer** : **Mr. Manoj Contractor**  
Company Secretary
- I. Registered Office** : Administrative Building  
Essar Refinery Complex  
Okha Highway (SH - 25)  
Taluka Khambhalia  
Distt. Jamnagar  
Gujarat 361 305
- J. Administrative Office** : Equinox Business Park  
(Address for Correspondence) 1<sup>st</sup> Floor, Tower-2  
Off. Bandra Kurla Complex  
L.B.S. Marg, Kurla (West)  
Mumbai 400 070  
Tel : (022) 6733 5000  
Fax: (022) 6708 2188  
e mail: epl.secretarial@essar.com

**K. Status of Dematerialisation of shares as on March 31, 2013:**

Mode	No. of shares	No. of folios	%
Physical	2,28,59,829	52,772	5.34
Demat	40,50,28,169	46,416	94.66
<b>TOTAL</b>	<b>42,78,87,998</b>	<b>99,188</b>	<b>100.00</b>

- L. The Company has paid dividend of Rs. 0.50 per equity share on October 4, 2012.

## 10. Nomination Facility:

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109 A of the Companies Act, 1956 are requested to submit to the R&T Agent of the Company the prescribed nomination form.

## 11. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

As on March 31, 2013 there are 2,800 Foreign Currency Convertible Bonds (FCCB's) aggregating US\$ 39,999,998 which can be converted into equity shares of the Company at a conversion price of Rs. 91.70 per share. As per the terms of the offering, the US\$ - INR conversion rate has been fixed at 1 US\$ = 46.94 INR. These FCCB's are listed on the Singapore Exchange Securities Trading Limited.

As on March 31, 2013 there are 17,432,446 Global Depository Shares which can be converted into equity shares of the Company as per the terms of the offering.

## 12. Secretarial Audit:

A qualified practicing Company Secretary carries out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

## 13. Non-mandatory requirements:

### 1. Remuneration Committee:

The Committee comprises of three Non-Executive Independent Directors with the Company Secretary as the Secretary of the Committee. The Committee is empowered to formulate and recommend to the Board from time to time, the compensation structure for Managing / Executive / Wholetime Directors and to administer and supervise the Employee Stock Option Schemes, whenever applicable.

### 2. Shareholders right:

Quarterly financial results are available on the website of the Company i.e. [www.essar.com](http://www.essar.com) and [www.essarports.com](http://www.essarports.com). No separate financials are sent to shareholders of the Company.

### 3. Audit qualifications:

There are no audit qualifications in the Independent Auditors' Report on the financial statements to the Shareholders of the Company.

## Auditors' Certificate on Corporate Governance

To  
The Members of Essar Ports Limited

We have examined the compliance of conditions of Corporate Governance by Essar Ports Limited ("the Company"), for the year ended on March, 31 2013, as stipulated in clause 49 of Listing Agreement entered into by the Company with the Stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Regn. No. 117365W)

**Samir R. Shah**  
Partner  
(Membership No. 101708)

Mumbai  
18 April 2013

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## Declaration on Compliance of the Company's Code of Conduct to the Members of Essar Ports Limited

The Company has framed a specific Code of Conduct for the members of the Board and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges to further strengthen corporate governance practices in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended March 31, 2013.

**Rajiv Agarwal**  
CEO & Managing Director

Mumbai  
18 April 2013

# Independent Auditors' Report

TO THE MEMBERS OF

**ESSAR PORTS LIMITED**

## Report on the Financial Statements

We have audited the accompanying financial statements of **ESSAR PORTS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1) (g) of the Act.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm Registration No. 117365W)

**Samir R. Shah**

Partner

Membership No. 101708

MUMBAI  
18 April 2013

# Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) None of the fixed assets were disposed off during the year.
- (ii) According to the information and explanations given to us and having regard to the nature of the Company's business, the Company does not have any inventories as at the balance sheet date since procurements are issued directly for consumption and therefore, the question of reporting on whether physical verification has been carried out at reasonable intervals; procedures of physical verification of inventories were reasonable and adequate; and discrepancies noticed on physical verification were material, does not arise. On the basis of our examination of records of inventories, in our opinion, the Company has maintained proper records of its inventories.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4 (iii) (a) to (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and sale of services. The activities of the Company do not involve sale of goods. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4 (v) of the Order are not applicable to the Company.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed thereunder would apply. Accordingly, the provisions of clause 4 (vi) of the Order are not applicable to the Company.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. As informed to us, the provisions for Employee's State Insurance and Excise duty were not applicable to the Company during the year.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2013 for a period of more than six months from the date they became payable.
- (c) There were no dues pending to be deposited on account of any dispute in respect of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Cess as on March 31, 2013.
- (x) The Company does not have accumulated losses at the end of the financial year. The Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Delays in payment of interest on Foreign Currency Convertible Bonds and borrowings from a financial institution amounting to Rs. 794.30 lakhs have generally been regularised within 31 days from due dates. The Company has not borrowed any sum from banks or through issue of debentures.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

## Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not, *prima facie*, prejudicial to the interests of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (xvii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds of Rs. 13,829.56 lakhs raised on short-term basis have, *prima facie*, been used during the year for long-term investment / purpose.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4 (xviii) of the Order are not applicable to the Company.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures during the year. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by way of public issues during the year. Accordingly, the provisions of clause 4 (xx) of the Order are not applicable to the Company.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 117365W)

**Samir R. Shah**  
Partner

Membership No. 101708

MUMBAI  
18 April 2013

## Standalone Balance Sheet as at 31 March 2013

Rs. in lakhs			
Particulars	Note no.	As at 31 March 2013	As at 31 March 2012
<b>(I) EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	42,801.85	41,058.61
(b) Reserves and surplus	4	2,30,033.10	2,21,160.78
		2,72,834.95	2,62,219.39
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	5	23,005.72	40,462.60
(b) Deferred tax liability (net)	6	-	-
(c) Other long term liabilities	7	31,410.03	12,955.94
		54,415.75	53,418.54
<b>3 Current liabilities</b>			
(a) Short-term borrowings	8	3,500.00	3,500.00
(b) Trade payables	9	1,547.11	1,556.58
(c) Other current liabilities	7	47,678.74	57,129.70
(d) Short-term provisions	10	2,418.89	2,311.60
		55,144.74	64,497.88
<b>TOTAL</b>		<b>3,82,395.44</b>	<b>3,80,135.81</b>
<b>(II) ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11	8,117.72	8,890.70
(b) Non-current investments	12	3,54,392.00	3,65,942.00
(c) Long-term loans and advances	13	14,820.55	1,317.92
		3,77,330.27	3,76,150.62
<b>2 Current assets</b>			
(a) Trade receivables	14	993.98	730.97
(b) Cash and bank balances	15	433.44	212.86
(c) Short-term loans and advances	13	1,912.97	2,043.07
(d) Other current assets	16	1,724.78	998.29
		5,065.17	3,985.19
<b>TOTAL</b>		<b>3,82,395.44</b>	<b>3,80,135.81</b>
<b>See accompanying notes forming part of the financial statements</b>			

In terms of our report attached  
**For Deloitte Haskins & Sells**  
 Chartered Accountants

**Samir R. Shah**  
 Partner

Mumbai  
 18 April 2013

**For and on behalf of the Board of Directors**

**Rajiv Agarwal**  
 Managing Director

**Shailesh Sawa**  
 Director Finance

**Deepak Kumar Varma**  
 Director

**Manoj Contractor**  
 Company Secretary

Mumbai  
 18 April 2013

## Standalone Statement of Profit and Loss for the year ended 31 March 2013

Particulars	Note no.	Rs. in lakhs	
		For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Income</b>			
Revenue from operations	17	3,539.51	3,622.00
Other income	18	3,543.26	1,634.36
<b>Total revenue</b>		<b>7,082.77</b>	<b>5,256.36</b>
<b>Expenses</b>			
Operating expenses	19	774.28	986.87
Employee benefits expense	20	793.47	667.07
Other expenses	21	1,338.30	698.39
<b>Total expenses</b>		<b>2,906.05</b>	<b>2,352.33</b>
<b>Profit before finance costs, depreciation and amortisation and tax</b>		<b>4,176.72</b>	<b>2,904.03</b>
Finance costs	22	7,246.59	9,239.93
Depreciation and amortisation	11	761.82	740.33
<b>Loss before tax</b>		<b>(3,831.69)</b>	<b>(7,076.23)</b>
<b>Tax expense</b>			
Current tax		5.00	0.20
Tax adjustment for earlier years		-	23.25
<b>Loss for the year</b>		<b>(3,836.69)</b>	<b>(7,099.68)</b>
<b>Earnings per share</b> (face value of Rs. 10/- per share)	26		
Basic and diluted		(0.90)	(1.73)
<b>See accompanying notes forming part of the financial statements</b>			

In terms of our report attached  
**For Deloitte Haskins & Sells**  
 Chartered Accountants

**Samir R. Shah**  
 Partner

Mumbai  
 18 April 2013

**For and on behalf of the Board of Directors**

**Rajiv Agarwal**  
 Managing Director

**Shailesh Sawa**  
 Director Finance

**Deepak Kumar Varma**  
 Director

**Manoj Contractor**  
 Company Secretary

Mumbai  
 18 April 2013

## Standalone Cash Flow Statement for the year ended 31 March 2013

Particulars	Rs. in lakhs	
	For the year ended 31 March, 2013	For the year ended 31 March, 2012
<b>A Cash flow from operating activities</b>		
Loss before tax	(3,831.69)	(7,076.23)
Adjustments for :		
Depreciation and amortisation	761.82	740.33
Finance costs	7,246.59	9,239.93
Interest income on bank deposits	(15.49)	(39.98)
Interest on income tax refund	-	(1.48)
Net gain on sale of long term investments	-	(2.44)
Dividend from a subsidiary	(2,078.57)	-
Net gain on foreign currency translation and transactions	(54.64)	-
Amortisation of foreign currency monetary item translation difference account (FCMITDA)	789.31	402.77
<b>Cash flow from operations before working capital changes</b>	<b>2,817.33</b>	<b>3,262.90</b>
<b>Changes in working capital</b>		
Changes in receivable, loans and advances and other current assets	(3,253.66)	(2,674.36)
Changes in payables, other liabilities and provisions	19,367.28	12,613.38
<b>Cash generated from operations</b>	<b>18,930.95</b>	<b>13,201.92</b>
Taxes refunded / (paid), net	400.74	(267.02)
<b>Net cash flow from operating activities (I)</b>	<b>19,331.69</b>	<b>12,934.90</b>
<b>B Cash flow from investing activities</b>		
Payment for acquisition of assets	(4,000.03)	(433.97)
Proceeds from sale of non-current investments	12,945.00	4.88
Advance received for sale of asset	2,492.68	-
Advance received for sale of investment	3,110.00	-
Investment in shares of subsidiaries	(19,982.80)	(5,677.00)
Advance towards allotment of shares to subsidiaries	(11,475.80)	(100.00)
Dividend from a subsidiary	2,078.57	-
Proceeds from maturity of fixed deposit	171.82	1,500.00
Fixed deposits placed for a period of more than three months	(266.97)	(160.00)
Interest received on fixed deposits	11.82	138.25
<b>Net cash used in investing activities (II)</b>	<b>(14,915.71)</b>	<b>(4,727.84)</b>

## Standalone Cash Flow Statement for the year ended 31 March 2013

Particulars	Rs. in lakhs	
	For the year ended 31 March, 2013	For the year ended 31 March, 2012
<b>C Cash flow from financing activities</b>		
Proceeds from issue of Global Depository Securities (net of share issue expenses)	17,204.35	-
Proceeds from long-term borrowings	-	20,000.00
Repayment of long-term borrowings	(12,500.00)	-
Repayment of short term borrowings	-	(22,500.00)
Dividend paid (including corporate dividend tax)	(2,149.97)	-
Finance costs paid	(6,844.93)	(8,021.28)
<b>Net cash used in financing activities (III)</b>	<b>(4,290.55)</b>	<b>(10,521.28)</b>
<b>Net increase / (decrease) in cash and cash equivalents for the year (I+II+III)</b>	<b>125.43</b>	<b>(2,314.22)</b>
Cash and cash equivalents at the beginning of the year	52.86	2,367.08
<b>Cash and cash equivalents at end of the year</b>	<b>178.29</b>	<b>52.86</b>
<b>Notes :</b>		
1 Reconciliation between closing cash and cash equivalents and cash and bank balances.	<b>For the year ended 31 March 2013</b>	<b>For the year ended 31 March 2012</b>
Cash and cash equivalents as per cash flow statement	178.29	52.86
Add : Margin money deposits not considered as cash and cash equivalents as per AS-3	255.15	160.00
<b>Cash and bank balances as per note no. 15</b>	<b>433.44</b>	<b>212.86</b>
2 Cash flow statement has been prepared under the indirect method as set out in Accounting Standards 3 - "Cash Flow Statement" referred to in Section 211 (3C) of the Companies Act, 1956.		
3 During the year share application money of Rs. Nil (previous year Rs.10,382.86 lakhs) placed with subsidiaries has been converted into share capital of subsidiaries.		
<b>See accompanying notes forming part of the financial statements</b>		

In terms of our report attached  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**Samir R. Shah**  
Partner

Mumbai  
18 April 2013

**For and on behalf of the Board of Directors**

**Rajiv Agarwal**  
Managing Director

**Shailesh Sawa**  
Director Finance

**Deepak Kumar Varma**  
Director

**Manoj Contractor**  
Company Secretary

Mumbai  
18 April 2013

## Notes forming part of the financial statements

### 1. CORPORATE INFORMATION

Essar Ports Limited ("the Company") is a public limited company domiciled in India and incorporated under the Companies Act, 1956. The Company is engaged in business of providing fleet operating and chartering services.

The Company is listed on BSE limited and the National Stock Exchange of India Limited (NSE).

The Company through its subsidiaries develops and operates ports and terminals for handling liquid, dry bulk, break bulk and general cargo, with an existing aggregate capacity of 104 MTPA across facilities located at Vadinar and Hazira in the State of Gujarat on the west coast of India and Paradip in the State of Odisha on the east coast of India.

The facilities at Vadinar, Hazira and Paradip are used primarily by affiliated customers for the receipt of raw materials such as crude oil, iron ore / pellets, limestone, dolomite and coal, and for the dispatch of finished goods such as petroleum products and steel products.

The Company is in the process of increasing its aggregate ports capacity to 158 MTPA with expansion projects at Hazira, a new port at Salaya in Gujarat, and one terminal at Paradip. The ports expansion projects have been undertaken, in part, to accommodate the increase in traffic expected to arise from plant expansions planned to be carried out by the Company's affiliated customers, and in part to support the increase in business from non-affiliated customers being targeted by the Company.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

#### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP"). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention.

#### 2.2 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management of the Company to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosures relating to contingent liabilities, at the end of the reporting period. Though the management believes that the estimates used are prudent and reasonable and are based on management's knowledge of current events and actions, actual results could differ from these estimates resulting in material adjustments to be recognised in the periods in which the results are known / materialise.

#### 2.3 Fixed assets, depreciation and amortisation

Fixed assets are recorded at cost or at revalued amounts less accumulated depreciation, amortisation and impairment loss, if any. Cost is inclusive of non-refundable duties, taxes and direct cost attributable for purchase of assets.

Depreciation on fleet, including second hand fleet, is provided by using the straight-line method based on a technical evaluation of the economic useful life of respective vessels or at the rates prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher as follows:

Assets	Method of depreciation	Estimated useful life
Tugs	SLM over balance useful life or 7% whichever is higher	20 years
Plant and machinery	SLM over balance useful life or 4.75% whichever is higher	20 years

All other assets are depreciated by using the written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing less than Rs. 5,000/- are depreciated at 100% in the year of acquisition.

Depreciation on the incremental value of fixed assets upon revaluation is recouped proportionately from fixed assets revaluation reserve.

Depreciation on additions / deductions to fixed assets made during the year is provided on a pro-rata basis from / upto the date of such additions / deductions, as the case may be.

Profit or loss on disposal of revalued fixed assets is recognised with reference to their revalued carrying values. The balance, if any, in the fixed assets revaluation reserve relating to revalued fixed assets that are sold / disposed is transferred to general reserve.

#### 2.4 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount (higher of net selling price and value in use) of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount but limited to the carrying amount that would have been determined (net of depreciation / amortisation) had no impairment loss been recognised in prior accounting periods.

#### 2.5 Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or development of qualifying assets (i.e. the assets that take substantial period of time to get ready for its intended use) are capitalised as part of the cost of such assets.

All other borrowing cost are recognised in the Statement of Profit and Loss.

#### 2.6 Investments

Investments are classified into long term and current investments. Long term investments are carried at cost. Diminution in value of long term investments is provided for when it is considered as being other than temporary in nature. Current investments are carried at the lower of cost and fair value.

#### 2.7 Revenue recognition

Revenue from operation represent income from charter hire of fleet.

Revenue on transactions of rendering services is recognised under the completed service contract method. Performance is regarded as achieved when no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the services.

## Notes forming part of the financial statements

### 2.8 Other income

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. Dividend income is recognised for when the right to receive it is established.

Insurance claims are recorded based on reasonable certainty of their settlement.

### 2.9 Operating leases

Lease expenses and lease income on operating leases are recognised on a straight line basis over the lease term in the Statement of Profit and Loss.

### 2.10 Employee benefits

a) The Company (employer) and the employees contribute a specified percentage of eligible employees' salary- currently 12%, to the employer established provident fund "Essar Ports Limited Provident Fund" set up as an irrevocable trust by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on government specified minimum rates of return – currently @ 8.6%, and recognises such provident fund liability, considering fund as the defined benefit plan, based on an independent actuarial valuation carried out at every statutory year end.

b) Post-employment benefit plans

Contribution to defined contribution retirement benefit schemes are recognised as expense in the Statement of Profit and Loss, when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss, for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and is otherwise amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation and is adjusted both for unrecognised past service cost, and for the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme, if lower.

c) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits include compensated absences such as paid annual leave, and performance incentives.

d) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation determined actuarially by using Projected Unit Credit Method at the balance sheet date.

e) Employee Stock Option Scheme:

Stock options granted to employees under the employees' stock option scheme (ESOS) are accounted by adopting

the intrinsic value method in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on accounting for employee share based payments issued by the ICAI. Accordingly, the excess of market price of the shares over the exercise price is recognised as deferred employee compensation and is charged to the Statement of Profit and Loss on straight-line basis over the vesting period.

The number of options expected to vest is based on the best available estimate and are revised, if necessary, if subsequent information indicates that the number of stock options expected to vest differs from previous estimates.

### 2.11 Foreign currency transactions

Foreign currency transactions are accounted at the rate normally prevailing on the transaction date. Exchange differences arising on settlement or conversion of short term foreign currency monetary items are recognised in the Statement of Profit and Loss. Exchange differences relating to long term foreign currency monetary items are accounted as under:

- (i) in so far as they relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of such capital asset and depreciated over the balance useful life of the asset;
- (ii) in other cases such differences are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised in the Statement of Profit and Loss over the balance life of the long term foreign currency monetary item or 31 March 2020, whichever is earlier.

### 2.12 Taxation

Provision for current taxation is computed in accordance with the relevant tax laws and regulations. Deferred tax is recognised on timing differences between the accounting and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the reporting date. Deferred tax assets are recognised only when there is a reasonable certainty that sufficient future taxable income will be available against which they will be realised. Where there is a carry forward of losses or unabsorbed depreciation, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence of availability of taxable income against which such deferred tax assets can be realised in future.

Minimum alternative tax (MAT) paid in accordance with tax laws, which gives rise to future economic benefit in form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

### 2.13 Provisions, contingent liabilities and contingent assets

A provision is recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, the existence of which will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because a reliable estimate of the liability cannot be made or likelihood of an outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

## Notes forming part of the financial statements

### 3 Share capital

(a) Particulars	As at 31 March 2013		As at 31 March 2012	
	Number	Rs. in lakhs	Number	Rs. in lakhs
<b>Authorised</b>				
Equity shares of Rs.10/- each	1,00,00,00,000	1,00,000.00	1,00,00,00,000	1,00,000.00
Redeemable cumulative preference shares of Rs 100/- each	10,50,000	1,050.00	10,50,000	1,050.00
		1,01,050.00		1,01,050.00
<b>Issued and subscribed</b>				
Equity shares of Rs.10/- each	42,81,34,646	42,813.46	41,07,02,200	41,070.22
<b>Paid up</b>				
Equity shares of Rs.10/- each (refer note i)	42,78,87,998	42,788.80	41,04,55,552	41,045.56
Forfeited equity shares	2,46,648	13.05	2,46,648	13.05
		<b>42,801.85</b>		<b>41,058.61</b>

(i) Of above 17,18,87,182 equity shares were allotted as fully paid up equity shares for consideration other than cash pursuant to the scheme of amalgamation during the financial year 2008-09.

#### (b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number	Rs. in lakhs	Number	Rs. in lakhs
<b>Equity shares of Rs. 10/- each</b>				
At the beginning of the year	41,04,55,552	41,045.56	41,04,55,552	41,045.56
Add : Issue of shares during the year (52,666 Global Depository Securities (GDS)* represented by 1,74,32,446 equity shares)	1,74,32,446	1,743.24	-	-
<b>At the end of the year</b>	<b>42,78,87,998</b>	<b>42,788.80</b>	<b>41,04,55,552</b>	<b>41,045.56</b>

\* Each GDS represents 331 equity shares

#### (c) Terms of / rights attached to equity shares / Global depository securities (GDS)

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting. In the event of liquidation, the holder of equity share is entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

Holders of GDS will be entitled to receive dividends, subject to the terms of the Deposit Agreement, to the same extent as the holders of equity shares, less the fees and expenses payable under such Deposit Agreement and any Indian tax applicable to such dividends. In the event of liquidation, the holder of GDS is entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding. Each holder of GDS is entitled to 331 votes per GDS held.

#### (d) Shares held by holding company, the ultimate holding company, their subsidiaries and associates

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number	%	Number	%
<b>Equity shares of Rs. 10/- each</b>				
Essar Shipping & Logistics Limited, Cyprus the holding company	28,45,03,711	66.49	28,45,03,711	69.31
Essar Global Fund Limited, the ultimate holding company	66	0.00	66	0.00
Essar Projects (India) Limited, subsidiary of the ultimate holding company	5,63,96,995	13.18	5,63,96,995	13.74
Essar Steel India Limited, subsidiary of the ultimate holding company	25,47,223	0.60	25,47,223	0.62
	<b>34,34,47,995</b>	<b>80.27</b>	<b>34,34,47,995</b>	<b>83.67</b>

There are no other shareholders holding more than 5% shares in the Company.

## Notes forming part of the financial statements

(i) Stock options:

In the annual general meeting held on 9 September 2011, the shareholders approved the grant of 7,40,334 options (convertible into equivalent number of equity shares of Rs. 10/- each of the Company, in three equal installments i.e. at the end of 3rd / 4th / 5th years from the grant date) to the eligible employees and executive directors of the Company pursuant to Essar Ports Employee Stock Option Scheme 2011. The exercise period for the options is 7 years from the date of vesting.

These stock options have been granted at an option value of Rs. 71.10 per equity share of face value of Rs. 10/- each (i.e. the closing price of the equity shares of the Company on 1 December 2011 at the National Stock Exchange of India Ltd, being the exchange having the higher quantity of trading of Company's shares).

Out of above, 7,40,334 options were outstanding as on 31 March 2013.

(ii) 5 % Foreign Currency Convertible Bonds are convertible into 2,04,75,463 equity shares (as at 31 March 2012, 2,04,75,463 equity shares) of Rs.10/- each at Rs. 91.70 per share (refer footnote (ii) to note 5).

#### 4 Reserves and surplus

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
<b>a. General reserve</b>		
Opening balance	64,485.74	64,485.74
Add: Transferred from tonnage tax utilised reserve	5,550.00	-
<b>Closing balance</b>	<b>70,035.74</b>	<b>64,485.74</b>
<b>b. Securities premium account</b>		
Opening balance	-	-
Add : Premium on issuance of GDS	15,731.68	-
Less: Share issue expenses	(270.57)	-
<b>Closing balance</b>	<b>15,461.11</b>	<b>-</b>
<b>c. Revaluation reserve</b>		
Opening balance	94.34	105.50
Less: Utilised for set off against depreciation	(11.16)	(11.16)
<b>Closing balance</b>	<b>83.18</b>	<b>94.34</b>
<b>d. Tonnage tax reserve</b>		
Opening balance	-	-
Add: Transferred from surplus in Statement of Profit and Loss	500.00	-
<b>Closing balance</b>	<b>500.00</b>	<b>-</b>
<b>e. Tonnage tax utilised reserve</b>		
Opening balance	5,550.00	5,550.00
Less: Transferred to general reserve	(5,550.00)	-
<b>Closing balance</b>	<b>-</b>	<b>5,550.00</b>
<b>f. Foreign currency monetary item translation difference account</b>		
Opening balance	(2,191.83)	-
Add: Current year transfer	(1,293.12)	(2,594.60)
Less: Amortised during the year	789.31	402.77
<b>Closing balance</b>	<b>(2,695.64)</b>	<b>(2,191.83)</b>
<b>g. Surplus in Statement of Profit and Loss</b>		
Opening balance	1,53,222.53	1,62,374.49
Add: Loss for the year	(3,836.69)	(7,099.68)
Less: Dividends proposed / paid on equity shares	(2,226.60)	(2,052.28)
Less: Tax on dividend	(10.53)	-
Less: Transferred to tonnage tax reserve	(500.00)	-
<b>Closing balance</b>	<b>1,46,648.71</b>	<b>1,53,222.53</b>
<b>Total</b>	<b>2,30,033.10</b>	<b>2,21,160.78</b>

## Notes forming part of the financial statements

### 5 Long term borrowings

Rs. in lakhs

Particulars	Non-current		Current	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
<b>Secured</b>				
Rupee term loan from financial institutions [refer note (i) below]	1,250.00	20,000.00	6,250.00	-
<b>Total secured loan</b> [A]	<b>1,250.00</b>	<b>20,000.00</b>	<b>6,250.00</b>	<b>-</b>
<b>Unsecured</b>				
(a) 5 % Foreign currency convertible bonds (FCCB) [refer note (ii) below]	21,755.72	20,462.60	-	-
(b) Rupee term loan from others [refer note (iii) below]	-	-	30,000.00	30,000.00
<b>Total unsecured loan</b> [B]	<b>21,755.72</b>	<b>20,462.60</b>	<b>30,000.00</b>	<b>30,000.00</b>
<b>Total</b> [A + B]	<b>23,005.72</b>	<b>40,462.60</b>	<b>36,250.00</b>	<b>30,000.00</b>
Less: Amount disclosed under the head 'other current liabilities' (note no 7)	-	-	(36,250.00)	(30,000.00)
<b>Long term borrowings</b>	<b>23,005.72</b>	<b>40,462.60</b>	<b>-</b>	<b>-</b>

- i) Secured rupee term loan from financial institutions carries variable interest rate of SREI Benchmark rate minus 3.75% per annum (as at 31 March 2013 - 13.75% p.a.) and is repayable in 12 monthly instalments starting from 31 July 2013. The loan is secured against movable fixed assets and all the cash flows including dividend and receivables of the Company.
- ii) FCCB of US\$ 1,85,71,428 (Series - B) due on 24 August 2017 and US\$ 2,14,28,572 (Series - A) due on 24 August 2015 carry interest @ 5% per annum payable semi annually. The bonds are convertible into 2,04,75,463 fully paid equity shares of Rs.10 each of the Company, any time upto the date of maturity, at the option of the bond holders at conversion price of Rs. 91.70 per share at a predetermined exchange rate of Rs. 46.94 per USD. The bonds, if not converted, till the maturity date will be redeemed at par.
- iii) Unsecured rupee term loan from others carries interest rate of 12.75% per annum, repayable in two instalments of Rs. 10,000 lakhs on 1 July 2013 and Rs. 20,000 lakhs on 1 October 2013. Essar Shipping & Logistics Limited, the holding company, has given a corporate guarantee of Rs. 30,000 lakhs.
- iv) The classification of loans between current liabilities and non-current liabilities continues based on repayment schedule under respective agreements as no loans have been recalled due to non compliance of conditions under any of the loan agreement. This is in accordance with the guidance issued by the Institute of Chartered Accountants of India on Revised Schedule VI to the Companies Act, 1956.

### 6 Deferred tax liability (net)

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Tax effect of items constituting deferred tax liabilities</b>		
On difference between book balance and tax balance of fixed assets	252.62	142.45
	<b>(A)</b>	<b>252.62</b>
<b>Tax effect of items constituting deferred tax assets</b>		
Unabsorbed depreciation carried forward	252.62	142.45
	<b>(B)</b>	<b>252.62</b>
<b>Deferred tax liability (net)</b>	<b>(A-B)</b>	<b>-</b>

The Company has recognised deferred tax asset on unabsorbed depreciation and / or brought forward business losses to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax.

## Notes forming part of the financial statements

### 7 Other long term / current liabilities

Rs. in lakhs

Particulars	Non-current		Current	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
Advances from related parties	31,410.03	12,955.94	8,101.82	2,426.04
Payable in respect of capital goods	-	-	568.52	4,568.55
Current maturities of long-term borrowings (refer note 5 (i), (ii) and (iii) for details of security, interest and guarantee)	-	-	36,250.00	30,000.00
Interest accrued but not due on borrowings	-	-	1,007.40	605.74
Security deposits received	-	-	1,435.20	-
Payable for purchase of investments	-	-	-	18,587.80
Reimbursable expenses on account of demerger	-	-	-	795.93
Other liabilities (including statutory dues for service tax, VAT, tax deducted at source, provident fund and dues to employees)	-	-	315.80	145.64
<b>Total</b>	<b>31,410.03</b>	<b>12,955.94</b>	<b>47,678.74</b>	<b>57,129.70</b>

### 8 Short term borrowing

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
<u>Unsecured</u>		
12.5 % Loans repayable on demand-from a related party (refer note no. 31)	3,500.00	3,500.00
<b>Total</b>	<b>3,500.00</b>	<b>3,500.00</b>

### 9 Trade payables

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
Trade payables - other than acceptances (refer note no. 29)	1,547.11	1,556.58
<b>Total</b>	<b>1,547.11</b>	<b>1,556.58</b>

### 10 Short-term provisions

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
<b>(a) Provision for employee benefits</b>		
Gratuity (refer note no. 30)	4.90	6.43
Compensated absences (refer note no. 30)	150.90	136.91
<b>(b) Others</b>		
Provisions for taxation [net of advance tax of Rs. 1,832.88 lakhs (previous year Rs.1,832.88 lakhs)]	123.65	115.98
Proposed dividend on equity shares	2,139.44	2,052.28
<b>Total</b>	<b>2,418.89</b>	<b>2,311.60</b>

## Notes forming part of the financial statements

### 11. Tangible Assets

Rs. in lakhs

Particulars	Gross block at cost			Accumulated depreciation			Net block		
	As at 01 April 2012	Additions during the year	As at 31 March 2013	As at 01 April 2012	Depreciation for the year	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012	
Fleet*	6,222.81	-	6,222.81	2,023.29	439.33	2,462.62	3,760.19	4,199.52	
Plant and equipment*	5,002.50	-	5,002.50	311.32	333.65	644.97	4,357.53	4,691.18	
<b>Total tangible assets</b>	<b>11,225.31</b>	<b>-</b>	<b>11,225.31</b>	<b>2,334.61</b>	<b>772.98</b>	<b>3,107.59</b>	<b>8,117.72</b>	<b>8,890.70</b>	
<b>Previous year</b>	<b>6,222.81</b>	<b>5,002.50</b>	<b>11,225.31</b>	<b>1,583.12</b>	<b>751.49</b>	<b>2,334.61</b>	<b>8,890.70</b>		

\* Given on operating lease

Note:

- Fleet were revalued on 31 March 2008 on the basis of valuation done by approved valuers. The net difference between book value and revalued value as on 31 March 2008 amounting to Rs. 129.62 lakhs had been added to book value of fleet and corresponding credit was given to revaluation reserve. Out of depreciation for the year, a sum of Rs.11.16 lakhs (previous year Rs. 11.16 lakhs) to the extent it is charged on the increased value has been recouped from revaluation reserve and balance depreciation of Rs. 761.82 lakhs (previous year Rs. 740.33 lakhs) has been debited to the Statement of Profit and Loss.
- Fleet have been hypothecated against secured non convertible debenture issued by Essar Shipping Limited (fellow subsidiary).

### 12 Non-current Investments

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Trade investments (valued at cost)</b>		
<b>(a) Investments in equity shares (unquoted, fully paid up)</b>		
<b><u>Investment in subsidiaries</u></b>		
45,000, equity shares of Rs.10/- each of Essar Paradip Terminals Limited	4.50	4.50
37,00,000, equity shares of Rs. 10/- each of Essar Bulk Terminal Limited	373.66	373.66
7,86,54,397, equity shares of Rs 10/- each of Vadinar Ports & Terminals Limited	7,527.87	7,527.87
1,04,61,42,000, equity shares of Rs 10/- each of Vadinar Oil Terminal Limited	1,22,921.01	122,921.01
30,04,875, equity shares of Rs 10/- each of Essar Bulk Terminal (Salaya) Limited	320.04	320.04
<b>[A]</b>	<b>1,31,147.08</b>	<b>1,31,147.08</b>
<b>(b) Investments in preference shares (unquoted, fully paid up)</b>		
<b><u>Investment in subsidiaries</u></b>		
Nil (PY 11,55,00,000), 0.01% compulsorily convertible cumulative participating preference shares of Rs. 10/- each of Essar Bulk Terminal Paradip Limited	-	11,550.00
3,29,30,000, 0.01% optionally convertible redeemable cumulative preference share of Rs.10/- each of Essar Bulk Terminal Limited	57,546.72	57,546.72
7,90,22,903, 0.01% fully convertible cumulative preference shares of Rs 10/- each of Essar Bulk Terminal Limited	1,16,136.22	1,16,136.22
12,99,84,850, 0.01% compulsorily convertible cumulative participating preference shares of Rs 10/- each of Essar Bulk Terminal Limited	28,303.72	28,303.72
20,50,73,630, 0.01% compulsorily convertible cumulative participating preference shares of Rs 10/- Each of Essar Bulk Terminal ( Salaya) Limited	20,358.26	20,358.26
90,00,000, 0.01% compulsorily convertible cumulative participating preference shares of Rs. 10/- each of Essar Paradip Terminals Limited	900.00	900.00
<b>[B]</b>	<b>2,23,244.92</b>	<b>2,34,794.92</b>
<b>Total</b>	<b>[A+B] 3,54,392.00</b>	<b>3,65,942.00</b>

## Notes forming part of the financial statements

### 13 Long-term / short-term loans and advances

Rs. in lakhs

Particulars	Non-current		Current	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
<u>Unsecured, considered good</u>				
Security deposit to a related party (Refer note no. 31)	75.00	-	-	-
Advances recoverable in cash or kind or for value to be received	-	-	9.01	14.84
Advance towards allotment of shares to subsidiaries (Refer note no. 31)	11,575.80	100.00	-	-
Advance income-tax and tax deducted at source (net of provision for taxation of Rs. 5 lakhs (previous year Rs. 0.20 lakhs))	-	-	1,408.49	1,809.23
Prepaid expenses	78.35	41.71	309.04	47.00
Cenvat receivable	3,091.40	1,176.21	153.84	145.20
Service tax receivable	-	-	32.59	26.80
<b>Total</b>	<b>14,820.55</b>	<b>1,317.92</b>	<b>1,912.97</b>	<b>2,043.07</b>

### 14 Trade receivables

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
<u>Unsecured, considered good</u>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	765.78	-
Others trade receivables	228.20	730.97
<b>Total</b>	<b>993.98</b>	<b>730.97</b>

### 15 Cash and bank balances

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
<b>A. Cash and cash equivalents</b>		
Balances with banks in current accounts	178.29	52.86
[A]	<b>178.29</b>	<b>52.86</b>
<b>B. Other bank balances</b>		
Margin money deposits (lien against facility of bank guarantee)	255.15	160.00
[B]	<b>255.15</b>	<b>160.00</b>
<b>Total</b>	<b>433.44</b>	<b>212.86</b>
[A+B]		

## Notes forming part of the financial statements

### 16 Other current assets

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
Interest accrued on fixed deposits	4.40	0.73
Receivables for management services and other income (refer note no. 31)	1,720.38	997.56
<b>Total</b>	<b>1,724.78</b>	<b>998.29</b>

### 17 Revenue from operations

Rs. in lakhs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Sale of services</b>		
Fleet operating and chartering earnings	3,539.51	3,622.00
<b>Total</b>	<b>3,539.51</b>	<b>3,622.00</b>

### 18 Other income

Rs. in lakhs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Interest income on bank deposits	15.49	39.98
Interest income on overdue receivables	142.21	-
Management fee income (net of expenses of Rs. 306.78 lakhs (previous year Rs. 589.74 lakhs)	1,252.35	1,408.31
Dividend from a subsidiary	2,078.57	-
Net gain on sale of long term investments	-	2.44
Interest on income tax refund	-	183.63
Net gain on foreign currency translation and transactions	54.64	-
<b>Total</b>	<b>3,543.26</b>	<b>1,634.36</b>

### 19 Operating expenses

Rs. in lakhs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Consumption of stores and spares	56.93	116.06
Direct voyage expenses	569.01	564.23
Commission, brokerage and agency fees	96.12	147.29
Dry docking expenses	6.48	125.89
Insurance, protection and indemnity club fees	45.74	33.40
<b>Total</b>	<b>774.28</b>	<b>986.87</b>

## Notes forming part of the financial statements

### 20 Employee benefits expense

Rs. in lakhs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Salaries, wages and bonus	718.21	622.89
Contribution to staff provident and other funds (refer note no. 30)	41.79	22.69
Staff welfare expenses	33.47	21.49
<b>Total</b>	<b>793.47</b>	<b>667.07</b>

### 21 Other expenses

Rs. in lakhs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Repairs and maintenance-others	13.64	2.76
Legal and professional fees	326.33	132.34
Travelling	56.03	54.77
Auditors' remuneration (refer note below)	32.82	31.90
Amortisation of foreign currency monetary item translation difference account (FCMITDA) [refer note no. 4 (f)]	789.31	402.77
Others	120.17	73.85
<b>Total</b>	<b>1,338.30</b>	<b>698.39</b>

Rs. in lakhs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Payments to the statutory auditors' comprise (net of service tax):</b>		
As auditors	21.00	10.00
For other services	10.77	20.55
Reimbursement of expenses	1.05	1.35
<b>Total</b>	<b>32.82</b>	<b>31.90</b>

### 22 Finance costs

Rs. in lakhs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Interest expense		
- on bank loans	-	727.71
- on loan from financial institution and other	5,188.92	5,951.92
- on foreign currency convertible bonds	1,225.84	1,106.27
- on short term borrowing	437.50	438.70
Other finance charges	394.33	1,015.33
<b>Total</b>	<b>7,246.59</b>	<b>9,239.93</b>

### 23 Contingent liabilities

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
Guarantees given on behalf of subsidiaries against borrowings	1,54,460.00	2,01,160.00
<b>Total</b>	<b>1,54,460.00</b>	<b>2,01,160.00</b>

## Notes forming part of the financial statements

### 24 Commitments

As per the borrowing agreement of subsidiaries with banks and financial institutions, the Company has commitment to invest Rs. 28,897.15 lakhs (previous year Rs. 23,467.15 lakhs) into the projects of subsidiaries. Under the agreements with lenders, the Company shall not dilute its investment in any of the port project developed by it below 51% till maturity of the loan.

### 25 Details of leasing arrangements - assets taken on operating leases

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Committed liability for future lease rental charges</b>		
a. Payable not later than 1 year	141.37	-
b. Payable later than 1 year but not later than 5 years	494.80	-
c. Payable later than 5 years	-	-
<b>Total</b>	<b>636.17</b>	<b>-</b>

- a. The Company has entered into a non-cancellable operating lease agreement for office premises for the period of 5 years with monthly lease rental of Rs. 11.78 lakhs.
- b. The Company expects to receive future minimum sublease payment of Rs. 636.17 lakhs as on 31 March 2013. A sum of Rs. 70.69 lakhs has been recognised in Statement of Profit and Loss as lease charges and sublease income during the year.

### 26 Earnings per share:

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Net loss for the year (Rs. in lakhs)	(3,836.69)	(7,099.68)
Equity shares at the beginning of the year (nos.)	41,04,55,552	41,04,55,552
Equity shares issued during the year (GDS) (nos.)	1,74,32,446	-
<b>Equity shares at the end of the year (nos.)</b>	<b>42,78,87,998</b>	<b>41,04,55,552</b>
Weighted average equity shares for the purpose of calculating basic earnings per share (nos.)	42,49,82,590	41,04,55,552
Weighted average equity shares for the purpose of calculating diluted earnings per share (nos.)*	42,49,82,590	41,04,55,552
Earnings per share-basic and diluted in Rs.(face value of Rs.10/- each)	(0.90)	(1.73)

\* Equity share to be issued upon conversion of FCCB and exercise of Employee Stock Option Plan have not been considered for purpose of calculation of the weighted average number of equity shares for dilution purposes as they are anti-dilutive.

### 27 Derivative instruments and unhedged foreign currency exposures

#### A) Unhedged foreign currency exposures

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

##### (a) Amount receivable in foreign currency on account of the following:

Particulars	As at 31 March 2013		As at 31 March 2012	
	Rs. in lakhs	In lakhs	Rs. in lakhs	In lakhs
Other assets (rendering of services)	1,313.82	USD 24.16	798.00	USD 15.60
Other assets (interest receivable)	142.21	USD 2.61	-	-
Bank balances	6.53	USD 0.12	5.46	USD 0.12

##### (b) Amount payable in foreign currency on account of the following:

Particulars	As at 31 March 2013		As at 31 March 2012	
	Rs. in lakhs	In lakhs	Rs. in lakhs	In lakhs
Foreign currency convertible bond (including interest accrued but not due)	21,856.44	USD 401.85	20,549.57	USD 401.70
Trade payables	170.75	EUR 2.32	-	-

## Notes forming part of the financial statements

B) There were no forward / option contracts entered into by the Company during the current or previous financial year to hedge its foreign currency exposures.

28 The Company has one primary business segment of fleet operations and chartering and only one geographical segment i.e. India.

### 29 Dues to micro, small and medium enterprises

The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 and hence disclosure relating to amount unpaid at the year end together with interest paid / payable under this Act have not been given.

### 30 Employee benefits :

The Company has classified the various benefits provided to employees as under:

#### I. Defined contribution plans

The Company has recognised the following amounts in the Statement of Profit and Loss during the year:

Particulars	Rs. in lakhs	
	For the year ended 31 March 2013	For the year ended 31 March 2012
Employer's contribution to superannuation fund	0.15	-

The above amount is included in 'contribution to staff provident and other funds' (note 20).

#### II. Defined benefit plans

- a. Provident fund
- b. Gratuity
- c. Compensated absences (CA)

In accordance with AS-15, the relevant disclosures are as under:

#### (A) Changes in present value of defined benefit obligation:

Particulars	Rs. in lakhs					
	Provident fund (funded)		Gratuity-shore officers (funded)		CA (non funded)	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
Present value of defined benefit obligations - opening balance	268.46	1,408.24	35.82	30.37	136.91	143.72
Current service cost	27.23	19.26	1.39	4.65	4.40	4.61
Current service contribution-employee	41.77	36.26	-	-	-	4.15
Interest cost	25.79	15.92	3.02	2.43	3.91	-
Past service cost	-	-	-	-	-	-
Acquisitions	33.25	68.52	-	-	-	-
Benefits paid	-	-	(0.51)	-	-	(13.66)
Actuarial (gain) / loss on obligations	-	(1,279.74)	8.01	(1.63)	5.68	(1.91)
<b>Present value of defined benefit obligations - closing balance</b>	<b>396.50</b>	<b>268.46</b>	<b>47.73</b>	<b>35.82</b>	<b>150.90</b>	<b>136.91</b>

## Notes forming part of the financial statements

### (B) Changes in the fair value of plan asset:

Rs. in lakhs

Particulars	Provident fund (funded)		Gratuity-shore officers (funded)		CA (non funded)	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
Fair value of plan assets - opening balance	268.46	1,408.24	29.39	24.79	-	-
Expected return on plan assets	-	15.92	2.56	2.21	-	-
Actual return on plan assets	25.79	-	-	-	-	-
Acquisition adjustment	-	-	-	-	-	-
Actuarial gains / (losses)	-	(1,279.74)	9.44	0.04	-	-
Contributions by the employer / employees	102.25	124.04	1.95	2.35	-	-
Benefits paid	-	-	(0.51)	-	-	-
<b>Fair value of plan assets - closing balance</b>	<b>396.50</b>	<b>268.46</b>	<b>42.83</b>	<b>29.39</b>	<b>-</b>	<b>-</b>

### (C) Amount recognised in Balance Sheet:

Rs. in lakhs

Particulars	Provident fund (funded)		Gratuity-shore officers (funded)		CA (non funded)	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
Present value of defined benefit obligations	396.50	268.46	47.73	35.82	150.90	136.91
Fair value of plan assets at the end of the year	396.50	268.46	42.83	29.39	-	-
<b>Liability / (asset) recognised in the Balance Sheet (note 10)</b>	<b>-</b>	<b>-</b>	<b>4.90</b>	<b>6.43</b>	<b>150.90</b>	<b>136.91</b>

### (D) Expenses recognised in the Statement of Profit and Loss:

Rs. in lakhs

Particulars	Provident fund (funded)		Gratuity-shore officers (funded)		CA (non funded)	
	For the year ended 31 March 2013	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2012
Current service cost	27.23	19.26	1.39	4.65	4.40	4.61
Interest cost	25.79	15.92	3.02	2.43	3.91	4.15
Expected return on plan assets	(25.79)	(15.92)	(2.56)	(2.21)	-	-
Past service cost	-	-	-	-	-	-
Net actuarial (gain) / loss recognised in the period	-	-	(1.43)	(1.66)	5.68	(13.66)
<b>Total expenses recognised in the Statement of Profit and Loss (Refer note 20).</b>	<b>27.23</b>	<b>19.26</b>	<b>0.42</b>	<b>3.21</b>	<b>13.99</b>	<b>(4.90)</b>

## Notes forming part of the financial statements

### (E) Experience history:

Rs. in lakhs

Particulars	Gratuity-shore officers (funded)				
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011	As at 31 March 2010	As at 31 March 2009
Defined benefit obligation at the end of the year	(47.73)	(35.82)	(30.00)	(79.00)	(53.00)
Plan assets at the end of the period	42.82	29.38	25.00	79.00	77.00
Funded status	(4.92)	(6.44)	5.00	-	24.00
Experience gain / (loss) adjustments on plan liabilities	(7.20)	0.89	(21.00)	(29.00)	70.00
Experience gain / (loss) adjustments on plan assets	9.44	0.04	1.00	-	-
Actuarial gain / (loss) due to change on assumptions	0.80	0.74	0.39	7.00	-

Rs. in lakhs

Particulars	CA (non funded)				
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011	As at 31 March 2010	As at 31 March 2009
Defined benefit obligation at the end of the year	(60.00)	(46.02)	(53.00)	(116.00)	(54.00)
Plan assets at the end of the period	-	-	-	-	-
Funded status	(60.00)	(46.02)	(53.00)	(116.00)	(54.00)
Experience gain / (loss) adjustments on plan liabilities	(4.09)	12.41	(45.00)	(91.00)	170.00
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-
Actuarial gain / (loss) due to change on assumptions	(1.59)	12.41	-	36.00	(54.00)

### (F) Category of plan assets:

Percentage of each category of plan assets to total fair value of plan assets:	Provident fund (funded)		Gratuity-shore officers (funded)		CA (non funded)	
	For the year ended 31 March 2013	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2012
Administered by life insurance corporation of India (LIC)*	-	-	100%	100%	-	-
Government of India security	25%	25%	-	-	-	-
Public sector bonds / TDRs	60%	60%	-	-	-	-
State government securities	15%	15%	-	-	-	-

\*The Company is unable to obtain the details of plan assets from the LIC and hence the disclosure thereof is not made.

## Notes forming part of the financial statements

### (G) Actuarial assumptions

In accordance with Accounting Standard (AS) 15 (Revised), actuarial valuation as at the year end was done in respect of the aforesaid defined benefit plans based on the following assumptions:

i) General assumptions:

Particulars	Provident fund (funded)		Gratuity-shore officers (funded)		CA (non funded)	
	For the year ended 31 March 2013	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2012
Discount rate (per annum)	7.90%	8.50%	7.90%	8.50%	7.90%	8.50%
Rate of return on plan assets (for funded scheme)	8.60%	8.60%	8.50%	8.50%	NA	NA
Expected retirement age of employees (years)	58	58	58	58	58	58
Separation rate of employees	-	-	10.00%	10.00%	10.00%	10.00%
Rate of increase in compensation	-	-	9.00%	9.00%	9.00%	9.00%

ii) Mortality rates considered are as per the published rates in the life insurance corporation (1994-96) mortality table.

iii) Leave policy:

- Sick leave balance as at the valuation date and each subsequent year following the valuation date will be availed by the employee against future sick leave; the sick leave balance is not available for encashment.
- Leave balance as at the valuation date and each subsequent year following the valuation date to the extent not availed by the employee is available for encashment on separation from the Company up to a maximum of 120 days.

iv) The contribution to be made by the Company for funding its liability for gratuity during the financial year 2012-13 will be made as per demand raised by the fund administrator Life Insurance Corporation of India.

v) The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over entire life of the related obligation.

vi) The assumption of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion, supply and demand and other relevant factors.

vii) The employees gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit method.

viii) The employer managed provident fund is considered as defined benefit plan.

ix) Liability on account of long term compensated absences has been actuarially valued as per Projected Unit Credit Method.

x) Short term compensated absences have been provided on actual basis.

### 31 Related party relationships, transactions and balances

a) Holding companies :

- Essar Global Fund Limited (Formerly known as Essar Global Limited), Cayman Island, ultimate holding company
- Essar Shipping & Logistics Limited, Cyprus, immediate holding company

b) Subsidiaries:

- Essar Bulk Terminal Limited
- Vadinar Oil Terminal Limited
- Vadinar Ports & Terminals Limited
- Essar Bulk Terminal (Salaya) Limited
- Essar Bulk Terminal Paradip Limited
- Essar Paradip Terminals Limited
- Essar Dredging Limited ( w.e.f 1 October 2012)

## Notes forming part of the financial statements

### c) Key management personnel :

- (i) Rajiv Agarwal, CEO & Managing Director
- (ii) Kamala Kant Sinha, CEO ( w.e.f. 4 July 2011)
- (iii) Shailesh Sawa, Director Finance
- (iv) A. R. Ramakrishnan, Whole-time Director (upto 22 May 2011)

### d) Fellow subsidiaries / other related parties / affiliate where there have been transactions:

- (i) Aegis Limited
- (ii) Essar Africa Holdings Limited
- (iii) Essar Logistics Limited
- (iv) Essar Shipping Limited
- (v) Essar Steel India Limited
- (vi) Futura Travels Limited \*
- (vii) Equinox Business Parks Private Limited

\* ceased to be related parties w.e.f. 1 April 2012 in terms of AS 18 in view of current set of relationship of directors / key managerial personnel.

### e) The details of transaction with related parties during the year

Rs. in lakhs

Nature of transactions	Holding companies		Subsidiaries		Other related parties		Total	
	Year ended 31 March 13	Year ended 31 March 12	Year ended 31 March 13	Year ended 31 March 12	Year ended 31 March 13	Year ended 31 March 12	Year ended 31 March 13	Year ended 31 March 12
<b>Fleet operating and chartering earnings</b>								
Essar Bulk Terminal Limited	-	-	1,606.50	1,411.20	-	-	1,606.50	1,411.20
Vadinar Oil Terminal Limited	-	-	1,040.25	1,086.30	-	-	1,040.25	1,086.30
Essar Bulk Terminal (Salaya) Limited	-	-	545.17	252.00	-	-	545.17	252.00
<b>Total</b>	-	-	<b>3,191.92</b>	<b>2,749.50</b>	-	-	<b>3,191.92</b>	<b>2,749.50</b>
<b>Dividend from subsidiary</b>								
Essar Bulk Terminal Limited	-	-	<b>2,078.57</b>	-	-	-	<b>2,078.57</b>	-
<b>Interest income from others on overdue receivable</b>								
Essar Africa Holdings Limited	-	-	-	-	<b>142.21</b>	-	<b>142.21</b>	-
<b>Other incomes</b>								
(Management fees, sub-lease and sub-license)								
Vadinar Oil Terminal Limited	-	-	184.25	102.00	-	-	184.25	102.00
Vadinar Ports & Terminals Limited	-	-	442.41	399.00	-	-	442.41	399.00
Essar Bulk Terminal Limited	-	-	535.06	399.00	-	-	535.06	399.00
Essar Bulk Terminal Paradip Limited	-	-	141.68	102.00	-	-	141.68	102.00
Essar Bulk Terminal (Salaya) Limited	-	-	228.49	198.00	-	-	228.49	198.00
Essar Africa Holdings Limited	-	-	-	-	461.14	798.04	461.14	798.04
<b>Total</b>	-	-	<b>1,531.89</b>	<b>1,200.00</b>	<b>461.14</b>	<b>798.04</b>	<b>1,993.03</b>	<b>1,998.04</b>

## Notes forming part of the financial statements

Rs. in lakhs

Nature of transactions	Holding companies		Subsidiaries		Other related parties		Total	
	Year ended 31 March 13	Year ended 31 March 12	Year ended 31 March 13	Year ended 31 March 12	Year ended 31 March 13	Year ended 31 March 12	Year ended 31 March 13	Year ended 31 March 12
<b>Direct voyage expenses</b>								
Essar Bulk Terminal Limited	-	-	295.53	210.00	-	-	295.53	210.00
Essar Shipping Limited	-	-	-	-	102.20	96.66	102.20	96.66
<b>Total</b>	<b>-</b>	<b>-</b>	<b>295.53</b>	<b>210.00</b>	<b>102.20</b>	<b>96.66</b>	<b>397.73</b>	<b>306.66</b>
<b>Commission, brokerage and agency fees</b>								
Essar Shipping Limited	-	-	-	-	28.33	31.51	28.33	31.51
<b>Legal and professional fees</b>								
Aegis Limited	-	-	-	-	10.65	6.55	10.65	6.55
Essar Bulk Terminal Limited	-	-	245.68	319.00	-	-	245.68	319.00
Vadinar Oil Terminal Limited	-	-	-	221.67	-	-	-	221.67
Vadinar Ports & Terminals Limited	-	-	61.10	49.07	-	-	61.10	49.07
<b>Total</b>	<b>-</b>	<b>-</b>	<b>306.78</b>	<b>589.74</b>	<b>10.65</b>	<b>6.55</b>	<b>317.43</b>	<b>596.29</b>
<b>Travelling</b>								
Futura Travels Limited	-	-	-	-	-	39.75	-	39.75
<b>Other establishment expenses - rent</b>								
Equinox Business Parks Private Limited	-	-	-	-	143.77	-	143.77	-
<b>Interest on short term borrowing</b>								
Vadinar Ports & Terminals Limited	-	-	437.50	438.70	-	-	437.50	438.70
<b>Other finance charges</b>								
Essar Logistics Limited	-	-	-	-	-	280.55	-	280.55
<b>Sale of non-current investments of the subsidiary</b>								
Essar Bulk Terminal Limited	-	-	12,945.00	4.88	-	-	12,945.00	4.88
<b>Advance towards allotment of shares to subsidiaries</b>								
Essar Bulk Terminal (Salaya) Limited	-	-	6,358.00	-	-	-	6,358.00	-
Essar Paradip Terminals Limited	-	-	87.00	100.00	-	-	87.00	100.00
Essar Bulk Terminal Paradip Limited	-	-	4,770.80	-	-	-	4,770.80	-
Essar Bulk Terminal Limited	-	-	260.00	-	-	-	260.00	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>11,215.80</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>11,475.80</b>	<b>100.00</b>

## Notes forming part of the financial statements

Rs. in lakhs

Nature of transactions	Holding companies		Subsidiaries		Other related parties		Total	
	Year ended 31 March 13	Year ended 31 March 12	Year ended 31 March 13	Year ended 31 March 12	Year ended 31 March 13	Year ended 31 March 12	Year ended 31 March 13	Year ended 31 March 12
<b>Acquisition of assets</b>								
Essar Logistics Limited	-	-	-	-	-	5,002.50	-	5,002.50
<b>Investment in shares of subsidiaries</b>								
Vadinar Ports & Terminals Limited	-	-	-	2,400.00	-	-	-	2,400.00
Essar Bulk Terminal Paradip Limited	-	-	1,395.00	4,950.00	-	-	1,395.00	4,950.00
Essar Bulk Terminal (Salaya) Limited	-	-	-	7,807.36	-	-	-	7,807.36
Essar Paradip Terminals Limited	-	-	-	900.75	-	-	-	900.75
<b>Total</b>	-	-	<b>1,395.00</b>	<b>16,058.11</b>	-	-	<b>1,395.00</b>	<b>16,058.11</b>
<b>Purchase of shares of subsidiary</b>								
Essar Steel India Limited	-	-	-	-	-	18,587.80	-	18,587.80
<b>Security deposits received</b>								
Vadinar Oil Terminal Limited	-	-	17.60	-	-	-	17.60	-
Vadinar Ports & Terminals Limited	-	-	17.60	-	-	-	17.60	-
Essar Bulk Terminal Limited	-	-	700.00	-	-	-	700.00	-
Essar Bulk Terminal (Salaya) Limited	-	-	700.00	-	-	-	700.00	-
<b>Total</b>	-	-	<b>1,435.20</b>	-	-	-	<b>1,435.20</b>	-
<b>Security deposit given</b>								
Equinox Business Parks Private Limited	-	-	-	-	75.00	-	75.00	-
<b>Advances from related parties</b>								
<b>Advance received for sale of investment</b>								
Essar Bulk Terminal Limited	-	-	3,110.00	-	-	-	3,110.00	-
<b>Advance received for sale of asset</b>								
Vadinar Ports & Terminals Limited	-	-	2,492.68	-	-	-	2,492.68	-
<b>Advances received for services to be rendered</b>								
Vadinar Oil Terminal Limited	-	-	14,176.98	10,021.71	-	-	14,176.98	10,021.71
Vadinar Ports & Terminals Limited	-	-	3,229.90	326.57	-	-	3,229.90	326.57
Essar Bulk Terminal (Salaya) Limited	-	-	-	754.05	-	-	-	754.05
Essar Bulk Terminal Limited	-	-	1,909.36	826.22	-	-	1,909.36	826.22
<b>Total</b>	-	-	<b>24,918.92</b>	<b>11,928.55</b>	-	-	<b>24,918.92</b>	<b>11,928.55</b>
<b>Guarantee given on behalf of other</b>								
Essar Bulk Terminal Limited	-	-	-	17,500.00	-	-	-	17,500.00

## Notes forming part of the financial statements

### f) The details of transactions with key management personnel during the year.

Rs. in lakhs

Nature of transactions	Year ended 31 March 2013	Year ended 31 March 2012
<b>Remuneration*</b>		
A. R. Ramakrishnan	-	15.86
Rajiv Agarwal	231.89	215.87
Kamala Kant Sinha	142.52	72.24
Shailesh Sawa	156.86	113.61
<b>Total</b>	<b>531.27</b>	<b>417.58</b>

\*Does not include the amount payable towards gratuity and compensated absence by the Company as the same is calculated for the Company as whole on actuarial basis.

### g) Balance with related parties at the year end.

Rs. in lakhs

Nature of balances	Holding Companies		Subsidiaries		Other related parties		Total	
	As at 31 March 2013	As at 31 March 2012						
<b>Advances from related parties</b>								
<b>Advance received for sale of investment</b>								
Essar Bulk Terminal Limited	-	-	3,110.00	-	-	-	3,110.00	-
<b>Advance received for sale of asset</b>								
Vadinar Ports & Terminals Limited	-	-	2,492.68	-	-	-	2,492.68	-
<b>Advances received for services to be rendered</b>								
Vadinar Oil Terminal Limited	-	-	27,617.11	13,440.13	-	-	27,617.11	13,440.13
Vadinar Ports & Terminals Limited	-	-	3,556.47	326.57	-	-	3,556.47	326.57
Essar Bulk Terminal (Salaya) Limited	-	-	-	754.05	-	-	-	754.05
Essar Bulk Terminal Limited	-	-	2,735.58	826.22	-	-	2,735.58	826.22
<b>Total</b>	<b>-</b>	<b>-</b>	<b>39,511.85</b>	<b>15,346.98</b>	<b>-</b>	<b>-</b>	<b>39,511.85</b>	<b>15,346.98</b>
<b>Payable in respect of capital goods</b>								
Essar Logistics Limited	-	-	-	-	568.52	4,568.52	568.52	4,568.52
<b>Interest accrued but not due on loan</b>								
Vadinar Ports & Terminals Limited	-	-	947.60	510.10	-	-	947.60	510.10
<b>Security deposits received</b>								
Essar Bulk Terminal Limited	-	-	700.00	-	-	-	700.00	-
Vadinar Oil Terminal Limited	-	-	17.60	-	-	-	17.60	-
Vadinar Ports & Terminals Limited	-	-	17.60	-	-	-	17.60	-
Essar Bulk Terminal (Salaya) Limited	-	-	700.00	-	-	-	700.00	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,435.20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,435.20</b>	<b>-</b>

## Notes forming part of the financial statements

Rs. in lakhs

Nature of balances	Holding Companies		Subsidiaries		Other related parties		Total	
	As at 31 March 2013	As at 31 March 2012						
<b>Payable for purchase of investments</b>								
Essar Steel India Limited	-	-	-	-	-	18,587.80	-	18,587.80
<b>Reimbursable expenses on account of demerger</b>								
Essar Shipping Limited	-	-	-	-	-	795.93	-	795.93
<b>Short term borrowing</b>								
Vadinar Ports & Terminals Limited	-	-	3,500.00	3,500.00	-	-	3,500.00	3,500.00
<b>Trade payables</b>								
Aegis Limited	-	-	-	-	1.52	1.62	1.52	1.62
Essar Shipping Limited	-	-	-	-	234.98	640.14	234.98	640.14
Equinox Business Parks Private Limited	-	-	-	-	147.17	-	147.17	-
Essar Bulk Terminal Limited	-	-	-	319.00	-	-	-	319.00
Vadinar Oil Terminal Limited	-	-	310.98	221.67	-	-	310.98	221.67
Vadinar Ports & Terminals Limited	-	-	65.41	49.07	-	-	65.41	49.07
<b>Total</b>	-	-	<b>376.39</b>	<b>589.74</b>	<b>383.67</b>	<b>641.76</b>	<b>760.07</b>	<b>1,231.50</b>
<b>Non-current Investments</b>								
Essar Bulk Terminal Limited	-	-	2,02,360.33	2,02,360.33	-	-	2,02,360.33	2,02,360.33
Vadinar Oil Terminal Limited	-	-	1,22,921.01	1,22,921.01	-	-	1,22,921.01	1,22,921.01
Vadinar Ports & Terminals Limited	-	-	7,527.87	7,527.87	-	-	7,527.87	7,527.87
Essar Bulk Terminal (Salaya) Limited	-	-	20,678.30	20,678.30	-	-	20,678.30	20,678.30
Essar Bulk Terminal Paradip Limited	-	-	-	11,550.00	-	-	-	11,550.00
Essar Paradip Terminals Limited	-	-	904.50	904.50	-	-	904.50	904.50
<b>Total</b>	-	-	<b>3,54,392.01</b>	<b>3,65,942.01</b>	-	-	<b>3,54,392.01</b>	<b>3,65,942.01</b>
<b>Security deposit given</b>								
Equinox Business Parks Private Limited	-	-	-	-	75.00	-	75.00	-
<b>Advances towards allotment of shares to subsidiaries</b>								
Vadinar Ports & Terminals Limited	-	-	260.00	-	-	-	260.00	-
Essar Bulk Terminal (Salaya) Limited	-	-	6,358.00	-	-	-	6,358.00	-
Essar Paradip Terminals Limited	-	-	187.00	100.00	-	-	187.00	100.00
Essar Bulk Terminal Paradip Limited	-	-	4,770.80	-	-	-	4,770.80	-
<b>Total</b>	-	-	<b>11,575.80</b>	<b>100.00</b>	-	-	<b>11,575.80</b>	<b>100.00</b>

## Notes forming part of the financial statements

Nature of balances	Holding Companies		Subsidiaries		Other related parties		Total	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
<b>Trade receivables</b>								
Essar Bulk Terminal (Salaya) Limited	-	-	156.36	-	-	-	156.36	-
Essar Bulk Terminal Limited	-	-	71.84	-	-	-	71.84	-
<b>Total</b>	-	-	<b>228.20</b>	-	-	-	<b>228.20</b>	-
<b>Other current assets</b>								
Vadinar Oil Terminal Limited	-	-	57.94	-	-	-	57.94	-
Vadinar Ports & Terminals Limited	-	-	23.37	-	-	-	23.37	-
Essar Bulk Terminal Limited	-	-	144.14	-	-	-	144.14	-
Essar Bulk Terminal Paradip Limited	-	-	38.91	51.26	-	-	38.91	51.26
Essar Africa Holdings Limited	-	-	-	-	1,456.02	798.04	1,456.02	798.04
<b>Total</b>	-	-	<b>264.36</b>	<b>51.26</b>	<b>1,456.02</b>	<b>798.04</b>	<b>1,720.38</b>	<b>849.30</b>
<b>Guarantees given by others on behalf of the Company</b>								
Essar Shipping & Logistics Limited	<b>30,000.00</b>	<b>30,000.00</b>	-	-	-	-	<b>30,000.00</b>	<b>30,000.00</b>
<b>Guarantees given on behalf of others</b>								
Vadinar Ports & Terminals Limited	-	-	10,500.00	10,500.00	-	-	10,500.00	10,500.00
Essar Bulk Terminal (Salaya) Limited	-	-	60,460.00	60,460.00	-	-	60,460.00	60,460.00
Essar Bulk Terminal Limited	-	-	17,500.00	17,500.00	-	-	17,500.00	17,500.00
Vadinar Oil Terminal Limited	-	-	25,000.00	25,000.00	-	-	25,000.00	25,000.00
Essar Paradip Terminals Limited	-	-	-	46,700.00	-	-	-	46,700.00
Essar Bulk Terminal Paradip Limited	-	-	41,000.00	41,000.00	-	-	41,000.00	41,000.00
<b>Total</b>	-	-	<b>1,54,460.00</b>	<b>2,01,160.00</b>	-	-	<b>1,54,460.00</b>	<b>2,01,160.00</b>

### 32 Remittance in foreign currency on account of dividend

The Company has paid dividend in respect of shares held by Non-residents on repatriation basis. This inter-alia includes portfolio investment and direct investment, where the dividend has been paid. The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remittable in this respect is given herein below :

Particulars	2012-13 (final dividend)	2011-12 (final dividend)
Number of non-resident shareholders	394	NA
Number of equity shares held by them	28,46,18,114	NA
Amount of dividend paid (Rs. in lakhs)	1,423.09	NA
Year to which dividend relates	2011-12	NA

Note : The Company has not declared any dividend for the year 2010-11.

## Notes forming part of the financial statements

### 33 Going concern

As on 31 March 2013, the Company's current liabilities exceeded its current assets by Rs. 50,079.57 lakhs. The management has plans of addressing this deficit from internal accruals, by rolling over / rescheduling of term loans, selling stake in a subsidiary without losing control and certain other transactions for which no material uncertainty exists. Accordingly, the financial statements have been prepared on a going concern basis.

34 In view of exemption granted by Central Government for shipping companies vide press note no. 2/2011 dated 08.02.2011, information required under sub-clauses (a), (b), (c) and (e) of paragraph 5 (VIII) of part II of Revised Scheduled VI to the Companies Act, 1956, is not given.

35 The previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / disclosure.

**For and on behalf of the Board of Directors**

**Rajiv Agarwal**  
Managing Director

**Shailesh Sawa**  
Director Finance

**Deepak Kumar Varma**  
Director

**Manoj Contractor**  
Company Secretary

Mumbai  
18 April 2013

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES**

PARTICULARS	Essar Bulk Terminal Limited	Vadinar Oil Terminal Limited	Vadinar Ports & Terminals Limited	Essar Bulk Terminal (Salaya) Limited	Essar Bulk Terminal Paradip Limited	Essar Paradip Terminals Limited	Essar Dredging Limited
1 The relevant financial year of the subsidiary ended on	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013
2 No of shares in the subsidiary company held by Essar Ports Limited as on 31st March 2012	3,700,000	1,046,142,000	270,134,457	3,004,875	47,500	45,000	50,000
3 Extent of holding by Essar Ports Ltd as at the end of the financial period	74.00%	100.00%	100.00%	100.00%	95.00%	90.00%	100.00%
4 The net aggregate amount of the Subsidiary Companies Profit / (Loss) so far as it concerns the members of the Holding Company.							
<b>a) Not dealt with in the Holding Company's Accounts :</b>							
i) For the financial year ended 31 March, 2013 (in Rs.)	3,111,891,533	282,305,788	207,384,176	(37,578,042)	(2,688,039)	(857,799)	(29,776)
ii) For the previous Financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries (in Rs.)	2,035,311,130	(3,590,699,111)	381,185,462	(5,344,839)	10,189,400	(692,403)	-
<b>b) Dealt with in Holding Company's accounts:</b>							
i) For the financial year ended 31 March, 2013	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) For the previous Financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	NIL	NIL	NIL	NIL	NIL	NIL	NIL
5 Change of interest of Essar Ports Ltd in the subsidiary between the end of the financial year of subsidiary and that of Essar Ports Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL
6 Material changes between the end of the financial year of the subsidiary and the end of the financial year of Essar Ports Limited in respect of :							
a) Fixed Assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Money lent by the subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Money borrowed by the subsidiary company other than for meeting current Liabilities (Net)	NIL	NIL	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of directors

**Rajiv Agarwal**  
Managing Director

**Shailesh Sawa**  
Director Finance

**Deepak Kumar Varma**  
Director

**Manoj Contractor**  
Company Secretary

Mumbai,  
18 April 2013

# Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF  
ESSAR PORTS LIMITED

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **ESSAR PORTS LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion

on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of the other auditor on the financial statements / financial information of a subsidiary, referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

## Other Matter

We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets (net) of Rs. 2.80 lakhs as at March 31, 2013, total revenues of Rs. Nil and net cash flows amounting to Rs. Nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditor.

Our opinion is not qualified in respect of this matter.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm Registration No. 117365W)

**Samir R. Shah**

Partner

Membership No. 101708

MUMBAI  
18 April 2013

## Consolidated Balance Sheet as at 31 March 2013

Rs. in lakhs

Particulars	Note No.	As at 31 March 2013	As at 31 March 2012
<b>(I) EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	42,801.85	41,058.61
(b) Reserves and surplus	4	2,29,898.52	1,79,175.01
		2,72,700.37	2,20,233.62
<b>2 Minority interest</b>		1,993.47	6,444.09
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	5	5,03,052.60	4,96,402.32
(b) Deferred tax liabilities (net)	6A	9,677.66	4,337.29
(c) Other long term liabilities	7	17,203.09	24,622.76
		5,29,933.35	5,25,362.37
<b>4 Current liabilities</b>			
(a) Short-term borrowings	9	1,964.33	1,761.59
(b) Trade payables	10	10,239.27	7,708.09
(c) Other current liabilities	7	1,34,009.65	1,07,906.64
(d) Short-term provisions	8	5,160.66	3,382.91
		1,51,373.91	1,20,759.23
<b>TOTAL</b>		<b>9,56,001.10</b>	<b>8,72,799.31</b>
<b>(II) ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11	4,77,888.16	4,12,442.60
(ii) Intangible assets	11	4.38	10.11
(iii) Capital work-in-progress	12	1,98,438.79	2,13,506.17
(b) Goodwill on consolidation		1,61,328.43	1,61,324.95
(c) Non-current investments	13	104.51	104.51
(d) Deferred tax assets (net)	6B	13,997.14	12,549.05
(e) Long-term loans and advances	14	34,995.75	28,168.50
(f) Other non-current assets	15	2,555.88	3,038.48
		8,89,313.04	8,31,144.37
<b>2 Current assets</b>			
(a) Current investments	13	-	0.54
(b) Inventories	16	748.78	688.58
(c) Trade receivables	17	21,104.47	15,855.56
(d) Cash and bank balances	18	5,306.05	2,749.87
(e) Short-term loans and advances	14	34,717.78	19,316.35
(f) Other current assets	15	4,810.98	3,044.04
		66,688.06	41,654.94
<b>TOTAL</b>		<b>9,56,001.10</b>	<b>8,72,799.31</b>
<b>See accompanying notes forming part of the consolidated financial statements</b>			

In terms of our report attached  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**Samir R. Shah**  
Partner

Mumbai  
18 April 2013

**For and on behalf of the Board of Directors**

**Rajiv Agarwal**  
Managing Director

**Shailesh Sawa**  
Director Finance

**Deepak Kumar Varma**  
Director

**Manoj Contractor**  
Company Secretary

Mumbai  
18 April 2013

## Consolidated Statement of Profit and Loss for the year ended 31 March 2013

Rs. in lakhs

Particulars	Note No.	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Income</b>			
Revenue from operations	19	1,42,152.97	1,10,880.69
Other income	20	1,310.96	2,221.19
<b>Total revenue</b>		<b>1,43,463.93</b>	1,13,101.88
<b>Expenses</b>			
Operating expenses	21	23,170.82	17,822.81
Employee benefits expense	22	2,511.80	1,938.26
Other expenses	23	2,389.39	2,019.55
<b>Total expenses</b>		<b>28,072.01</b>	21,780.62
<b>Profit before exceptional items, finance costs, tax, depreciation and amortisation</b>		<b>115,391.92</b>	91,321.26
Finance costs	24	51,082.02	42,080.84
Depreciation and amortisation	11	24,402.96	22,024.56
<b>Profit before exceptional item and tax</b>		<b>39,906.94</b>	27,215.86
Exceptional item (refer note no. 5 (C) (i) (d) )		-	(23,551.18)
<b>Profit after exceptional item and before tax</b>		<b>39,906.94</b>	3,664.68
<b>Tax expenses</b>			
Current tax		8,425.33	5,286.56
MAT credit entitlement		(5,888.27)	(3,331.36)
Deferred tax charge / (credit), (net)		3,892.26	(8,227.64)
Tax adjustment for earlier years		17.65	52.90
<b>Profit after tax</b>		<b>33,459.97</b>	9,884.22
Less: Share of minority interest (profit)		(305.33)	(3,488.75)
<b>Profit for the year</b>		<b>33,154.64</b>	6,395.47
<b>Earnings per share: (face value Rs. 10/- each)</b>			
Basic	30	7.80	1.56
Diluted		7.53	1.50
<b>See accompanying notes forming part of the consolidated financial statements</b>			

In terms of our report attached  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**Samir R. Shah**  
Partner

Mumbai  
18 April 2013

**For and on behalf of the Board of Directors**

**Rajiv Agarwal**  
Managing Director

**Shailesh Sawa**  
Director Finance

**Deepak Kumar Varma**  
Director

**Manoj Contractor**  
Company Secretary

Mumbai  
18 April 2013

## Consolidated Cash Flow Statement for the year ended 31 March 2013

Particulars	Rs. in lakhs	
	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>A Cash flow from operating activities</b>		
Profit before tax and after exceptional item	39,906.94	3,664.68
Adjustments for :		
Depreciation and amortisation	24,402.96	22,024.56
Finance costs	51,082.02	42,080.84
Exceptional item	-	23,551.18
Interest income	(832.92)	(900.81)
Profit on sale of assets	-	(4.85)
Amortisation of share issue expenses	64.31	57.81
Net gain on sale of long term investments	-	(3.04)
Net gain on sale of current investments	(54.98)	(335.02)
Net gain on foreign currency translation and transactions	(54.64)	(1.46)
<b>Cash flow from operations before working capital changes</b>	<b>1,14,513.69</b>	<b>90,133.89</b>
<b>Changes in working capital :</b>		
Changes in receivables, deposits, loans and advances	(11,728.88)	(10,904.13)
Changes in inventories	(60.20)	(72.10)
Changes in payables, other liabilities and provisions	32,365.98	(6,249.29)
<b>Cash generated from operations</b>	<b>135,090.59</b>	<b>72,908.37</b>
Taxes paid, (net)	(4,870.22)	(4,626.36)
<b>Net cash generated from operating activities (I)</b>	<b>130,220.37</b>	<b>68,282.01</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets including capital work in progress / advances	(48,596.84)	(73,536.10)
Purchase of current investments	(19,500.00)	(54,075.53)
Proceeds from sale of current investments	19,576.16	54,458.85
Proceeds from sale of non - current investments	-	3.04
Purchase of non-current investments	(3.48)	-
Fixed deposits placed for a period of more than three months	(6,504.78)	(666.33)
Proceeds from maturity of fixed deposits	3,886.29	6,768.87
Loans and advances given to body corporates	(18,500.00)	-
Loans and advances repaid by body corporates	2,445.12	2,684.53
Interest received on fixed deposits	318.38	398.21
Interest received on loans and advances given to body corporates	638.34	916.40
Purchase of preference shares of a subsidiary	(18,587.80)	(5.90)
<b>Net cash used in investing activities (II)</b>	<b>(84,828.61)</b>	<b>(63,053.96)</b>

## Consolidated Cash Flow Statement for the year ended 31 March 2013

Particulars	Rs. in lakhs	
	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>C Cash flow from financing activities</b>		
Refund of share application money	-	(1,791.70)
Proceeds from short term borrowing	202.74	87.61
Proceeds from secured loans	56,859.10	84,207.30
Proceeds from issue of Global Depository Securities (net of share issue expenses)	17,204.35	-
Bills accepted during the year	14,184.69	34,884.76
Bills repaid during the year	(29,086.86)	(59,009.15)
Repayment of secured loans	(32,030.55)	(18,271.81)
Dividend paid (including corporate dividend tax)	(2,510.10)	-
Repayment of unsecured loans	-	(23,700.00)
Finance costs paid	(70,695.75)	(28,475.07)
<b>Net cash used in financing activities (III)</b>	<b>(45,872.38)</b>	<b>(12,068.06)</b>
<b>Net decrease in cash and cash equivalents for the year (I+II+III)</b>	<b>(480.62)</b>	<b>(6,840.01)</b>
Cash and cash equivalents at the beginning of the year	1,615.41	8,455.42
<b>Cash and cash equivalents at end of the year (refer note no 18 (A) )</b>	<b>1,134.79</b>	<b>1,615.41</b>

### Notes :

- 1 Non cash transaction  
Interest expenses amounting to Rs. 3,076.48 lakhs (previous year - Rs. 30,615.98 lakhs) have been converted into borrowings as per the terms of underlying agreement in this regard.
- 2 Cash flow statement has been prepared under the indirect method as set out in Accounting Standards 3 - "Cash flow statement" referred to in Section 211(3C) of the Companies Act, 1956.

### See accompanying notes forming part of the consolidated financial statements

In terms of our report attached  
**For Deloitte Haskins & Sells**  
 Chartered Accountants

**Samir R. Shah**  
 Partner

Mumbai  
 18 April 2013

**For and on behalf of the Board of Directors**

**Rajiv Agarwal**  
 Managing Director

**Deepak Kumar Varma**  
 Director

Mumbai  
 18 April 2013

**Shailesh Sawa**  
 Director Finance

**Manoj Contractor**  
 Company Secretary

## Notes forming part of the consolidated financial statements

### 1. CORPORATE INFORMATION

Essar Ports Limited ("EPL" or "the Company") is a public limited company domiciled in India and incorporated under the Companies Act, 1956. The Company is engaged in the business of providing fleet operating and chartering services.

The Company is listed on BSE Limited and the National Stock Exchange of India Limited (NSE).

The Company through its subsidiaries develops and operates ports and terminals for handling liquid, dry bulk, and general cargo, with an existing aggregate cargo handling capacity of 104 MTPA across facilities located at Vadinar and Hazira in the State of Gujarat on the west coast of India and Paradip in the State of Odisha on the east coast of India.

The facilities at Vadinar, Hazira and Paradip are used primarily by affiliated customers for the receipt of raw materials such as crude oil, iron ore / pellets, limestone, dolomite and coal and for the dispatch of finished goods such as petroleum products and steel products.

The Company is in the process of increasing its aggregate ports capacity to 158 MTPA with expansion projects at Hazira, a new port at Salaya in Gujarat and one terminal at Paradip. The ports expansion projects have been undertaken, in part, to accommodate the increase in traffic expected to arise from plant expansions planned to be carried out by the Company's affiliated customers and in part to support the increase in business from non-affiliated customers being targeted by the Company.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

#### 2.1 Basis of preparation

The financial statements of the Company and its subsidiaries (together the "Group") have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP"). The Company has prepared these consolidated financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The consolidated financial statements of the Company have been prepared on an accrual basis and under the historical cost convention.

#### 2.2 Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosures relating to contingent liabilities, at the end of the reporting period. Though the management believes that the estimates used are prudent and reasonable and are based on management's knowledge of current events and actions, actual results could differ from these estimates resulting in material adjustments to be recognised in the periods in which the results are known / materialise.

#### 2.3 Basis of consolidation

The consolidated financial statements have been prepared on the following basis:

- The consolidated financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating all material intra-group balances, intra-group transactions and resulting unrealised profits or loss in accordance with AS-21 "Consolidated Financial Statements".
- The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the

subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements.

- Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.
- Goodwill arising on consolidation is not amortised but tested for impairment.

#### 2.4 Tangible assets

Tangible assets are recorded at cost less accumulated depreciation and impairment loss, if any. Cost is inclusive of non-refundable duties and taxes and cost of construction including erection, installation and commissioning expenses, borrowing costs, expenditure during construction, inseparable know how costs, gains or loss earned / incurred during the trial run and other incidental costs, where applicable.

#### 2.5 Intangible assets

Intangible assets are recognised only when it is probable that future economic benefits attributable to the asset will flow to the Group and the cost of such assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. All costs relating to the acquisition are capitalised. Intangible assets are amortised over the useful life of the asset, subject to a rebuttable presumption that such useful lives will not exceed ten years.

#### 2.6 Capital work-in progress and expenditure during construction

Direct expenditure on projects or assets under construction or development is shown under capital work - in - progress.

Expenditure incidental to the construction of projects or assets under construction or development that take substantial period of time to get ready for their intended use is accumulated as expenditure during construction, pending allocation to fixed assets and other relevant accounts, as applicable.

#### 2.7 Depreciation

Depreciation for fleet including second hand fleet are provided by using the straight-line method based on a technical evaluation of the economic useful life of respective assets or at the rates prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher as follows:

Class of assets	Method of depreciation	Estimated useful life
Tugs	SLM over balance useful life or 7% whichever is higher	20 years
Plant and machinery (other than vehicles)	SLM over balance useful life or 4.75% whichever is higher	20 years

## Notes forming part of the consolidated financial statements

Assets that are to be handed over to Kandla Port Trust and Gujarat Maritime Board are depreciated over a concession period or rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher.

All other assets are depreciated by using the written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Assets costing less than Rs. 5,000/- are depreciated at 100% in the year of acquisition.

Depreciation on the incremental value of fixed assets upon revaluation is recouped proportionately from fixed assets revaluation reserve.

Depreciation on additions / deductions to fixed assets made during the year is provided on a pro-rata basis from / up to the date of such additions / deductions, as the case may be.

Profit or loss on disposal of revalued fixed assets is recognised with reference to their revalued carrying values. The balance, if any, in the fixed assets revaluation reserve relating to revalued fixed assets that are sold / disposed is transferred to general reserve.

### 2.8 Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount (higher of net selling price and value in use) of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Consolidated Statement of Profit and Loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount but limited to the carrying amount that would have been determined (net of depreciation / amortisation) had no impairment loss been recognised in prior accounting periods.

### 2.9 Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or development of qualifying assets (i.e. the assets that take substantial period of time to get ready for its intended use) are capitalised as part of the cost of such assets.

All other borrowing costs are recognised in the Consolidated Statement of Profit and Loss.

### 2.10 Investments

Investments are classified into long term and current investments. Long term investments are carried at cost. Diminution in value of long term investments is provided for when it is considered as being other than temporary in nature. Current investments are carried at the lower of cost and fair value.

### 2.11 Valuation of inventories

Inventories are valued at lower of cost and net realisable value. The cost of inventory is determined using Weighted Average Cost Method.

### 2.12 Revenue recognition

Revenue from ports and terminal services represents revenue from receipt, storage, handling and dispatch of crude oil, petroleum products and dry bulk cargo. Group also operates its owned fleet on charter hire basis.

Revenue on transactions of rendering services is recognised under the completed service contract method. Performance is regarded as achieved when no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the services.

### 2.13 Other income

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. Dividend income is accounted for when the right to receive it is established.

Insurance claims are recorded based on reasonable certainty of their settlement.

### 2.14 Operating lease

Lease expenses and lease income on operating leases are recognised on a straight line basis over the lease term in the Consolidated Statement of Profit and Loss or expenditure during construction, as applicable.

### 2.15 Employee benefits

#### a) Post-employment benefit plans

Contribution to defined contribution retirement benefit schemes are recognised as expense in the Consolidated Statement of Profit and Loss / expenditure during construction, as applicable, when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the Consolidated Statement of Profit and Loss / expenditure during construction, as applicable, for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and is otherwise amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the present value of the defined benefit obligation and is adjusted both for unrecognised past service cost, and for the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme, if lower.

#### b) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits include compensated absences such as paid annual leave and performance incentives.

#### c) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation determined actuarially by using Projected Unit Credit Method at the balance sheet date.

#### d) Employee stock option scheme

Stock options granted to employees under the employees' stock option scheme (ESOS) are accounted by adopting the intrinsic value method in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on accounting for employee share based payments issued by the ICAI. Accordingly, the excess of market price of the shares over the exercise price is recognised as deferred employee compensation and is charged to Consolidated Statement of Profit and Loss account on straight-line basis over the vesting period.

## Notes forming part of the consolidated financial statements

The number of options expected to vest is based on the best available estimate and are revised, if necessary, if subsequent information indicates that the number of stock options expected to vest differs from previous estimates.

### 2.16 Foreign currency transactions

Foreign currency transactions are accounted at the rate normally prevailing on the transaction date. Exchange differences arising on settlement or conversion of short term foreign currency monetary items are recognised in the Consolidated Statement of Profit and Loss or capital work-in-progress / expenditure during construction, as applicable. Exchange differences relating to long term foreign currency monetary items are accounted as under:

- in so far as they relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of such capital asset and depreciated over the balance useful life of the asset; and
- in other cases such differences are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised in the Consolidated Statement of Profit and Loss over the balance life of the long term foreign currency monetary item or 31 March 2020, whichever is earlier.

### 2.17 Taxation

Provision for current taxation is computed in accordance with the relevant tax laws and regulations. Deferred tax is recognised on timing differences between the accounting and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the reporting date. Deferred tax assets are recognised only when there is a reasonable certainty that sufficient future taxable income will be available against which they will be realised. Where there is a carry forward of losses or unabsorbed depreciation, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence of availability of taxable income against which such deferred tax assets can be realised in future.

Minimum alternative tax (MAT) paid in accordance with tax laws, which gives future economic benefits in the form of adjustment

of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

### 2.18 Segment reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

### 2.19 Provisions, contingent liabilities and contingent assets

A provision is recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, the existence of which will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because a reliable estimate of the liability cannot be made or likelihood of an outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the consolidated financial statements.

## 3 Share capital

(a) Particulars	As at 31 March 2013		As at 31 March 2012	
	Number	Rs. in lakhs	Number	Rs. in lakhs
<b>Authorised</b>				
Equity shares of Rs. 10/- each	1,00,00,00,000	1,00,000.00	1,00,00,00,000	1,00,000.00
Redeemable cumulative preference shares of Rs. 100/- each	10,50,000	1,050.00	10,50,000	1,050.00
		1,01,050.00		1,01,050.00
<b>Issued and subscribed</b>				
Equity shares of Rs.10/- each	42,81,34,646	42,813.46	41,07,02,200	41,070.22
<b>Paid up</b>				
Equity shares of Rs. 10/- each (refer note below)	42,78,87,998	42,788.80	41,04,55,552	41,045.56
Forfeited equity shares	2,46,648	13.05	2,46,648	13.05
		<b>42,801.85</b>		<b>41,058.61</b>

- Of above 17,18,87,182 equity shares were allotted as fully paid up equity shares for consideration other than cash pursuant to scheme of amalgamation during the financial year 2008-09.

## Notes forming part of the consolidated financial statements

### (b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number	Rs. in lakhs	Number	Rs. in lakhs
<b>Equity shares of Rs. 10/- each</b>				
At the beginning of the year	41,04,55,552	41,045.56	41,04,55,552	41,045.56
Add: Issue of shares during the year (52,666 Global Depository Securities (GDS)* represented by 1,74,32,446 equity shares)	1,74,32,446	1,743.24	-	-
<b>At the end of the year</b>	<b>42,78,87,998</b>	<b>42,788.80</b>	<b>41,04,55,552</b>	<b>41,045.56</b>

\* Each GDS represents 331 equity shares

### (c) Terms of / rights attached to equity shares / global depository securities (GDS)

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting. In the event of liquidation, the holder of equity share is entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

Holders of GDS will be entitled to receive dividends, subject to the terms of the Deposit Agreement, to the same extent as the holders of equity shares, less the fees and expenses payable under such Deposit Agreement and any Indian tax applicable to such dividends. In the event of liquidation, the holder of GDS is entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding. Each holder of GDS is entitled to 331 votes per GDS held.

### (d) Shares held by holding company, the ultimate holding company, their subsidiaries and associates

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number	%	Number	%
<b>Equity shares of Rs. 10/- each</b>				
Essar Shipping & Logistics Limited, Cyprus, the holding company	28,45,03,711	66.49%	28,45,03,711	69.31%
Essar Global Fund Limited, the ultimate holding company	66	0.00%	66	0.00%
Essar Projects (India) Limited, subsidiary of the ultimate holding company	5,63,96,995	13.18%	5,63,96,995	13.74%
Essar Steel India Limited, subsidiary of the ultimate holding company	25,47,223	0.60%	25,47,223	0.62%
	<b>34,34,47,995</b>	<b>80.27%</b>	<b>34,34,47,995</b>	<b>83.67%</b>

There are no other shareholders holding more than 5% shares in the Company.

#### (i) Stock options:

In the annual general meeting held on 9 September, 2011, the shareholders approved the grant of 7,40,334 options (convertible into equivalent number of equity shares of Rs. 10/- each of the Company, in three equal installments i.e. at the end of 3rd / 4th / 5th years from the grant date) to the eligible employees and executive directors of the Company pursuant to Essar Ports Employee Stock Option Scheme 2011. The exercise period for the options is 7 years from the date of vesting.

These stock options have been granted at an option value of Rs. 71.10 per equity share of face value of Rs. 10/- each (i.e. the closing price of the equity shares of the Company on 1 December 2011 at the National Stock Exchange of India Ltd, being the exchange having the higher quantity of trading of Company's shares).

Out of above, 7,40,334 options were outstanding as on 31 March 2013.

#### (ii) 5 % Foreign Currency Convertible Bonds are convertible into 2,04,75,463 equity shares (as at 31 March 2012, 2,04,75,463 equity shares) of Rs.10/- each at Rs. 91.70 per share (refer note no 5 C (iv)).

## Notes forming part of the consolidated financial statements

### 4 Reserves and surplus

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
<b>a. General reserve</b>		
Opening balance	28,454.11	27,263.00
Add: Transferred from surplus in Consolidated Statement of Profit and Loss	2,334.26	1,191.11
Add: Transferred from tonnage tax utilised reserve	5,550.00	-
<b>Closing balance</b>	<b>36,338.37</b>	<b>28,454.11</b>
<b>b. Securities premium account</b>		
Opening balance	-	-
Add: Premium on issuance of GDS	15,731.68	-
Less: Share issue expenses	(270.57)	-
<b>Closing balance</b>	<b>15,461.11</b>	-
<b>c. Revaluation reserve</b>		
Opening balance	94.34	105.50
Less: Utilised for set off against depreciation	(11.16)	(11.16)
<b>Closing balance</b>	<b>83.18</b>	<b>94.34</b>
<b>d. Tonnage tax reserve</b>		
Opening balance	-	-
Add: Transferred from surplus in Consolidated Statement of Profit and Loss	500.00	-
<b>Closing balance</b>	<b>500.00</b>	-
<b>e. Tonnage tax utilised reserve</b>		
Opening balance	5,550.00	5,550.00
Less: Transferred to general reserve	(5,550.00)	-
<b>Closing balance</b>	<b>-</b>	<b>5,550.00</b>
<b>f. Surplus in Consolidated Statement of Profit and Loss</b>		
Opening balance	1,45,076.56	1,42,284.61
Add: Change in minority interest	4,756.61	-
Add: Profit for the year	33,154.64	6,395.47
Less: Transferred to general reserve	(2,334.26)	(1,191.11)
Less: Dividends proposed / paid :		
On equity shares of the Company	(2,248.05)	(2,072.43)
On preference shares of a subsidiary	(0.15)	(0.15)
Less: Tax on dividend	(389.49)	(339.83)
Less: Transferred to tonnage tax reserve	(500.00)	-
<b>Closing balance</b>	<b>1,77,515.86</b>	<b>1,45,076.56</b>
<b>Total</b>	<b>2,29,898.52</b>	<b>1,79,175.01</b>

## Notes forming part of the consolidated financial statements

### 5 Long term borrowings

Rs. in lakhs

	Non-current		Current	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
<b>A. Secured</b>				
<b>(a) Loan from banks</b>				
i. Rupee term loans	2,55,263.63	2,76,735.44	24,105.08	14,764.90
ii. Funded interest facilities (including funding of interest for the period October 1998 to December 2003 and funded interest thereon)	1,10,579.15	1,21,364.60	2,343.65	1,795.83
Less : Amount not payable if relevant funded interest is paid as of the balance sheet date	(40,092.17)	(41,528.20)	-	-
	<b>70,486.98</b>	<b>79,836.40</b>	<b>2,343.65</b>	<b>1,795.83</b>
<b>(b) From financial institutions</b>				
i. Rupee term loans	95,839.42	72,187.85	13,745.10	5,507.70
ii. Funded interest facilities (including funding of interest for the period October 1998 to December 2003 and funded interest thereon)	67,103.53	57,736.06	285.09	280.79
Less : Amount not payable if relevant funded interest is paid as of the balance sheet date	(23,752.25)	(24,607.78)	-	-
	43,351.28	33,128.28	285.09	280.79
<b>(c) Foreign currency buyers' credit</b>	16,355.57	14,051.75	-	-
<b>Total secured borrowings [A]</b>	<b>4,81,296.88</b>	<b>4,75,939.72</b>	<b>40,478.92</b>	<b>22,349.22</b>
<b>B. Unsecured</b>				
<b>(a) Foreign currency convertible bonds</b>	21,755.72	20,462.60	-	-
<b>(b) Rupee term loan from others</b>	-	-	30,000.00	30,000.00
<b>Total unsecured borrowings [B]</b>	<b>21,755.72</b>	<b>20,462.60</b>	<b>30,000.00</b>	<b>30,000.00</b>
<b>Total [A + B]</b>	<b>5,03,052.60</b>	<b>4,96,402.32</b>	<b>70,478.92</b>	<b>52,349.22</b>
<b>Less: Amount disclosed under the head 'other current liabilities' (refer note no. 7)</b>			(70,478.92)	(52,349.22)
<b>Long term borrowings</b>	<b>5,03,052.60</b>	<b>4,96,402.32</b>	<b>-</b>	<b>-</b>

#### C. Notes :

##### i. Secured rupee term loans under Master Restructuring Agreement (MRA) :

- Term loans and funded interest facilities of Rs.2,79,385.26 lakhs (Previous year Rs. 2,86,199.81 lakhs) governed by MRA with banks and financial institutions are secured / to be secured by first ranking security interests over all movable and immovable assets of a subsidiary, present and future, and immovable assets of Essar Oil Limited ("EOL") pertaining to the Terminal Project, insurance policies related to the Terminal Project, rights, title and interests under project documents, trust and retention accounts and all sub-accounts created thereunder, pledge of certain shares of a subsidiary held by promoters (as defined in MRA) / associates of promoters or a subsidiary.
- A term loan from a financial institution and funded interest facilities thereon of Rs. 12,257.30 lakhs (Previous year Rs. 16,518.60 lakhs) governed by MRA are secured by a guarantee of EOL for Rs. 20,000 lakhs (Previous year Rs. 20,000 lakhs). To secure obligation of EOL pursuant to the said guarantee, security is created by first mortgage and charge on immovable and movable properties pertaining to the EOL refinery project, pledge over shares of EOL and an assignment of the project contracts relating to EOL refinery project, the trust and retention accounts pertaining thereto.
- The Interest rates for MRA term loans and funded interest facilities from banks and financial institutions amounting to Rs. 291,642.56 lakhs (Previous year Rs. 302,718.41 lakhs) are ranging from 5% p.a. to 12.50% p.a. with different repayment installments starting from December 2009 to June 2027.
- Recognition of Facility Stoppage and Facility E

The Master Restructuring Agreement ('MRA') dated 17 December 2004 entered pursuant to Corporate Debt Restructuring Scheme, gives an option, subject to consent of its lenders, to a subsidiary to prepay funded interest loans (FS loan) of Rs. 86,908.16 lakhs (Previous year Rs. 86,908.16 lakhs) at any point of time during their term at a reduced amount computed in accordance with mechanism provided in the MRA or in full, by one bullet payment in March, 2026.

## Notes forming part of the consolidated financial statements

In order to reflect the substance of the above, in terms of presentation in the Consolidated Balance Sheet, an amount of Rs. 63,844.42 lakhs (Previous year Rs. 66,135.98 lakhs) being the amount not payable as at balance sheet date has been presented as deduction from funded interest facilities under secured loans / borrowings to reflect the present obligation on the balance sheet date. The changes in the present obligation of the said FS loan subsequent to capitalisation of the terminal project of a subsidiary till each reporting date is treated as a finance cost item in the Consolidated Statement of Profit and Loss.

In the previous year, interest on FS loan (Facility E), disclosed under contingent liability until 31 March 2011 was recognised as funded loan. Accordingly Facility E to the extent attributable to the construction period of Rs 807.34 lakhs was added to cost of fixed assets and balance of Rs. 23,551.18 lakhs was recognised as an exceptional item in the Consolidated Statement of Profit and Loss. Facility E of Rs 24,606.18 lakhs (previous year Rs. 24,179.58 lakhs) is presented in the Consolidated Balance Sheet under funded interest facilities from banks and financial institutions under long term borrowings.

- ii. The interest rates for secured rupee term loans from banks and financial institutions of Rs. 2,77,622.08 lakhs (previous year Rs. 2,47,654.76 lakhs) are ranging from 11% to 17% (base rate +/- spread) per annum with different quarterly repayment installments starting from June, 2012 to March, 2023. Secured rupee term loans are secured by first mortgage and charge of all present and future movable and immovable assets / properties of the Group entities.
- iii. Foreign currency buyers' credit facilities carry interest rate ranging from 2.62% to 3.62% (LIBOR plus spread) per annum. Buyers' credit facilities are part of consortium agreement. The Group has intention to convert buyers' credit facilities into term loans on maturity as per the terms of the secured rupee term loans. Repayment terms are as per those disclosed under point (ii) above.
- iv. Foreign Currency Convertible Bonds of US\$ 1,85,71,428 (Series - B) due on 24 August 2017 and US\$ 2,14,28,572 (Series - A) due on 24 August 2015 carry interest @ 5% per annum payable semi annually. The bonds are convertible into 2,04,75,463 fully paid equity shares of Rs.10 each of the Company, any time upto the date of maturity at the option of the bond holders at conversion price of Rs. 91.70 per share at a predetermined exchange rate of Rs. 46.94 per USD. The bonds if not converted till the maturity date will be redeemed at par.
- v. Unsecured rupee term loan from others carry interest rate of 12.75% per annum, repayable in two installment of Rs. 10,000 lakhs on 1 July 2013 and Rs. 20,000 lakhs on 1 October 2013. Essar Shipping & Logistics Limited, the holding company, has given corporate guarantee of Rs. 30,000 lakhs.
- vi. The classification of loans between current liabilities and non-current liabilities continues based on repayment schedule under respective agreements as no loans have been recalled due to non compliance of conditions under any of the loan agreements. This is in accordance with the guidance issued by the Institute of Chartered Accountants of India on Revised Schedule VI to the Companies Act, 1956.

### 6 Deferred tax liabilities / assets (net)

#### A. Deferred tax liabilities (net)

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Tax effect of items constituting deferred tax liabilities</b>		
On difference between book balance and tax balance of fixed assets	13,822.07	5,290.00
<b>(A)</b>	<b>13,822.07</b>	<b>5,290.00</b>
<b>Tax effect of items constituting deferred tax assets</b>		
Unabsorbed depreciation carried forward	4,144.41	952.71
<b>(B)</b>	<b>4,144.41</b>	<b>952.71</b>
<b>Total</b>	<b>(9,677.66)</b>	<b>(4,337.29)</b>

## Notes forming part of the consolidated financial statements

B. Deferred tax assets (net)		Rs. in lakhs	
Particulars		As at 31 March 2013	As at 31 March 2012
<b>Tax effect of items constituting deferred tax liabilities</b>			
On difference between book balance and tax balance of fixed assets		49,901.54	43,947.82
	(A)	<b>49,901.54</b>	<b>43,947.82</b>
<b>Tax effect of items constituting deferred tax assets</b>			
Unabsorbed depreciation carried forward		43,738.34	39,521.92
Interest disallowance u/s 43B of the Income Tax Act, 1961		16,646.35	14,355.07
On expenditure deferred in books but allowable for tax purposes		3,513.99	2,619.88
	(B)	<b>63,898.68</b>	<b>56,496.87</b>
<b>Total</b>	<b>(B-A)</b>	<b>13,997.14</b>	<b>12,549.05</b>

Deferred Tax Asset on unabsorbed depreciation is recognised to the extent of the reversible deferred tax liability on account of depreciation. Having regard to the existing tenure of the Petroleum Handling Agreement with the user of the terminal facilities and expected extension thereof considering the nature of the facilities, Deferred Tax Asset with respect to disallowances under section 43B of the Income Tax Act, 1961 related to funded interest is recognised to the extent of expected availability of sufficient taxable profit during the years of payment of such funded interest.

### 7 Other long-term / current liabilities Rs. in lakhs

Particulars	Non-current		Current	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
Capital creditors	15.38	12.50	29,587.90	33,111.51
Current maturities of long-term borrowings (refer note no 5)	-	-	70,478.92	52,349.22
Interest accrued but not due on borrowings	-	-	432.66	414.61
Advances from customers	-	0.05	21,874.29	51.45
Interest accrued and due on borrowings	-	-	7,865.46	101.15
Acceptances*	17,187.71	24,610.21	1,050.00	1,110.00
Other liabilities (statutory dues for tax deducted at source, provident fund and reimbursement of expenses to employees)	-	-	1,867.18	812.00
Payable for purchase of investments	-	-	-	18,587.80
Reimbursable expenses on account of demerger	-	-	-	795.93
Others	-	-	853.24	572.97
<b>Total</b>	<b>17,203.09</b>	<b>24,622.76</b>	<b>1,34,009.65</b>	<b>1,07,906.64</b>

\* Under letters of credit issued by lender banks and to be converted into long term loans as per terms of loan agreements.

## Notes forming part of the consolidated financial statements

### 8 Short term provisions

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
<b>(a) Provision for employee benefits</b>		
Gratuity	54.92	57.10
Compensated absences	507.60	453.27
<b>(b) Others</b>		
Provisions for taxation (net of advance tax of Rs.1,846.32 lakhs (previous year Rs.1,840.05 lakhs))	2,058.14	460.13
Proposed dividend on equity shares of the Company	2,160.89	2,072.43
Proposed dividend on preference shares of a subsidiary	0.15	0.15
Tax on proposed dividends	378.96	339.83
<b>Total</b>	<b>5,160.66</b>	<b>3,382.91</b>

### 9 Short term borrowings

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Secured</b>		
Working capital loans from banks (secured by first pari passu charge on all the present and future movable / immovable assets / properties, insurance contracts, accounts, receivables and all other assets of a subsidiary including but not limited to goodwill, trademarks and patents)	1,832.16	1,503.55
Foreign currency buyers' credit [refer note no. 5 (c) (iii)]	132.17	258.04
<b>Total</b>	<b>1,964.33</b>	<b>1,761.59</b>

### 10 Trade payables

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
Trade payables other than acceptances (refer note no. 32)	10,239.27	7,708.09
<b>Total</b>	<b>10,239.27</b>	<b>7,708.09</b>

## Notes forming part of the consolidated financial statements

### 11. Tangible / intangible assets

Particulars	Gross block (at cost / valuation)			Accumulated depreciation / amortisation		Net block	
	As at 01 April 2012	Additions during the year	As at 31 March 2013	As at 01 April 2012	Depreciation / amortisation for the year	As at 31 March 2013	As at 31 March 2012
<b>Tangible assets</b>							
Land- freehold	162.34	170.61	332.95	-	-	332.95	162.34
Buildings	10,956.32	-	10,956.32	1,133.37	375.13	9,447.82	9,822.95
Fleet - Owned (refer note "b" below)	12,623.75	-	12,623.75	5,342.40	1,191.62	6,089.73	7,281.35
Berth and jetty	56,773.69	-	56,773.69	4,354.82	2,270.97	50,147.90	52,418.87
Plant and equipment	4,11,645.81	90,387.50	5,02,033.31	69,466.09	21,271.56	4,11,295.66	3,42,179.72
Furniture, fixture, air-conditioners, refrigerators and office equipments	536.32	71.77	608.09	179.95	48.31	379.83	356.37
Vehicles	241.84	-	241.84	20.84	26.73	194.27	221.00
<b>Total tangible assets (A)</b>	<b>4,92,940.07</b>	<b>90,629.88</b>	<b>5,83,569.95</b>	<b>80,497.47</b>	<b>25,184.32</b>	<b>4,77,888.16</b>	<b>4,12,442.60</b>
<b>Intangible assets</b>							
Software	32.04	2.63	34.67	21.93	8.36	4.38	10.11
<b>Total intangible fixed assets (B)</b>	<b>32.04</b>	<b>2.63</b>	<b>34.67</b>	<b>21.93</b>	<b>8.36</b>	<b>4.38</b>	<b>10.11</b>
<b>Total (A+B)</b>	<b>4,92,972.11</b>	<b>90,632.51</b>	<b>5,83,604.62</b>	<b>80,519.40</b>	<b>25,192.68</b>	<b>4,77,892.54</b>	<b>4,12,452.71</b>
<b>Previous year</b>	<b>3,79,257.00</b>	<b>1,13,715.11</b>	<b>4,92,972.11</b>	<b>57,395.38</b>	<b>23,124.02</b>	<b>4,12,452.71</b>	

#### Notes :

- Fleet were revalued on 31 March 2008 on the basis of valuation done by approved valuers. The net difference between book value and revalued value as on 31 March 2008 amounting to Rs. 129.62 lakhs had been added to book value of fleet and corresponding credit was given to revaluation reserve. Out of depreciation for the year, a sum of Rs.11.16 lakhs (previous year Rs. 11.16 lakhs) to the extent it is charged on the increased value has been recouped from revaluation reserve.
- Fleet has been hypothecated against secured non convertible debentures issued by Essar Shipping Limited (fellow subsidiary).
- Additions to Plant and equipment include Rs. Nil (previous year Rs. 807.34) lakhs due to capitalisation of interest on Facility Stoppage from 24 April 2007 to 30 June 2007. [refer note no. 5(C)(i)(d)]
- The Group has exercised the option available as per para 46/46A of Accounting Standard (AS) 11, "The effect of changes in foreign exchanges rates", vide notification no. GSR 914( E) dated 29 December 2011. Consequently, the exchange loss of Rs. 850.99 lakhs during the year ended 31 March 2013 (previous year Rs. Nil ) has been capitalised to the cost of tangible assets.
- Additions to plant and equipment and buildings include borrowing cost capitalised during the year of Rs. 13,113.63 lakhs (previous year Rs.7,516.00 lakhs) and Rs. Nil (previous year Rs. 350.01 lakhs) respectively.
- Details of depreciation are as follows:

Particulars	Rs. in lakhs	
	31 March 2013	31 March 2012
Depreciation for the year as above	25,192.68	23,124.02
Less : Depreciation on an exceptional item	-	(178.93)
Less : Depreciation capitalised during the year	(778.56)	(909.37)
Less : Depreciation recouped from revaluation reserve	(11.16)	(11.16)
<b>Depreciation charged to the Consolidated Statement of Profit and Loss</b>	<b>24,402.96</b>	<b>22,024.56</b>

## Notes forming part of the consolidated financial statements

### 12 Capital work-in-progress

Particulars	Rs. in lakhs	
	As at 31 March 2013	As at 31 March 2012
(A) Capital work-in-progress	1,37,894.31	1,61,807.75
(B) Expenditure during construction (see details below)	60,544.48	51,698.42
<b>Total</b>	<b>1,98,438.79</b>	<b>2,13,506.17</b>

Expenditure during construction	As at 31 March 2012	Incurred during the year	Capitalised during the year	As at 31 March 2013
Survey charges	230.99	1.10	-	232.09
Consultancy and professional fees	2,191.11	1,806.00	(1,126.56)	2,870.55
Travelling and courier expenses	142.51	292.06	-	434.57
Insurance expenses	233.44	197.31	(110.00)	320.75
Finance costs :				
Interest on bank loans	17,729.34	18,000.48	(5,739.50)	29,990.32
Interest on loans from financial institutions and other	1,290.00	846.57	(1,383.14)	753.43
Interest on foreign currency convertible bonds	5,531.22	3,442.86	(3,604.04)	5,370.04
Other borrowing costs	7,252.36	2,814.62	(1,125.73)	8,941.25
Employee benefits expense :				
Salaries, wages and bonus	2,137.11	1,393.78	(590.68)	2,940.21
Contribution to staff provident and other funds	173.31	59.83	(41.90)	191.24
Staff welfare expenses	132.29	90.00	(51.30)	170.99
Stores and spares consumption	136.25	547.25	-	683.50
Hire charges	723.10	256.40	-	979.50
Manning charges	1,567.83	864.09	-	2,431.92
Rates and taxes	81.09	130.90	-	211.99
Rent	5,214.56	63.20	(5,277.76)	-
Security charges	32.58	124.58	-	157.16
Repairs and maintenance	16.85	92.32	-	109.17
Depreciation	1,593.18	778.56	(47.90)	2,323.84
Agency fees	113.84	2.18	-	116.02
Power and electricity	218.95	272.31	-	491.26
Exchange loss	4,398.96	2,163.17	(2,987.82)	3,574.31
Others	1,616.99	549.54	(1,176.52)	990.01
<b>(A)</b>	<b>52,757.86</b>	<b>34,789.11</b>	<b>(23,262.85)</b>	<b>64,284.12</b>
Less: Income				
Interest on fixed deposits	(368.89)	(229.82)	68.05	(530.66)
Gain on sale of mutual fund investments	(82.83)	(20.64)	-	(103.47)
Interest on loans and advances	(129.10)	-	-	(129.10)
Cargo handling income	(290.04)	(2,409.66)	-	(2,699.70)
Income from sale of scrap and machinery hire income	(200.07)	(150.49)	-	(350.56)
Vessel, equipment and berth hire income	(22.22)	(6.04)	6.04	(22.22)
Other miscellaneous income	(11.29)	-	-	(11.29)
Less : Provision for taxes	45.00	62.36	-	107.36
<b>(B)</b>	<b>(1,059.44)</b>	<b>(2,754.29)</b>	<b>74.09</b>	<b>(3,739.64)</b>
<b>Total (A-B)</b>	<b>51,698.42</b>	<b>32,034.82</b>	<b>(23,188.76)</b>	<b>60,544.48</b>

## Notes forming part of the consolidated financial statements

### 13 Non-current / current Investments

Rs. in lakhs

Particulars	Non-current		Current	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
<b>Unquoted</b>				
<b>Non-trade investments (valued at cost)</b>				
<b>Investments in equity shares (fully paid up)</b>				
3,86,000 equity shares of Rs.10 /- each of Bhandar Power Limited	104.51	104.51	-	-
<b>Current investments (at lower of cost and fair value)</b>				
Nil (previous year 42.643 units of Taurus - Ultra Short Term Fund at NAV of Rs. 1,268.32 each)	-	-	-	0.54
<b>Total</b>	<b>104.51</b>	<b>104.51</b>	<b>-</b>	<b>0.54</b>

### 14 Long-term / short-term loans and advances

Rs. in lakhs

Particulars	Non-current		Current	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
<b>Unsecured, considered good</b>				
<b>Capital advances</b>				
- to related parties (refer note no. 35)	11,075.00	12,575.67	-	-
- to others	391.94	1,442.32	-	-
<b>(A)</b>	<b>11,466.94</b>	<b>14,017.99</b>	<b>-</b>	<b>-</b>
<b>Security deposits</b>				
- to related parties (refer note no. 35)	796.70	565.00	150.00	150.00
- to others	377.39	1.66	6.39	-
<b>(B)</b>	<b>1,174.09</b>	<b>566.66</b>	<b>156.39</b>	<b>150.00</b>
<b>Loans and advances to related parties (refer note no. 35)</b>	<b>(C)</b>	<b>1,380.72</b>	<b>4,571.11</b>	<b>22,299.53</b>
<b>Advances recoverable in cash or kind or for value to be received</b>	<b>(D)</b>	<b>133.12</b>	<b>30.76</b>	<b>1,203.83</b>
<b>Other loans and advances</b>				
Advance income-tax and tax deducted at source (net of provision for taxation of Rs. 731.92 lakhs (previous year Rs. 1,166.78 lakhs))	720.51	253.00	1,690.50	4,195.11
MAT credit available	9,431.70	3,543.42	-	-
Prepaid expenses	4,092.85	3,515.29	2,047.64	2,175.46
Service tax receivable	3,225.26	474.53	3,169.00	26.80
Cenvat receivable	3,370.56	1,195.74	3,334.30	10,121.34
Advances to vendors	-	-	626.62	426.99
Other receivables	-	-	189.97	32.91
<b>(E)</b>	<b>20,840.88</b>	<b>8,981.98</b>	<b>11,058.03</b>	<b>16,978.61</b>
<b>Total</b>	<b>(A+B+C+D+E)</b>	<b>34,995.75</b>	<b>28,168.50</b>	<b>34,717.78</b>
			<b>19,316.35</b>	

## Notes forming part of the consolidated financial statements

### 15 Other non-current / current assets

Rs. in lakhs

Particulars	Non current		Current	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
<b>Unsecured and considered good</b>				
Margin money				
- In time deposits (Debt service reserve account as per the term loan agreement) with maturity of more than 12 months	1,625.14	1,456.08	-	-
- In time deposits (lien marked against facility of letter of credit) with maturity of more than 12 months	776.96	1,364.33	-	-
Deposits in escrow account*	99.26	99.26	-	-
Unamortised share issue expenses	54.52	118.81	64.30	64.30
Interest accrued on bank deposits	-	-	240.30	86.58
Interest accrued on inter corporate deposits (refer note no. 35)	-	-	119.91	167.61
Net asset for gratuity	-	-	7.57	-
Income receivables :				
- from related parties	-	-	2,763.54	1,753.14
- from others	-	-	1,615.36	972.41
<b>Total</b>	<b>2,555.88</b>	<b>3,038.48</b>	<b>4,810.98</b>	<b>3,044.04</b>

\* As per the requirement of Master Restructuring Agreement for secured term loans, there are restrictions on operation of escrow account of the subsidiary.

### 16 Inventories (valued at lower of cost and net realisable value)

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
Stores and spares	697.51	644.42
Fuel oil and lubricants	51.27	44.16
<b>Total</b>	<b>748.78</b>	<b>688.58</b>

### 17 Trade receivables

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Unsecured, considered good</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	1,290.34	12.75
Other trade receivables	19,814.13	15,842.81
<b>Total</b>	<b>21,104.47</b>	<b>15,855.56</b>

## Notes forming part of the consolidated financial statements

### 18 Cash and bank balances

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Cash and cash equivalents</b>		
Balances with banks in current accounts	1,134.79	1,615.41
	<b>(A)</b>	<b>1,615.41</b>
<b>Other bank balances</b>		
Margin money deposits with original maturity of more than 3 months but less than 12 months (lien marked against bank guarantees and LC facility)	4,171.26	1,134.46
	<b>(B)</b>	<b>1,134.46</b>
<b>Total</b>	<b>(A + B)</b>	<b>2,749.87</b>

### 19 Revenue from operations

Rs. in lakhs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Sale of services</b>		
Port and terminal services (refer note below)	1,41,192.21	1,10,008.19
Fleet operating and chartering earnings	960.76	872.50
<b>Total</b>	<b>1,42,152.97</b>	<b>1,10,880.69</b>
Note:		
<b>Sale of ports and terminal services comprises</b>		
Crude and petroleum product storage services	56,500.38	52,420.34
Crude and petroleum product handling services	15,152.62	11,100.73
Cargo handling services	58,179.61	37,330.28
Wharfage and port charges	11,359.60	9,156.84
<b>Total</b>	<b>1,41,192.21</b>	<b>1,10,008.19</b>

### 20 Other income

Rs. in lakhs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Interest income on bank deposits	242.28	88.43
Interest income on loans and advances (net of interest expenses of Rs. 1,398.02 lakhs (previous year Rs. Nil))	590.64	809.88
Interest income on income tax refund	12.62	364.99
Interest income on overdue receivables	142.21	-
Management fee income (net of expenses of Rs.306.78 Lakhs (previous year Rs. 589.74 lakhs))	52.35	208.31
Insurance claim	-	152.03
Gain on sale of current investments	54.98	335.02
Gain on sale of long term investments	-	3.04
Gain on foreign currency translation and transactions	54.64	1.46
Profit on sale of assets	-	4.85
Others	161.24	253.18
<b>Total</b>	<b>1,310.96</b>	<b>2,221.19</b>

## Notes forming part of the consolidated financial statements

### 21 Operating expenses

Rs. in lakhs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Consumption of stores and spares	821.84	651.97
Direct voyage expenses	540.47	202.33
Commission, brokerage and agency fees	41.93	38.80
Operation and maintenance service charges	3,283.52	2,560.73
Dry docking expenses	39.69	125.89
Rent and hire charges	2,781.79	3,069.39
Manning management	3,100.68	2,513.43
Power and fuels	672.08	346.54
Security charges	79.15	63.35
Lighterage costs	1,356.65	1,157.13
Port charges	1,673.94	1,165.05
Wharfage charges	6,246.94	4,412.41
Repairs - plant and machinery	1,405.30	644.66
Insurance, protection and indemnity club fees	1,126.84	871.13
<b>Total</b>	<b>23,170.82</b>	<b>17,822.81</b>

### 22 Employee benefits expense

Rs. in lakhs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Salaries, wages and bonus	2,254.49	1,766.57
Contribution to staff provident and other funds	158.08	120.49
Staff welfare expenses	99.23	51.20
<b>Total</b>	<b>2,511.80</b>	<b>1,938.26</b>

### 23 Other expenses

Rs. in lakhs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Rent	232.62	190.42
Rates and taxes	15.01	52.20
Repairs and maintenance - others	146.95	573.00
Legal and professional fees	1,005.47	551.96
Travelling and conveyance	416.12	279.32
Auditors' remuneration	99.82	111.43
Communication expenses	12.39	17.32
Vehicle hire and maintenance charges	26.80	11.46
Others	434.21	232.44
<b>Total</b>	<b>2,389.39</b>	<b>2,019.55</b>

## Notes forming part of the consolidated financial statements

### 24 Finance costs

Rs. in lakhs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Interest expense on :		
- bank loans	29,961.89	24,642.73
- loans from financial institutions	16,886.51	13,861.80
- foreign currency convertible bonds	379.27	62.32
- others	68.79	436.58
Change in the present obligation of funded interest loans [(refer note no. 5 (C) (i) (d))]	2,291.56	2,059.08
Other finance charges	1,494.00	1,018.33
<b>Total</b>	<b>51,082.02</b>	<b>42,080.84</b>

### 25 Subsidiaries

All subsidiaries of the Company are incorporated in India and has reporting date of 31 March 2013. The list of the subsidiaries of the Company which are included in the consolidation and the Group's holding therein are as under:

Name of companies	Immediate holding	% of voting right		% of effective ownership interest	
		As on 31 March 2013	As on 31 March 2012	As on 31 March 2013	As on 31 March 2012
Vadinar Oil Terminal Limited ("VOTL")	EPL	100.00%	100.00%	100.00%	100.00%
Vadinar Ports & Terminals Limited ("VPTL")	VOTL	100.00%	100.00%	100.00%	100.00%
Essar Bulk Terminal Limited ("EBTL")	EPL	74.00%	74.00%	99.04%@	74.00%
Essar Bulk Terminal Paradip Limited ("EBTPL")	EPL	70.30%	71.25%	98.65%@	71.25%
Essar Paradip Terminals Limited ("EPaTL")	EPL	90.00%	90.00%	99.94%@	90.00%
Essar Dredging Limited ("EDL") *	EBTL	74.00%	-	74%	-
Essar Bulk Terminal (Salaya) Limited ("EBTSL")	EPL	100.00%	100.00%	100%	100.00%

\* become subsidiary w.e.f. 1 October 2012 which earlier ceased to be subsidiary on 1 July 2011.

@ During the year ended 31 March 2013, terms of CCCPPS issued by the subsidiary companies to the Company have been amended to the effect that CCCPPS holder would be entitled to distribution of dividend and residual assets in case of liquidation at par with existing equity shareholders of the subsidiaries companies. Accordingly, the CCCPPS have been considered in computation of the effective ownership interest of the Company over those subsidiaries for the purpose of consolidation.

### 26 Contingent liabilities

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
Claims against the Group not acknowledged as debt	95.01	322.59
Guarantee given on behalf of others	10,400.00	10,400.00
Bills discounted with banks	2,500.00	2,500.00

### 27 Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 68,016.86 lakhs (previous year Rs. 99,943.15 lakhs).

## Notes forming part of the consolidated financial statements

### 28 Details of leasing arrangements - assets taken on operating leases

Rs. in lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
a. Payable not later than 1 year	439.98	449.98
b. Payable later than 1 year but not later than 5 years	1,846.24	1,831.33
c. Payable later than 5 years	4,506.30	9,604.27
<b>Total</b>	<b>6,792.52</b>	<b>11,885.58</b>

The Group has entered into non cancellable operating lease agreements for office premises for the period of 5 years with monthly lease rental of Rs.11.78 lakhs and berths for the period of 30 years with yearly lease rental of Rs. 298.62 lakhs.

### 29 Segment disclosure

#### a) Business segment - Primary segment

Rs. in lakhs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
<b>Segment revenue</b>		
Fleet operating and chartering	4,232.84	3,622.00
Port and terminal services	1,41,192.21	1,10,008.19
Unallocated	652.72	708.26
Less: Inter segment revenue	(3,272.08)	(2,749.50)
<b>Total segment revenue</b>	<b>1,42,805.69</b>	<b>1,11,588.95</b>
Add: Interest income on loans and advances	590.64	809.88
Add: Interest income on income tax refund	12.62	364.99
Add: Gain on sale of current / long term investments	54.98	338.06
<b>Total revenue</b>	<b>1,43,463.93</b>	<b>1,13,101.88</b>
<b>Segment results</b>		
Fleet operating and chartering	(4.04)	474.57
Port and terminal services	89,682.08	66,600.94
Unallocated	652.68	708.26
<b>Total</b>	<b>90,330.72</b>	<b>67,783.77</b>
Less: Unallocable Interest and finance expense	(51,082.02)	(42,080.84)
Less: Exceptional Item	-	(23,551.18)
Add: Interest income on loans and advances	590.64	809.88
Add: Interest income on income tax refund	12.62	364.99
Add: Gain on sale of current / long term investments	54.98	338.06
<b>Profit before tax</b>	<b>39,906.94</b>	<b>3,664.68</b>
(Less) / Add : Taxes	(6,446.97)	6,219.54
<b>Profit before share of minority's interest</b>	<b>33,459.97</b>	<b>9,884.22</b>
Share of minority's interest	(305.33)	(3,488.75)
<b>Profit for the year</b>	<b>33,154.64</b>	<b>6,395.47</b>
<b>Segment assets</b>		
Fleet operating and chartering	10,326.25	12,151.54
Port and terminal services	9,05,078.48	8,41,213.63
Unallocated	26,599.23	6,885.09
<b>Total</b>	<b>9,42,003.96</b>	<b>8,60,250.26</b>
Add: Deferred tax asset	13,997.14	12,549.05
<b>Total assets</b>	<b>9,56,001.10</b>	<b>8,72,799.31</b>

## Notes forming part of the consolidated financial statements

Particulars	Rs. in lakhs	
	Year ended 31 March 2013	Year ended 31 March 2012
<b>Segment liabilities</b>		
Fleet operating and chartering	(736.25)	(4,568.54)
Port and terminal services	(64,263.53)	(57,594.13)
<b>Total</b>	<b>(64,999.78)</b>	<b>(62,162.67)</b>
Add: Loan funds (including interest due / not due)	(6,06,629.82)	(579,621.64)
Add: Deferred tax liabilities	(9,677.66)	(4,337.29)
<b>Total liabilities</b>	<b>(6,81,307.26)</b>	<b>(646,121.60)</b>
<b>Additions to fixed assets</b>		
Fleet operating and chartering	-	5,002.50
Port and terminal services	90,632.51	108,712.61
<b>Total</b>	<b>90,632.51</b>	<b>113,715.11</b>
<b>Depreciation (refer footnote 3)</b>		
Fleet operating and chartering	333.65	31.93
Port and terminal services	24,069.31	21,992.63
<b>Total</b>	<b>24,402.96</b>	<b>22,024.56</b>

### Notes :

- The Group has disclosed Business segment as primary segment. Segments have been identified taking into account the organisation structure, nature of services, differing risk and internal reporting. The Group's operations predominantly relates to Fleet operating and chartering, and Port and terminal services.
- Additions to fixed assets shown above are including exchange difference and excluding capital work in progress and expenditure during construction.
- Depreciation excludes Rs. 778.55 lakhs (previous year Rs. 909.36 lakhs) transferred to expenditure during construction and Rs. 11.16 lakhs (previous year Rs 11.16 lakhs) recouped from fixed assets revaluation reserve.
- The Group has only one geographical segment i.e. India.

### 30 Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

Particulars	As at 31 March 2013	As at 31 March 2012
Net profit after tax and minority interest attributable to equity share holders for basic EPS (Rs. in lakhs)	33,154.64	6,395.46
Add: Interest on foreign currency convertible bonds (FCCB) (Rs. in lakhs)	379.27	62.32
Add: Exchange loss on FCCB conversion (Rs. in lakhs)	6.81	4.51
Net profit after tax attributable to equity share holders for diluted EPS (Rs. in lakhs)	33,540.72	6,462.30
<b>Weighted average no. of equity shares outstanding during the year</b>		
for Basic EPS	42,49,82,590	41,04,55,552
for Diluted EPS	44,56,19,951	43,09,53,476
<b>Basic EPS (Rs.)</b>	<b>7.80</b>	<b>1.56</b>
<b>Diluted EPS (Rs.)</b>	<b>7.53</b>	<b>1.50</b>
Nominal value per Share (Rs.)	10	10
<b>Reconciliation between number of shares used for calculating basic and diluted earnings per share</b>		
a) Number of shares used for calculating basic EPS	42,49,82,590	41,04,55,552
b) Potential equity shares (convertible FCCB)	2,04,75,463	2,04,75,463
c) Potential equity shares (ESOP)	161,898	22,460
d) Number of shares used for calculating diluted EPS (a+b+c)	44,56,19,951	43,09,53,475

Note : The Group has capitalised interest of Rs. 846.57 lakhs (previous year Rs. 1,043.95 lakhs) on FCCB in the consolidated financial statements, which is not considered for calculation of profit for diluted EPS.

## Notes forming part of the consolidated financial statements

### 31 Derivatives instruments and unhedged foreign currency exposures

#### (A) Unhedged foreign currency exposures

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below.

#### Amount receivable in foreign currency on account of the following:

Particulars	Rs. in lakhs		Currency	Foreign currency in lakhs	
	As at 31 March 2013	As at 31 March 2012		As at 31 March 2013	As at 31 March 2012
Rendering of services	1,313.82	798.00	USD	24.16	15.60
Advances to vendors	41.73	-	USD	0.79	-
	0.12	-	SGD	0.00	-
	18.12	-	SEK	2.16	-
	25.36	-	EUR	0.35	-
Interest receivable	142.21	-	USD	2.61	-
Bank balances	6.53	4.94	USD	0.12	0.10

#### Amount payable in foreign currency on account of the following:

Particulars	Rs. in lakhs		Currency	Foreign currency in lakhs	
	As at 31 March 2013	As at 31 March 2012		As at 31 March 2013	As at 31 March 2012
Import of goods and services	0.80	46.21	USD	0.01	0.90
Buyer's credit (including interest accrued)	15,059.31	14,182.25	USD	276.89	277.23
	88.21	209.81	EUR	1.27	3.03
	-	48.33	SEK	-	6.43
Trade payables	170.75	-	EUR	2.32	-
Foreign currency convertible bonds (including interest accrued but not due)	21,856.44	20,549.57	USD	401.85	401.70

(B) There were no forward / option contract entered by the Group during the current and previous financial year to hedge its foreign currency exposures.

### 32 Dues to micro, small and medium enterprises

The Group has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 and hence disclosure relating to amount unpaid at the year end together with interest paid / payable under this Act have not been given.

### 33 Going concern

As on 31 March 2013, the Group's current liabilities exceeded its current assets by Rs. 84,682.72 lakhs. Considering the cash flows from additional borrowings and future operations, for which no material uncertainty exists, the consolidated financial statements have been prepared on a going concern basis.

### 34 Employee benefits :

The Group has classified the various benefits provided to employees as under:

#### I. Defined contribution plans

The Group has recognised the following amounts in the Consolidated Statement of Profit and Loss during the year:

Particulars	Rs. in lakhs	
	For the year ended 31 March 2013	For the year ended 31 March 2012
a) Group accident policy premium	11.33	4.58
b) Employer's contribution to superannuation fund	10.30	0.94
c) Employer's contribution to provident fund	116.07	101.36
<b>Total</b>	<b>137.70</b>	<b>106.88</b>

The above amounts are included in 'contribution to staff provident and other funds / expenditure during construction' (refer note no.12 and 22).

## Notes forming part of the consolidated financial statements

### II. Defined benefit plans

- Contribution to provident fund
- Contribution to gratuity fund
- Provision for compensated absences (CA)

In accordance with AS-15, relevant disclosures are as under:

#### (A) Changes in present value of defined benefit obligation:

Rs. in lakhs

Particulars	Provident fund		Gratuity-shore officers		Gratuity-shore officers		CA	
	(funded)		(funded)		(non funded)		(non funded)	
	31 March 13	31 March 12	31 March 13	31 March 12	31 March 13	31 March 12	31 March 13	31 March 12
Present value of defined benefit obligations – opening balance	268.46	1,408.24	232.41	169.32	9.17	9.26	453.29	369.91
Current service cost	27.23	19.26	33.60	36.86	3.07	3.50	37.79	51.53
Current service contribution - employee	41.77	36.26	(0.78)	-	0.78	0.74	-	4.15
Interest cost	25.79	15.92	19.32	14.70	-	-	17.80	15.05
Past service cost	-	-	-	-	-	-	-	-
Plan amendment	-	-	-	-	-	-	-	-
Acquisitions	33.25	68.52	-	-	-	-	-	-
Benefits paid	-	-	(8.82)	(10.39)	-	7.18	(4.72)	(25.97)
Actuarial (gain) / loss on obligations	-	(1,279.74)	34.57	10.43	(3.55)	-	3.44	38.60
<b>Present value of defined benefit obligation – closing balance</b>	<b>396.50</b>	<b>268.46</b>	<b>310.30</b>	<b>220.92</b>	<b>9.47</b>	<b>20.68</b>	<b>507.60</b>	<b>453.27</b>

#### (B) Changes in the fair value of plan assets:

Rs. in lakhs

Particulars	Provident fund		Gratuity-shore officers		Gratuity-shore officers		CA	
	(funded)		(funded)		(non funded)		(non funded)	
	31 March 13	31 March 12	31 March 13	31 March 12	31 March 13	31 March 12	31 March 13	31 March 12
Fair value of plan assets – opening balance	268.46	1,408.24	185.85	136.90	-	-	-	-
Expected return on plan assets	-	15.92	18.03	13.20	-	-	-	-
Actual return on plan assets	25.79	-	-	-	-	-	-	-
Acquisition adjustment	-	-	-	-	-	-	-	-
Actuarial gains / (losses)	-	(1,279.74)	16.00	0.55	-	-	-	-
Contributions by the employer / employees	102.25	124.04	61.37	38.43	-	-	-	-
Benefits paid	-	-	(8.82)	(3.21)	-	-	-	-
<b>Fair value of plan assets – closing balance</b>	<b>396.50</b>	<b>268.46</b>	<b>272.43</b>	<b>185.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes forming part of the consolidated financial statements

### (C) Amount recognised in Consolidated Balance Sheet:

Rs. in lakhs

Particulars	Provident fund		Gratuity-shore officers		Gratuity-shore officers		CA	
	(funded)		(funded)		(non funded)		(non funded)	
	31 March 13	31 March 12	31 March 13	31 March 12	31 March 13	31 March 12	31 March 13	31 March 12
Present value of defined benefit obligations	396.50	268.46	310.30	220.92	9.47	20.68	507.60	453.27
Fair value of plan assets	396.50	268.46	272.43	185.87	-	-	-	-
Funded status (surplus / (deficit))	-	-	(37.87)	(35.05)	(9.47)	(20.68)	(507.60)	(453.27)
Unrecognised past service costs	-	-	-	-	-	-	-	-
<b>(Liability) / asset recognised in the Consolidated Balance Sheet</b> (refer note 8 and 15)	-	-	(37.87)	(35.05)	(9.47)	(20.68)	(507.60)	(453.27)

### (D) Expenses recognised in the Consolidated Statement of Profit and Loss / expenditure during the construction:

Rs. in lakhs

Particulars	Provident fund		Gratuity-shore officers		Gratuity-shore officers		CA	
	(funded)		(funded)		(non funded)		(non funded)	
	31 March 13	31 March 12	31 March 13	31 March 12	31 March 13	31 March 12	31 March 13	31 March 12
Current service cost	27.23	19.26	33.62	36.86	3.07	3.50	37.79	51.53
Interest cost	25.79	15.92	18.54	14.70	0.78	0.74	16.92	19.22
Expected return on plan assets	(25.79)	(15.92)	(18.03)	(13.20)	-	-	-	-
Past service cost	-	-	-	0.89	-	-	-	-
Net actuarial (gain) / loss recognised in the period	-	-	18.55	2.70	(3.55)	7.18	3.44	26.86
<b>Total expenses recognised in the Consolidated Statement of Profit and Loss / expenditure during the construction</b> (included in contribution to provident and other funds) (refer note no. 12 and 22)	<b>27.23</b>	<b>19.26</b>	<b>52.68</b>	<b>41.95</b>	<b>0.30</b>	<b>11.42</b>	<b>58.15</b>	<b>97.61</b>

### (E) Experience history:

Rs. in lakhs

Particulars	Gratuity-shore officers (funded)				
	31 March 13	31 March 12	31 March 11	31 March 10	31 March 09
Defined benefit obligation at the end of the year	(258.24)	(220.90)	(168.94)	(155.86)	(78.16)
Plan assets at the end of the year	(61.28)	185.84	137.10	197.56	139.84
Funded status	(37.89)	(35.06)	(21.83)	41.70	61.68
Experience gain / (loss) adjustments on plan liabilities	(23.95)	(11.08)	(35.02)	(66.04)	85.11
Experience gain / (loss) adjustments on plan assets	16.00	0.55	(5.23)	(9.36)	0.17
Actuarial gain/ (loss) due to change on assumptions	(9.00)	7.84	2.10	4.15	-

## Notes forming part of the consolidated financial statements

Rs. in lakhs

Particulars	Gratuity-off shore officers (non funded)				
	31 March 13	31 March 12	31 March 11	31 March 10	31 March 09
Defined benefit obligation at the end of the year	(9.47)	(20.69)	(9.27)	(190.00)	(280.00)
Plan assets at the end of the year	-	-	-	-	-
Funded status	(9.47)	(20.69)	(9.27)	(190.00)	(280.00)
Experience gain / (loss) adjustments on plan liabilities	3.02	(7.92)	-	90.00	59.00
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-
Actuarial gain / (loss) due to change on assumptions	0.53	0.74	-	34.00	52.00

Rs. in lakhs

Particulars	CA (non funded)				
	31 March 13	31 March 12	31 March 11	31 March 10	31 March 09
Defined benefit obligation at the end of the year	(257.96)	(314.62)	(231.41)	(278.40)	(105.27)
Plan assets at the end of the year	-	-	-	-	-
Funded status	(257.96)	(314.62)	(231.41)	(278.40)	(105.27)
Experience gain / (loss) adjustments on plan liabilities	3.90	(35.69)	(94.13)	(140.29)	170.00
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-
Actuarial gain/ (loss) due to change on assumptions	(4.36)	19.99	2.13	21.46	(54.00)

## (F) Category of plan assets:

Percentage of each category of plan assets to total fair value of plan assets	Provident fund		Gratuity-shore officers		Gratuity-shore officers		CA	
	(funded)		(funded)		(non funded)		(non funded)	
	31 March 13	31 March 12	31 March 13	31 March 12	31 March 13	31 March 12	31 March 13	31 March 12
Administered by Life Insurance Corporation of India (LIC)*	-	-	100.00%	100.00%	NA	NA	NA	NA
Government of India security	25.00%	25.00%	-	-	NA	NA	NA	NA
Public sector bonds / TDRs	60.00%	60.00%	-	-	NA	NA	NA	NA
State government securities	15.00%	15.00%	-	-	NA	NA	NA	NA

\*The Group is unable to obtain the details of plan assets from the LIC and hence the disclosure thereof is not made.

## Notes forming part of the consolidated financial statements

### (G) Actuarial assumptions

In accordance with Accounting Standard (AS) 15 (revised), actuarial valuation as at the year end was done in respect of the aforesaid defined benefit plans based on the following assumptions:

#### i) General assumptions:

Particulars	Provident fund		Gratuity-shore officers		Gratuity-shore officers		CA-paid leave	
	(funded)		(funded)		(non funded)		(non funded)	
	31 March 13	31 March 12	31 March 13	31 March 12	31 March 13	31 March 12	31 March 13	31 March 12
Discount rate (per annum)	7.90%	8.50%	7.90%	8.50%	7.90%	8.50%	7.90%	8.50%
Rate of return on plan assets (for funded scheme)	8.60%	8.60%	7.90%	8.50%	NA	NA	NA	NA
Expected retirement age of employees (years)	58	58	58	58	58	58	58	58
Separation rate of employees	-	-	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Rate of increase in compensation	-	-	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%

- ii) Mortality rates considered are as per the published rates in the Life Corporation (1994-96) Mortality table.
- iii) Leave policy:
  - a) Sick leave balance as at the valuation date and each subsequent year following the valuation date will be availed by the employee against future sick leave; the sick leave balance is not available for encashment.
  - b) Leave balance as at the valuation date and each subsequent year following the valuation date to the extent not availed by the employee is available for encashment on separation from the Group entities up to a maximum of 120 days.
- iv) The contribution to be made by the Group entities for funding its liability for gratuity during the financial year 2012-13 will be made as per demand raised by the fund administrator Life Insurance Corporation of India.
- v) The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over entire life of the related obligation.
- vi) The assumption of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion, supply and demand and other relevant factors.
- vii) The employees gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit method.
- viii) The employer managed provident fund is considered as defined benefit plan.
- ix) Liability on account of long term compensated absences has been actuarially valued as per Projected Unit Credit Method.
- x) Short term compensated absences have been provided on actual basis.

## Notes forming part of the consolidated financial statements

### 35. Related party relationships, transactions and balances.

#### (a) Holding companies:

- 1 Essar Global Fund Limited (formerly known as Essar Global Limited), Cayman Island, ultimate holding company
- 2 Essar Shipping & Logistics Limited, Cyprus (immediate holding company)

#### (b) Key management personnel:

- 1 Rajiv Agarwal, Managing Director
- 2 Shailesh Sawa, Whole-time Director
- 3 K. K. Sinha, Whole-time Director
- 4 Capt. Subhas Das, Whole-time Director (Essar Bulk Terminal Limited)
- 5 Capt. Rajesh Beri - Whole time Director (Essar Bulk Terminal Paradip Limited) ( w.e.f. 17 October 2011 to 9th September 2012)
- 6 U. Venkat Rao - Whole time Director (Essar Bulk Terminal Paradip Limited) (w.e.f. 1st February 2013)
- 7 Capt. Deepak Sachdeva-Whole Time Director (Vadinar Oil Terminal limited) ( w.e.f. 18 October 2011)
- 8 Dipankar Pal- Managing Director (Vadinar Oil Terminal Limited) (w.e.f. 20.08.2011)
- 9 Girish Joshi - Manager (Vadinar Ports & Terminal Limited) ( w.e.f. 18 October 2011)
- 10 Capt. Rajen Sachar-Whole Time Director (Essar Bulk Terminal (Salaya) Limited) (w.e.f 17.10.2011)
- 11 A. R. Ramakrishnan, Whole-time Director (upto 22 May 2011)

#### (c) Fellow subsidiaries / other related parties / affiliates where there have been transactions:

- |                                                                     |                                                       |
|---------------------------------------------------------------------|-------------------------------------------------------|
| 1 Essar Oil Limited                                                 | 15 Essar Agrotech Limited*                            |
| 2 Essar Steel India Limited (formerly known as Essar Steel Limited) | 16 Global Supplies FZE                                |
| 3 Essar Logistics Limited                                           | 17 Essar Project Management Consultancy Limited       |
| 4 Essar Shipping Limited                                            | 18 Essar House Limited*                               |
| 5 Essar Shipping (Cyprus) Limited                                   | 19 Essar Infrastructure Services Limited*             |
| 6 Essar Projects (India) Limited                                    | 20 Essar Services India Limited*                      |
| 7 Essar Offshore Subsea Limited                                     | 21 Bhandar Power Limited                              |
| 8 Essar Engineering Services Limited                                | 22 Essar Investment Limited*                          |
| 9 Essar Power Gujarat Limited                                       | 23 Essar Energy Services Limited                      |
| 10 Essar Africa Holdings Limited                                    | 24 Essar Information Technology Limited*              |
| 11 Aegis Limited                                                    | 25 Arkay Holdings Limited*                            |
| 12 Futura Travels Limited*                                          | 26 Imperial Consultants & Securities Private Limited* |
| 13 Futura Aviation Limited*                                         |                                                       |
| 14 Equinox Business Parks Private Limited                           |                                                       |

\* ceased to be related parties w.e.f. 1 April 2012 in terms of AS 18 in view of current set of relationship of directors / key managerial personnel

## Notes forming part of the consolidated financial statements

### d. The details of transactions with related parties

Nature of transactions	Rs. in lakhs							
	Holding companies		Other related parties		Key management personnel		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>Revenue from operations</b>								
Essar Logistics Limited	-	-	2,032.51	2,280.43	-	-	2,032.51	2,280.43
Essar Steel India Limited	-	-	54,697.99	34,942.01	-	-	54,697.99	34,942.01
Essar Power Gujarat Limited	-	-	235.56	-	-	-	235.56	-
Essar Oil Limited	-	-	75,995.51	67,482.46	-	-	75,995.51	67,482.46
Essar Shipping Limited	-	-	2,531.48	1,622.25	-	-	2,531.48	1,622.25
Essar Heavy Engineering Services Limited	-	-	-	22.64	-	-	-	22.64
Essar Shipping & Logistics Limited	-	24.25	-	-	-	-	-	24.25
Essar Projects (India) Limited	-	-	297.82	6.14	-	-	297.82	6.14
Essar Offshore Subsea Limited	-	-	1.00	21.58	-	-	1.00	21.58
<b>Total</b>	-	<b>24.25</b>	<b>1,35,791.87</b>	<b>106,377.51</b>	-	-	<b>1,35,791.87</b>	<b>1,06,401.76</b>
<b>Interest income from loans and advances</b>								
Essar Oil Limited	-	-	584.12	809.88	-	-	584.12	809.88
Essar Steel India Limited	-	-	1,398.02	-	-	-	1,398.02	-
Essar Shipping & Logistics Limited	3.75	1.03	-	-	-	-	3.75	1.03
<b>Total</b>	<b>3.75</b>	<b>1.03</b>	<b>1,982.14</b>	<b>809.88</b>	-	-	<b>1,985.89</b>	<b>810.91</b>
<b>Interest income from other receivables</b>								
Essar Africa Holdings Limited	-	-	142.21	-	-	-	142.21	-
<b>Management fee income</b>								
Essar Africa Holdings Limited	-	-	461.14	798.04	-	-	461.14	798.04
<b>Other Income</b>								
Essar Logistics Limited	-	-	38.09	12.09	-	-	38.09	12.09
Essar Steel India Limited	-	-	11.63	-	-	-	11.63	-
Essar Oil Limited	-	-	5.15	-	-	-	5.15	-
Essar Shipping Limited	-	-	-	1.92	-	-	-	1.92
Arkay Holdings Limited	-	-	-	1.65	-	-	-	1.65
<b>Total</b>	-	-	<b>54.87</b>	<b>15.66</b>	-	-	<b>54.87</b>	<b>15.66</b>
<b>Purchase of stores and spares</b>								
Essar Steel India Limited	-	-	28.27	6.38	-	-	28.27	6.38
Essar Logistics Limited	-	-	2.99	19.57	-	-	2.99	19.57
Essar Shipping Limited	-	-	8.41	-	-	-	8.41	-
<b>Total</b>	-	-	<b>39.67</b>	<b>25.95</b>	-	-	<b>39.67</b>	<b>25.95</b>
<b>Direct voyage expenses</b>								
Essar Shipping Limited	-	-	102.20	96.66	-	-	102.20	96.66
<b>Commission, brokerage and agency fees</b>								
Essar Shipping Limited	-	-	28.33	31.51	-	-	28.33	31.51
<b>Operation and maintenance service expense</b>								
Essar Projects (India) Limited	-	-	553.90	440.73	-	-	553.90	440.73
Essar Heavy Engineering Services Limited	-	-	6.95	2.50	-	-	6.95	2.50
Essar Infrastructure Services limited	-	-	-	76.73	-	-	-	76.73

## Notes forming part of the consolidated financial statements

Rs. in lakhs

Nature of transactions	Holding companies		Other related parties		Key management personnel		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Essar Oil Limited	-	-	2,472.24	2,023.61	-	-	2,472.24	2,023.61
Essar Steel India Limited	-	-	149.58	-	-	-	149.58	-
<b>Total</b>	-	-	<b>3,182.67</b>	<b>2,543.57</b>	-	-	<b>3,182.67</b>	<b>2,543.57</b>
<b>Hire charges</b>								
Essar Logistics Limited	-	-	85.20	359.78	-	-	85.20	359.78
<b>Power and fuel</b>								
Essar Oil Limited	-	-	1.06	112.15	-	-	1.06	112.15
Bhander Power Limited	-	-	295.22	200.60	-	-	295.22	200.60
<b>Total</b>	-	-	<b>296.28</b>	<b>312.75</b>	-	-	<b>296.28</b>	<b>312.75</b>
<b>Remuneration*</b>								
Capt. Subhas Das	-	-	-	-	88.18	84.03	88.18	84.03
Capt. Rajesh Beri	-	-	-	-	73.03	39.81	73.03	39.81
U. Venkat Rao	-	-	-	-	7.49	-	7.49	-
Capt. Rajen Sachar	-	-	-	-	57.02	22.12	57.02	22.12
Capt. Deepak Sachdeva	-	-	-	-	56.54	17.66	56.54	17.66
Dipankar Pal (w.e.f. 20.08.2012)	-	-	-	-	59.95	-	59.95	-
Girish Joshi	-	-	-	-	27.37	11.43	27.37	11.43
A. R. Ramakrishnan	-	-	-	-	-	15.86	-	15.86
Rajiv Agarwal	-	-	-	-	231.89	215.87	231.89	215.87
Kamala Kant Sinha	-	-	-	-	142.52	130.32	142.52	130.32
Shailesh Sawa	-	-	-	-	156.86	113.61	156.86	113.61
<b>Total</b>	-	-	-	-	<b>900.86</b>	<b>650.72</b>	<b>900.86</b>	<b>650.72</b>
<b>Recovery of expense</b>								
Essar Oil Limited	-	-	109.27	-	-	-	109.27	-
<b>Rent</b>								
Essar House Limited	-	-	-	44.17	-	-	-	44.17
Essar Infrastructure Services limited	-	-	-	94.89	-	-	-	94.89
Essar Oil Limited	-	-	161.33	129.34	-	-	161.33	129.34
Equinox Business Park Private Limited	-	-	143.77	60.13	-	-	143.77	60.13
Essar Steel India Limited	-	-	8.74	12.51	-	-	8.74	12.51
<b>Total</b>	-	-	<b>313.84</b>	<b>341.04</b>	-	-	<b>313.84</b>	<b>341.04</b>
<b>Consultancy services received</b>								
Essar Engineering Services Limited	-	-	2.57	41.23	-	-	2.57	41.23
Essar Investments Limited	-	-	-	386.63	-	-	-	386.63
Aegis Limited	-	-	270.50	138.54	-	-	270.50	138.54
Essar Information Technology Limited	-	-	-	3.76	-	-	-	3.76
Essar Services India Limited	-	-	-	69.46	-	-	-	69.46
<b>Total</b>	-	-	<b>273.07</b>	<b>639.62</b>	-	-	<b>273.07</b>	<b>639.62</b>
<b>Travel expenses</b>								
Futura Travels Limited	-	-	-	278.70	-	-	-	278.70

\* Does not include the amount payable towards gratuity and compensated absence by the Company and subsidiaries as the same is calculated for the Company and subsidiaries as whole on actuarial basis.

## Notes forming part of the consolidated financial statements

Rs. in lakhs

Nature of transactions	Holding companies		Other related parties		Key management personnel		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>Interest expenses- others</b>								
Bhander Power Limited	-	-	-	12.97	-	-	-	12.97
Essar Logistics Limited	-	-	-	290.00	-	-	-	290.00
Essar Oil Limited	-	-	1,395.25	-	-	-	1,395.25	-
<b>Total</b>	-	-	<b>1,395.25</b>	<b>302.97</b>	-	-	<b>1,395.25</b>	<b>302.97</b>
<b>Reimbursement of expenses</b>								
Essar Oil Limited	-	-	40.19	-	-	-	40.19	-
Essar Shipping Limited	-	-	33.80	-	-	-	33.80	-
Essar Logistics Limited	-	-	0.09	-	-	-	0.09	-
Essar Steel India Limited	-	-	1.23	14.38	-	-	1.23	14.38
Essar Engineering Services Limited	-	-	-	3.25	-	-	-	3.25
Essar Projects (India) Limited	-	-	1.42	-	-	-	1.42	-
Aegis Limited	-	-	10.05	-	-	-	10.05	-
<b>Total</b>	-	-	<b>86.78</b>	<b>17.63</b>	-	-	<b>86.78</b>	<b>17.63</b>
<b>Advances from customers</b>								
Essar Oil Limited	-	-	<b>21,123.36</b>	-	-	-	<b>21,123.36</b>	-
<b>Capital work-in-progress / expenditure during construction</b>								
Essar Projects (India) Limited	-	-	26,351.42	64,187.50	-	-	26,351.42	64,187.50
Essar Engineering Services Limited	-	-	275.86	843.33	-	-	275.86	843.33
Essar Oil Limited	-	-	1.36	30.42	-	-	1.36	30.42
Aegis Limited	-	-	189.38	107.66	-	-	189.38	107.66
Essar Investments Limited	-	-	-	702.62	-	-	-	702.62
Essar Infrastructure Services Limited	-	-	-	265.21	-	-	-	265.21
Futura Travels Limited	-	-	-	102.83	-	-	-	102.83
Futura Aviation Limited	-	-	-	77.00	-	-	-	77.00
Essar Steel India Limited	-	-	11.62	11.93	-	-	11.62	11.93
Essar House Limited	-	-	-	68.09	-	-	-	68.09
Essar Logistics Limited	-	-	2.58	943.19	-	-	2.58	943.19
Essar Services India Limited	-	-	-	138.79	-	-	-	138.79
Essar Power (Gujarat) Limited	-	-	19.17	19.65	-	-	19.17	19.65
Global Supply FZE	-	-	-	4,499.99	-	-	-	4,499.99
Arkay Holdings Limited	-	-	-	33.00	-	-	-	33.00
Essar Offshore Subsea Limited	-	-	159.60	-	-	-	159.60	-
Essar Project Management Consultants Limited	-	-	38.00	121.97	-	-	38.00	121.97
Essar Steel India Limited	-	-	163.26	4.04	-	-	163.26	4.04
Essar Engineering Services Limited	-	-	0.93	-	-	-	0.93	-
Essar Oil Limited	-	-	5.59	6.63	-	-	5.59	6.63
Bhander Power Limited	-	-	272.39	218.95	-	-	272.39	218.95
<b>Total</b>	-	-	<b>27,491.16</b>	<b>72,382.80</b>	-	-	<b>27,491.16</b>	<b>72,382.80</b>
<b>Income from Site formation services</b>								
Essar Steel India Limited	-	-	-	5.65	-	-	-	5.65
Essar Engineering Services Limited	-	-	141.96	127.30	-	-	141.96	127.30
<b>Total</b>	-	-	<b>141.96</b>	<b>132.95</b>	-	-	<b>141.96</b>	<b>132.95</b>

## Notes forming part of the consolidated financial statements

Nature of transactions	Rs. in lakhs							
	Holding companies		Other related parties		Key management personnel		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>Cargo handling income (credited to EDC)</b>								
Essar Power Gujarat Limited	-	-	1,632.00	290.04	-	-	1,632.00	290.04
Essar Oil Limited	-	-	776.54	-	-	-	776.54	-
<b>Total</b>	-	-	<b>2,408.54</b>	<b>290.04</b>	-	-	<b>2,408.54</b>	<b>290.04</b>
<b>Acquisition of fixed assets</b>								
Essar Logistics Limited	-	-	-	5,002.50	-	-	-	5,002.50
<b>Sale of shares</b>								
Essar Investments Limited	-	-	-	5.00	-	-	-	5.00
<b>Purchase of shares</b>								
Essar Steel India Limited	-	-	-	18,587.80	-	-	-	18,587.80
Essar Logistics Limited	-	-	-	0.83	-	-	-	0.83
<b>Total</b>	-	-	-	<b>18,588.63</b>	-	-	-	<b>18,588.63</b>
<b>Security deposits given to related parties</b>								
Essar House Limited	-	-	-	56.00	-	-	-	56.00
Essar Infrastructure Services Limited	-	-	-	209.00	-	-	-	209.00
Equinox Business Parks Private Limited	-	-	75.00	-	-	-	75.00	-
Essar Steel India Limited	-	-	421.70	-	-	-	421.70	-
<b>Total</b>	-	-	<b>496.70</b>	<b>265.00</b>	-	-	<b>496.70</b>	<b>265.00</b>
<b>Loans and advances given</b>								
Essar Steel India Limited	-	-	18,500.00	-	-	-	18,500.00	-
<b>Loans and advances received back</b>								
Essar Oil Limited	-	-	2,445.12	2,684.53	-	-	2,445.12	2,684.53

### e. Related party balances at the year end

Nature of balances	Rs. in lakhs							
	Holding companies		Other related parties		Key management personnel		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>Capital creditors</b>								
Essar Projects (India) Limited	-	-	23,804.30	24,852.21	-	-	23,804.30	24,852.21
Aegis Limited	-	-	140.58	8.83	-	-	140.58	8.83
Essar House Limited	-	-	-	1.85	-	-	-	1.85
Essar Infrastructure Services Limited	-	-	-	7.55	-	-	-	7.55
Essar Investments Limited	-	-	-	134.58	-	-	-	134.58
Essar Logistics Limited	-	-	568.52	5,168.15	-	-	568.52	5,168.15
Essar Oil Limited	-	-	-	0.26	-	-	-	0.26
Essar Services India Limited	-	-	-	40.95	-	-	-	40.95
Futura Aviation Limited	-	-	-	7.58	-	-	-	7.58
Futura Travels Limited	-	-	-	9.41	-	-	-	9.41
Global Supply FZE	-	-	-	159.79	-	-	-	159.79
Essar Projects Management Consultants Limited	-	-	171.82	133.57	-	-	171.82	133.57
Essar Offshore Subsea Limited	-	-	159.60	-	-	-	159.60	-
Essar Engineering Services Limited	-	-	41.00	-	-	-	41.00	-
<b>Total</b>	-	-	<b>24,885.82</b>	<b>30,524.73</b>	-	-	<b>24,885.82</b>	<b>30,524.73</b>

## Notes forming part of the consolidated financial statements

Nature of transactions	Holding companies		Other related parties		Key management personnel		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>Advances from customers</b>								
Essar Oil Limited	-	-	21,123.36	-	-	-	21,123.36	-
<b>Payable in respect of preference share</b>								
Essar Steel India Limited	-	-	-	18,587.80	-	-	-	18,587.80
<b>Trade payables</b>								
Essar Steel India Limited	-	-	41.78	343.18	-	-	41.78	343.18
Essar Logistics Limited	-	-	0.98	1,076.05	-	-	0.98	1,076.05
Essar House Limited	-	-	-	47.82	-	-	-	47.82
Essar House Services Limited	-	-	-	0.05	-	-	-	0.05
Essar Heavy Engineering Services Limited	-	-	179.44	2.70	-	-	179.44	2.70
Futura Travels Limited	-	-	-	114.33	-	-	-	114.33
Essar Investments Limited	-	-	-	576.87	-	-	-	576.87
Essar Engineering Services Limited	-	-	42.78	4.04	-	-	42.78	4.04
Essar Infrastructure Services Limited	-	-	-	181.76	-	-	-	181.76
Essar Oil Limited	-	-	1,960.64	422.08	-	-	1,960.64	422.08
Aegis Limited	-	-	200.75	49.03	-	-	200.75	49.03
Bhander Power Limited	-	-	586.56	258.99	-	-	586.56	258.99
Essar Projects (India) Limited	-	-	18.23	-	-	-	18.23	-
Essar Information Technology Limited	-	-	-	0.45	-	-	-	0.45
Essar Agrotech Limited	-	-	-	0.68	-	-	-	0.68
Essar Energy Services Limited	-	-	427.50	-	-	-	427.50	-
Arkay Holdings Limited	-	-	-	117.59	-	-	-	117.59
Essar Shipping Limited	-	-	234.98	640.14	-	-	234.98	640.14
Equinox Business Parks Private Limited	-	-	147.17	-	-	-	147.17	-
Essar Services India Limited	-	-	-	162.26	-	-	-	162.26
<b>Total</b>	-	-	<b>3,840.81</b>	<b>3,998.02</b>	-	-	<b>3,840.81</b>	<b>3,998.02</b>
<b>Reimbursable expenses on account of demerger</b>								
Essar Shipping Limited	-	-	-	795.93	-	-	-	795.93
<b>Capital advances</b>								
Essar Projects (India) Limited	-	-	10,966.88	12,431.11	-	-	10,966.88	12,431.11
Essar Projects Management Consultants Limited	-	-	38.88	38.88	-	-	38.88	38.88
Essar Logistics Limited	-	-	63.54	-	-	-	63.54	-
Essar Engineering Services Limited	-	-	5.70	105.68	-	-	5.70	105.68
<b>Total</b>	-	-	<b>11,075.00</b>	<b>12,575.67</b>	-	-	<b>11,075.00</b>	<b>12,575.67</b>
<b>Loans and advances given (including interest)</b>								
Essar Investments Limited	-	-	-	180.94	-	-	-	180.94
Essar Oil Limited	-	-	4,694.60	6,261.24	-	-	4,694.60	6,261.24
Essar Agrotech Limited	-	-	-	0.74	-	-	-	0.74
Essar Steel (India) Limited	-	-	19,105.56	-	-	-	19,105.56	-
<b>Total</b>	-	-	<b>23,800.16</b>	<b>6,442.92</b>	-	-	<b>23,800.16</b>	<b>6,442.92</b>

## Notes forming part of the consolidated financial statements

Rs. in lakhs

Nature of transactions	Holding companies		Other related parties		Key management personnel		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>Other current assets</b>								
Essar Investments Limited	-	-	-	644.06	-	-	-	644.06
Essar Services India Limited	-	-	-	9.11	-	-	-	9.11
Essar Africa Holdings Limited	-	-	1,456.02	798.04	-	-	1,456.02	798.04
Essar Oil Limited	-	-	129.02	-	-	-	129.02	-
Essar Power Gujarat Limited	-	-	1,178.50	301.94	-	-	1,178.50	301.94
<b>Total</b>	-	-	<b>2,763.54</b>	<b>1,753.15</b>	-	-	<b>2,763.54</b>	<b>1,753.15</b>
<b>Deposits given</b>								
Essar Shipping Limited	-	-	450.00	450.00	-	-	450.00	450.00
Essar Steel India Limited	-	-	421.70	-	-	-	421.70	-
Essar House Limited	-	-	-	56.00	-	-	-	56.00
Essar Infrastructure Services Limited	-	-	-	209.00	-	-	-	209.00
Equinox Business Parks Private Limited	-	-	75.00	-	-	-	75.00	-
<b>Total</b>	-	-	<b>946.70</b>	<b>715.00</b>	-	-	<b>946.70</b>	<b>715.00</b>
<b>Investments in shares</b>								
Bhandar Power Limited	-	-	<b>104.51</b>	<b>104.51</b>	-	-	<b>104.51</b>	<b>104.51</b>
<b>Trade receivables</b>								
Essar Logistics Limited	-	-	1,752.76	2,211.93	-	-	1,752.76	2,211.93
Essar Engineering Services Limited	-	-	-	7.56	-	-	-	7.56
Essar Steel India Limited	-	-	12,454.38	5,492.39	-	-	12,454.38	5,492.39
Essar Shipping Limited	-	-	610.32	1,693.71	-	-	610.32	1,693.71
Essar Oil Limited	-	-	5,319.77	4,534.42	-	-	5,319.77	4,534.42
Essar Shipping & Logistics Limited	-	-	31.53	27.78	-	-	31.53	27.78
Essar Offshore Subsea Limited	-	-	1.12	2.40	-	-	1.12	2.40
Essar Projects (India) Limited	-	-	341.40	6.77	-	-	341.40	6.77
Arkay Holdings Limited	-	-	-	1.82	-	-	-	1.82
<b>Total</b>	-	-	<b>20,511.28</b>	<b>13,978.78</b>	-	-	<b>20,511.28</b>	<b>13,978.78</b>
<b>Guarantees given on behalf of others</b>								
Essar Oil Limited	-	-	<b>10,400.00</b>	<b>10,400.00</b>	-	-	<b>10,400.00</b>	<b>10,400.00</b>
<b>Guarantees availed for loans taken</b>								
Essar Steel India Limited	-	-	2,500.00	2,500.00	-	-	2,500.00	2,500.00
Essar Oil Limited	-	-	20,000.00	20,000.00	-	-	20,000.00	20,000.00
Essar Shipping & Logistics Limited	30,000.00	30,000.00	-	-	-	-	30,000.00	30,000.00
<b>Total</b>	<b>30,000.00</b>	<b>30,000.00</b>	<b>22,500.00</b>	<b>22,500.00</b>	-	-	<b>52,500.00</b>	<b>52,500.00</b>

## Notes forming part of the consolidated financial statements

### 36. Statement pursuant to Section 212 of the Companies Act, 1956

Statement of information relating to subsidiaries including subsidiaries of subsidiaries (In terms of Government of India, Ministry of Corporate Affairs General Circular No: 2/2011, No: 5/12/2007-CL-III dated 8 February 2011) in compliance with section 212 of the Companies Act, 1956 for the year ended 31 March 2013.

								Rs. in lakhs
Sr. No.	Particulars	Vadinar Oil Terminal Limited	Essar Bulk Terminal Limited	Essar Bulk Terminal (Salaya) Limited	Essar Bulk Terminal Paradip Limited	Essar Paradip Terminals Limited	Vadinar Ports & Terminals Limited	Essar Dredging Limited
1	Capital (including share application money)	104,614.20	26,410.00	27,165.85	18,005.00	1,000.00	27,013.45	5.00
2	Reserves	(33,083.93)	47,146.55	(429.23)	376.04	(11.70)	5,885.69	(3.79)
3	Total assets (excluding current and non-current investments)	288,707.05	223,951.00	91,681.49	63,349.11	1,354.29	156,904.79	2.80
4	Total liabilities	236,324.78	163,507.51	64,944.87	44,968.07	365.99	124,005.65	1.59
5	Details of investments (except investments in subsidiaries)	-	104.51	-	-	-	-	-
6	Turnover	56,651.86	61,177.75	693.33	4,366.33	-	23,859.35	-
7	Profit / (loss) before taxation	1,374.97	37,602.64	(375.78)	608.02	(3.12)	3,275.10	(0.30)
8	Provision for taxation	(1,448.09)	6,483.70	-	205.10	-	1,201.26	-
9	Profit after taxation (7-8)	2,823.06	31,118.94	(375.78)	402.92	(3.12)	2,073.84	(0.30)
10	Proposed dividend (including corporate dividend tax)	-	2,608.78	-	-	-	-	-

37 The previous year figures have been regrouped / reclassified wherever necessary to correspond with current year classification / disclosures.

**For and on behalf of Board of Directors**

**Rajiv Agarwal**  
Managing Director

**Shailesh Sawa**  
Director Finance

**Deepak Kumar Verma**  
Director

**Manoj Contractor**  
Company Secretary

Mumbai  
18 April 2013

# GREEN INITIATIVE

The Ministry of Corporate Affairs has taken a Green Initiative in Corporate Governance by allowing paperless compliance by companies. Accordingly, companies can now send various documents electronically to those shareholders who register their email addresses to receive all communications including Annual Reports by e-mail.

- Holders of shares in physical form are requested to fill up the postage pre-paid e-mail registration form setout below and send it to the share transfer agents, M/s. Data Software Research Company Private Limited.
- Members holding shares in demat form may register their e-mail IDs with the Company or their Depository Participant.

## E-MAIL REGISTRATION

To

**Data Software Research Company Private Limited**

Unit: ESSAR PORTS LIMITED  
19, Pycrofts Garden Road  
Off. Haddows Road  
Nungambakkam  
Chennai 600006

Dear Sir/s,

### Re: Registration of e-mail ID for receiving communications in electronic form

I am a shareholder of the Company. I want to receive all communications from the Company including AGM and other General Meeting notices and explanatory statement(s) thereto, Balance Sheets, Directors' Reports, Auditor's Reports etc., through e-mail. Please register my e-mail ID, setout below, in your records for sending communications through e-mail:

Folio No\* : .....  
Name of 1st Registered Holder\* : .....  
Name of Joint Holder(s) : .....  
Address : .....  
Pin Code : .....  
E-mail ID (to be registered) : Mobile : .....  
Landline : .....

Date.....

Signature of first holder\* .....

### Important Notes:

- 1) Fields marked \* are mandatory for registration of the e-mail ID
- 2) On registration, all the communications will be sent to the e-mail ID registered in the folio
- 3) The form is also available on the website of the Company [www.essarports.com](http://www.essarports.com)
- 4) Any change in e-mail ID, from time to time, may please be registered in the records of the Company.

**BUSINESS REPLY INLAND LETTER**

Postage  
will be  
paid by the  
Addressee

Business Reply Permit  
No. TN/CH/(C)/BRP/996  
Greams Road P.O.  
Chennai - 600 006

No postage  
stamp  
necessary  
if posted in  
INDIA

To

**Data Software Research Company Private Limited**

Unit: **ESSAR PORTS LIMITED**

19, Pycrofts Garden Road

Off. Haddows Road

Nungambakkam

Chennai 600 006

-1st Fold-

-2nd Fold-

## ESSAR PORTS LIMITED

REGD. OFFICE: Administrative Building, Essar Refinery Complex, Okha Highway (SH – 25),  
Taluka Khambhalia, District Jamnagar, Gujarat 361 305

### PROXY FORM

DP ID No.\*

Member's Folio No.

Client ID No.\*

I/We ..... of .....  
in the district of ..... being a member of ESSAR PORTS LIMITED, hereby appoint .....of  
..... or failing him..... of ..... as my/  
our proxy to vote for me/us and on my/our behalf at the THIRTY-SEVENTH ANNUAL GENERAL MEETING of the Company to  
be held on Thursday, September 26, 2013 at 2.30 P.M. at the Registered Office of the Company, Administrative Building, Essar  
Refinery Complex, Okha Highway (SH-25), Taluka Khambhalia, District Jamnagar, Gujarat 361 305 and at every adjournment  
thereof.

Signed this .....day of .....2013

Proxy form must reach the Company's Regd. Office, at Administrative Building, Essar  
Refinery Complex, Okha Highway (SH-25), Taluka Khambhalia, District Jamnagar,  
Gujarat 361 305, not less than 48 hours before the commencement of the meeting.

Affix Rs.1  
Revenue  
Stamp

\* Applicable only in case of investors holding shares in electronic form.

Signature

## ESSAR PORTS LIMITED

REGD. OFFICE: Administrative Building, Essar Refinery Complex, Okha Highway (SH – 25),  
Taluka Khambhalia, District Jamnagar, Gujarat 361 305

### ATTENDANCE CARD

DP ID No.\*

Member's Folio No.

Client ID No.\*

37th Annual General Meeting

TIME : 2.30 P.M.

DATE : September 26, 2013

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

Member

Proxy

[Name in capital letters]

I hereby record my presence at the 37th AGM of the Company.

Signature of Member/Proxy

NOTE:

1. Admission restricted to Members/Proxies only.
  2. Please avoid bringing children/non-members with you.
- \* Applicable only in case of investors holding shares in electronic form.



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Off. Haddows Road,  
Nungambakkam, Chennai-600 006.

