

Essar Shipping Limited
Essar House
11 K. K. Marg
Mahalaxmi
Mumbai - 400 034
India

Corporate Identity Number
L61200GJ2010PLC060285

T +91 22 6660 1100
F +91 22 2354 4312
www.essarcom

Date: November 29, 2019

The Manager
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001
Fax: +91 22 2272 2082/3132
BSE Code: 533704

The Manager
Listing Department
National Stock Exchange of India Limited
"Exchange Plaza"
Bandra Kurla Complex
Bandra (E)
Fax: +91 22 2659 8237/38
Mumbai - 400 051
NSE Code: ESSARSHPNG

The Manager
Wholesale Debt Department
National Stock Exchange of India Limited
"Exchange Plaza"
Bandra Kurla Complex
Bandra (E)
Fax: +91 22 2659 8237/38
Mumbai - 400 051
NSE Code: ESSARSHPNG

Dear Sir/Madam,

SUBJECT: ANNUAL REPORT OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

Pursuant to Regulation 34 of the Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, please find attached herewith Annual Report of the Company for the financial year 2018-19.

Request you to kindly take the same on your record.

Thanking You.

Yours faithfully,

For Essar Shipping Limited


Jyotsna Gupta
Company Secretary
ACS-23899





Annual Report 2018-19
Essar Shipping Limited



9th ANNUAL REPORT 2018-2019

BOARD OF DIRECTORS	COMMITTEES OF THE BOARD
Mr. P.K. Srivastava Non-Executive Chairman Mr. Ranjit Singh* President and Chief Executive Officer Mr. N. Srinivasan Independent Non-Executive Director Captain Bhupinder Singh Kumar Independent Non-Executive Director Ms. Neelam Kapoor Non-Executive Director Captain Rahul Bhargava Executive Director	AUDIT COMMITTEE Mr. N. Srinivasan (Chairman) Captain Bhupinder Singh Kumar Ms. Neelam Kapoor STAKEHOLDERS RELATIONSHIP COMMITTEE Captain Bhupinder Singh Kumar (Chairman) Mr. P.K. Srivastava ^ Ms. Neelam Kapoor ^^ NOMINATION AND REMUNERATION COMMITTEE Mr. N Srinivasan (Chairman) Captain Bhupinder Singh Kumar Mr. P.K. Srivastava CORPORATE SOCIAL RESPONSIBILITY COMMITTEE Captain Bhupinder Singh Kumar Mr. Ranjit Singh* Ms. Neelam Kapoor RISK MANAGEMENT COMMITTEE Captain Bhupinder Singh Kumar (Chairman) Mr. Ranjit Singh* Mr. Ketan Shah**
COMPANY SECRETARY Ms. Jyotsna Gupta (w.e.f. July 2, 2019) Mr. Awaneesh Srivastava (Till July 1, 2019)	
AUDITORS C N K & Associates LLP, Chartered Accountants (Firm Registration No. 101961 W/W – 100036) Add: Mistry Bhavan, 3 rd Floor, Dinshaw Vachha Road, Churchgate, Mumbai - 400 020	

*Mr. Ranjit Singh ceases to be the Executive Director w.e.f. September 21, 2019 on account of completion of his term, but continues to be the Chief Executive Officer of the Company & re-designated as President & CEO.

**Mr. Ketan Shah was elected as members of the Committee w.e.f. March 27, 2019.

^ Mr. P.K. Srivastava was elected as a member of Committee w.e.f. November 13, 2019 in place of Mr. Ranjit Singh.

^^ Ms. Neelam Kapoor was elected as Member of the Committee w.e.f. March 27, 2019.

SECRETARIAL AUDITOR MARTINHO FERRAO & ASSOCIATES Dhun Building, Office # 301, 23/25, Janmabhoomi Marg, Fort, Mumbai- 400001 Telephone: 022 2202 4366 Email: mferraocs@yahoo.com	DEBENTURE TRUSTEE IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17. R. Kamani Marg, Ballard Estate, Mumbai – 400 001 Phone: 022 40807000 Fax: 022 66311776 Email: itsl@idbitrustee.com
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REGISTERED OFFICE EBTSL Premises, ER-2 Building (Admin Building), Salaya, 44 KM, P.O. Box No.7, Taluka Khambhalia, Devbhumi Dwarka. Gujarat- 361 305	CORPORATE OFFICE Essar House 11, K.K. Marg, Mahalaxmi. Mumbai- 400 034. Maharashtra, India. E-mail: esl.secretarial@essarshipping.co.in	REGISTRAR & TRANSFER AGENT Data Software Research Company Pvt Limited. 19, Pycroft Garden Road, Off Haddows Road, Nungambakkam, Chennai- 600 006 Ph.No.044-28213738 / 28214487 Fax No. 044-28214636 Email: essar.shipping@dsr-cid.in
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NOTICE OF NINTH ANNUAL GENERAL MEETING

Notice is hereby given that the **Ninth Annual General Meeting** (the Meeting) of the members of Essar Shipping Limited (the Company) will be held on Monday, December 23, 2019 at 10:30 a.m. at Registered Office of the Company at EBTSL Premises, ER-2 Building (Admin. Building), Salaya, 44 KM, P.O. Box No. 7, Taluka Khambhalia, Devbhumi Dwarka, Gujarat - 361 305, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a) The Audited Standalone Balance Sheet and Statement of Profit and loss Account together with the Cash Flow Statement of the Company for the financial year ended March 31, 2019, the reports of the Board of Directors and Auditors thereon; and
 - b) The Audited Consolidated Balance Sheet and Statement of Profit and loss Account together with the Cash Flow Statement of the Company for the financial year ended March 31, 2019 and report of Auditors thereon.
2. To consider the retirement of Ms. Neelam Kapoor (DIN: 07895198), who is liable to retire by rotation pursuant to section 152 of the Companies Act, 2013.

In this matter, to consider and if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of section 152 and other applicable provisions of the Companies Act, 2013, members consented, not to fill vacancy arising out of retirement of Ms. Neelam Kapoor (DIN: 07895198), who is liable to retire by rotation.”

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 (“the Act”) and Regulation 23 of the LODR regulation 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the members of the Company be and is hereby accorded to the Audit Committee and the Board of Directors to authorize the management of the Company to enter into agreement(s) and/or transaction(s), as may be appropriate, with the following Related Parties as defined under Section 2(76) of the Act and Clause 23 of LODR Regulation 2015 for sell, purchase, transfer or receipt of products, goods, materials, services or other obligations, if any, on such terms and conditions as may be mutually

agreed upon between the Company and any of the Related Party, for the amount in aggregate not exceeding as mentioned against the name of each of the following Related Party during the period mentioned against the name of each Related Party:

Sr. No.	Name of Related Party	Nature of Relation-ship	Nature of Transaction	Amount (₹ in crore)		
				2018-19	From 1 April, 2019 till 23rd December, 2019	From 23 December, 2019 till 10th AGM
1	Essar Steel India Limited	Fellow Subsidiary	Fleet operating & chartering services on Contract(s) of affreightment & spot fixture basis	396.89	400.00	500.00
2	Essar Shipping DMCC	Subsidiary	Fleet operating & chartering services on Contract(s) of affreightment & spot fixture basis	32.51	-	50.00
3	Essar Shipping DMCC	Subsidiary	Guarantee Commission	38.63	15.00	30.00
4	Essar Shipping (Cyprus) Limited	Fellow Subsidiary	Direct Voyage Expense	42.85	-	-
5	Essar Shipping DMCC	Subsidiary	Direct Voyage Expense	-	10.00	50.00
6	Essar Shipping DMCC	Subsidiary	Sale and/or Leaseback of Vessel (Fixed Assets)	-	-	800.00
7	Essar Shipping DMCC	Subsidiary	Loan arising from SBLC	-	365.32	350.00
8	Essar Shipping DMCC	Subsidiary	Foreclosure of BBOD Agreement	-	-	500.00
9	Essar Shipping DMCC	Subsidiary	Interest on Finance Lease	23.07	15.00	30.00

“RESOLVED FURTHER THAT consent of the members of the Company be and is hereby accorded for ratification & prior approval of the aforesaid related party transactions proposed to be entered into by Company, till conclusion of next AGM, exceeding the threshold limits as specified in Rule 15(3) of the Companies (Meetings of Board and its

Powers) Rules, 2014 and which are material in nature in terms of Regulation 23 (1) of LODR Regulation 2015.

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

ADOPTION OF MEMORANDUM OF ASSOCIATION OF THE COMPANY AS PER COMPANIES ACT, 2013

4. To consider and if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**

“RESOLVED THAT pursuant to the provisions of section 4, 13 or any other applicable provisions of the Companies Act, 2013 (‘the Act’), read with Companies (Incorporation) Rules, 2014 including any statutory modification(s) or enactment(s) made thereof for the time being in force and in accordance with the **Table A** of the Schedule I of the Act, consent of the members be and is hereby accorded for alterations in the Memorandum of Association of the Company by merging the Object of the Company mentioned under **Clause III (c) as- OTHER OBJECT** with **Clause III (b) – OBJECTS INCIDENTAL AND ANCILLARY TO THE ATTAINMENT OF MAIN OBJECT** and consequently changing the object numbering as may be appropriate.

RESOLVED FURTHER THAT in accordance with TABLE A of the Schedule I of the Act the Clause III (a) and Clause III (b) of the Memorandum of Association of the Company be renamed as-

CLAUSE III (A)- THE OBJECTS TO BE PERSUED BY THE COMPANY ON ITS INCORPORATION ARE

CLAUSE III (B)- MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III (A) ARE-

RESOLVED FURTHER THAT any of the Directors of the Company or the Company Secretary of the Company be and is hereby authorized to do all such deeds, acts, matters and things as may be deemed proper, necessary and expedient including filing the requisite forms with the Ministry of Corporate affairs or submission of documents

with any other Authority for the purpose of giving effect to this resolution and for matters connected or incidental thereto.”

ADOPTION OF ARTICLE OF ASSOCIATION OF THE COMPANY AS PER COMPANIES ACT, 2013

5. To consider and if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**

“RESOLVED THAT pursuant to the provisions of Section 5, 14 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014, including any statutory modification(s) or enactment(s) thereof for the time being in force, the new set of Articles of Association, be and are hereby approved, adopted and substituted in the place of existing Articles of Association of the Company.

RESOLVED FURTHER THAT any of the Directors of the Company or the Company Secretary of the Company be and is hereby authorized to do all such deeds, acts, matters and things as may be deemed proper, necessary and expedient including filing the requisite forms with the Ministry of Corporate affairs or submission of documents with any other Authority for the purpose of giving effect to this resolution and for matters connected or incidental thereto.”

By Order of the Board
Sd/-

Mumbai, November 13, 2019

Jyotsna Gupta
Company Secretary
ACS: 23899

Registered Office:

Essar Shipping Limited

EBTSL Premises, ER-2 Building (Admin. Building),
Salaya, 44 KM, P.O. Box No. 7, Taluka Khambhalia,
Devbhumi Dwarka, Gujarat - 361 305
CIN: L61200GJ2010PLC060285

Notes:

- At the 5th AGM, C N K & Associates LLP, Chartered Accountants (Registration No.: 101961W) were appointed as Statutory Auditors of the Company for a term of five years until the conclusion of 10th AGM of the Company.

The ratification of their appointment, pursuant to section 139 of the Companies Act, 2013, is not required, in terms of Notification No. S.O. 1833(E) dated May 07, 2018, issued by the Ministry of Corporate Affairs and accordingly, the item has not been included in the Ordinary Business of the AGM Notice.

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Pursuant to the provisions of Section 105 of the Companies Act, 2013('the Act'), a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. **The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting.** A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.

- The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means.** Instructions and other information relating to e-voting are given in this Notice. The Company will also send communication relating to remote e-voting which inter alia would contain details about User ID and password along with a copy of this Notice to the members, separately.

- Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

- In terms of provisions of Section 152 of the Companies Act, 2013, Ms. Neelam Kapoor (DIN: 07895198), Non-Executive Director, who is liable to retire rotation at the Meeting, has provided her unwillingness to be re-appointed as Director of the Company, due to health challenges encountered by her.

- A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
- Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
- In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
- The Register of Members and Share Transfer Books of the Company shall remain closed from, December 17, 2019 to December 23, 2019 (both days inclusive) for the purpose of this Annual General Meeting.
- Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc.
- The members can attend the Meeting on December 23, 2019, at 10:30 a.m., in person or through proxy to vote on the resolutions set forth in the notice, if they are not able to exercise their votes through e-voting. The Scrutinizer shall submit the report for both physical and e-voting to the Board of Directors which shall be published on the website of the Company within 48 hours.
- The Securities and Exchange Board of India ('SEBI') has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form are requested to submit their details to the Registrar.
- SEBI has also mandated that request for effecting transfer of securities (except transmission or transposition of securities) shall not be processed after March 31, 2019, unless the securities are held in dematerialized form. Hence, the members holding shares in physical form are requested to convert their holdings to dematerialized form at the earliest.

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

ITEM NO. 3

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

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

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

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

Name of the Related Party(ies)	Essar Steel India Limited, Arkay Logistics Limited and Essar Shipping (Cyprus) Limited
Name of Director(s) or KMP who is/are related	None
Nature of Relationship	Fellow Subsidiaries/Associate Companies
Nature of contracts / arrangements /transactions	Providing Sea Transportation Service for transportation of raw materials and finished goods Giving/Taking vessels on hire
Material terms of the contracts / arrangements / Transactions	To be determined on an arm's length basis
Monetary Value	Amount mentioned in the resolution for corresponding period

Are the transactions in the ordinary course of business	Yes
Are the transactions on an arm's length basis	Yes
Whether the transactions would meet the arm's length standard in the opinion of the Company's Transfer Pricing Consultants	Yes
Whether the transactions have been/would be approved by the Audit Committee and the Board of Directors of the Company	Yes
Any other information relevant or important for the members to make a decision on the proposed transactions	None

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

The Board is of the opinion that the transactions referred in the resolution would be in the best interest of the Company. The Board accordingly recommends the Special Resolution at Item No. 3 of the accompanying notice for your approval.

ITEM NO. 4

The existing Memorandum of Association are in line with the erstwhile Companies Act 1956, which are thus no longer in full conformity with the Companies Act, 2013 ("New Act").

Consent of the members be and is hereby sought for alterations in the Memorandum of Association of the Company by merging the Object of the Company mentioned under **Clause III (c) as- OTHER OBJECT** with **Clause III (b) - OBJECTS INCIDENTAL AND ANCILLARY TO THE ATTAINMENT OF MAIN OBJECT** and consequently changing the object numbering as may be appropriate.

Further, in accordance with TABLE A of the Schedule I of the Act the Clause III (a) and Clause III (b) of the Memorandum of Association of the Company be renamed as-

CLAUSE III (A)- THE OBJECTS TO BE PERSUED BY THE COMPANY ON ITS INCORPORATION ARE

CLAUSE III (B)- MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III (A) ARE-

The Board of Directors recommends the Resolutions at Item No. 5 of the accompanying Notice for the approval of the Members of the Company as Special Resolution.

A copy of the proposed amended Memorandum of Association of the Company would be available for inspection for the members at the Registered Office of the Company during the

office hours on any working day, except Sundays, between 10.00 a.m. to 5.00 p.m. upto the conclusion of the Annual General Meeting.

None of the Directors, Key Managerial Personnel of Company and their relatives are concerned or interested, financially or otherwise in the said resolution.

Item No. 5

The existing Articles of Association are in line with the erstwhile Companies Act 1956, which are no longer in full conformity with the Companies Act, 2013 ("New Act"). The New Act is now largely in force and substantive sections of the Act which deal with the general working of companies stand notified. With the coming into force of the Act several articles of the existing Articles of Association of the Company require alteration / deletions. Given this position, it is considered expedient to wholly replace the existing Articles of Association by a new set of Articles.

It is thus expedient to adopt the new set of Articles of Association in place of existing Articles of Association of the Company, to be consistent with the provisions of Section 5 of the Companies Act, 2013 including Rules made thereunder. Hence the Board of Directors proposed to adopt new set of Articles in place of existing Articles of Association of the Company and seek shareholders' approval for the same.

A copy of the proposed set of new Articles of Association of the Company would be available for inspection for the members at the Registered Office of the Company during the office hours on any working day, except Sundays, between 10.00 a.m. to 5.00 p.m. upto the conclusion of the Annual General Meeting.

The Board of Directors recommends the Resolutions at Item No. 6 of the accompanying Notice for the approval of the Members of the Company as Special Resolution.

None of the Directors, Key Managerial Personnel of Company and their relatives are concerned or interested, financially or otherwise in the said resolution.

The existing Article of Association and Memorandum of Association was framed based on erstwhile provisions of the Companies Act, 1956 and the Listing Agreement, SEBI and several provisions in the Article of Association and Memorandum of Association contained references to the specific sections of the Companies Act, 1956. Some of the regulations in the existing Article of Association and Memorandum of Association are no longer in conformity with the provisions of Companies Act, 2013.

With the enactment of Companies Act, 2013 ('Act') and majority of sections of the Act and Rules made thereunder, having been already in force, it would be desirable to replace the existing Article of Association and Memorandum of Association by a

new set of Articles. A draft of the revised Article of Association, which is based on Table F of the Act and sets out the model Article of Association of a company limited by shares, is placed at the meeting for approval of the members.

None of the Directors, Key Managerial Personnel of Company and their relatives are concerned or interested, financially or otherwise in the said resolution.

INSTRUCTION FOR E-VOTING

Voting through electronic means:

Pursuant to Section 108 of the Act, read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (LODR) Regulation, 2015, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means (e-voting) in respect of the resolutions contained in this Notice.

The Members, whose names appear in the Register of Members / list of Beneficial Owners as on December 16, 2019 (cut-off date), are entitled to vote on the Resolutions set forth in this Notice. Members who have acquired shares after the dispatch of the Annual Report and before the book closure may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.

The e-voting period will commence at 9.00 a.m. on, Friday, December 20, 2019 and will end at 5.00 p.m. on December 22 2019. The Company has appointed M/s. Martinho Ferrao & Associates, Practicing Company Secretary, to act as the Scrutinizer for conducting the scrutiny of the votes cast. The result declared along with Scrutinizer Report shall be placed on the Company's website www.essar.com and the same shall be sent to the Stock Exchanges simultaneously.

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

The instructions for shareholders voting electronically are as under:

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***.

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
 - c) How to retrieve your ‘initial password’?
 - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox.

Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.

- (ii) If your email ID is not registered, your ‘initial password’ is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
 - a) Click on “Forgot User Details/Password?” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.

6. Upon confirmation, the message “Vote cast successfully” will be displayed.
 7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
 8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- General Guidelines for shareholders

- 1 Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to mferraocs@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

DIRECTORS' REPORT

To the Members of Essar Shipping Limited

Your Directors are pleased to present the Ninth Annual Report and Audited Financial Statements of the Company for the financial year ended March 31, 2019.

FINANCIAL RESULTS:

The Company's financial performance, for the year ended March 31, 2019 is summarized below:

Particulars	Rs. in Crore			
	Consolidated		Standalone	
	For the year ended 31-03-2019	For the Year ended 31-03-2018	For the year ended 31-03-2019	For the Year ended 31-03-2018
Total Income	1,366.48	1,287.23	535.04	703.55
Total Expenditure	977.41	961.66	417.58	488.17
EBITDA	389.07	325.57	117.46	215.38
Less: Interest & Finance charges	395.74	386.80	206.17	265.24
Less: Provision for Depreciation	282.49	304.12	103.33	125.04
Profit / (Loss) before Tax	(289.16)	(365.35)	(192.04)	(174.90)
Profit / (Loss) for the year before share of profit of associate	(290.61)	(368.59)	(193.49)	(178.14)
Add: Exceptional item	(3,486.97)	(1,280.50)	(1,400.00)	224.31
Less: Provision for Tax	(1.45)	(3.24)	(1.45)	(3.24)
Add: Share of profit of associate	6.21	(35.77)	-	-
Add: Other Comprehensive Income/loss	1.48	0.88	1.42	0.75
Profit / (Loss) for the year	(3,769.89)	(1,683.98)	(1,592.07)	46.92

DIVIDEND

Due to continuous losses, the Board of Directors are unable to recommend any dividend for the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS**Performance of your Company**

During the year ended on March 31, 2019 the Total Income of your company declined from Rs. 703.55 crore to Rs. 535.04 crore representing 23% decline. This decline is mainly attributable to termination of your company's BBC (Bare Boat Charter) of 6 STX Vessels. This also resulted in EBITDA of the company from Rs. 215.38 crore to Rs. 117.46 crore. The Interest cost of company declined from Rs. 265.24 crore to Rs. 206.17 crore in FY 2018-19 is mainly due to repayment of loans.

During the Financial Year 2018-19 your company evaluated the operational assumptions impacting the future cash flows of a subsidiary company and its consequent impact on its investment. Accordingly, an impairment of Rs. 1,400.00 crores was considered during the year. Consequently, the loss for the year was Rs. 1,592.07 crores vis-à-vis profit of Rs. 46.92 crores in the Financial Year 2018.

Overview of the World Economy & Shipping Industry

With over 80 per cent of global trade by volume and more than 70 per cent of its value being carried on board ships and handled by seaports worldwide, the importance of maritime transport for trade and development cannot be overemphasized. Thus, making ocean shipping the most important mode of transport for international merchandise trade. Seaborne trade continues to expand, bringing benefits for consumers across the world through low and decreasing freight costs. Thanks to the growing efficiency of shipping as a mode of transport and increased economic liberalization, the prospects for the industry's further growth continue to be strong.

The International Monetary Fund (IMF) has published its World Economic Outlook for January 2018 and has subsequently revised its original forecast for global growth in 2018 and 2019 - up by 0.2 to 3.9% for both years. The development in global growth is driven by a higher growth from advanced economies than first anticipated. The IMF now expects the GDP for advanced economies to grow by 2.3% in 2018 and 2.2% in 2019, which is an upward revision of 0.3 percentage points for 2018 and 0.4 for 2019. This is the highest upward cumulative revision for advanced economies since January 2010, when we saw a false dawn for an improvement in the global economy. If this growth materializes, it will be highly beneficial for the shipping industry, as growth in advanced economies generates the highest trade-to-GDP multiplier.

To support this momentum, Ministries of transport and planning, and maritime and port authorities worldwide need to understand the determinants of maritime transport connectivity, as well as the associated opportunities and risks, to ensure informed policy and decision-making processes and adequate investment plans in shipping, ports and their hinterland connections.

Developments in International Seaborne Trade

In 2016, the maritime transport sector continued to face the prolonged effects of the economic downturn of 2009. Seaborne trade remained under pressure owing to continued weak global demand and heightened uncertainty stemming from factors such as trade policy and low commodity and oil prices. World seaborne trade expanded by 2.6 per cent, up from 1.8 per cent in

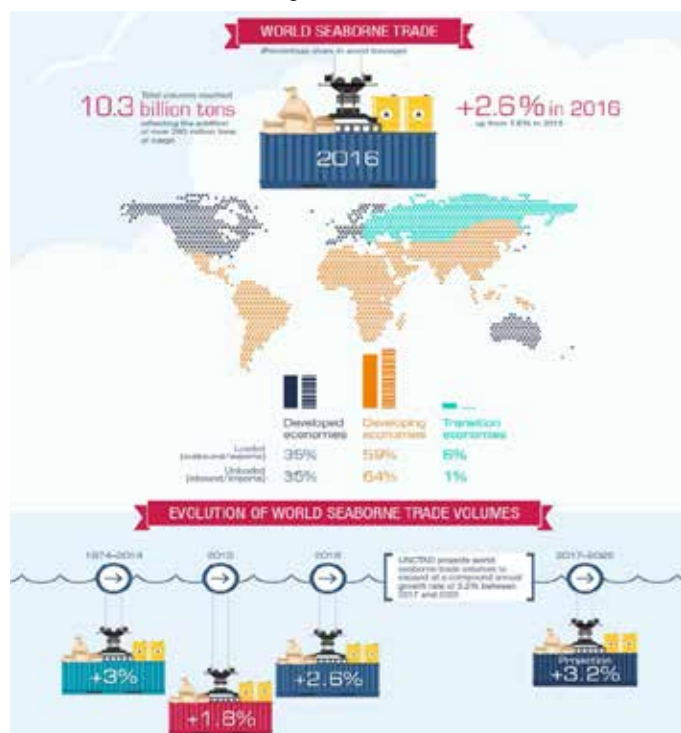
2015, which is below the historical average of 3 per cent recorded over the past four decades. Reflecting the state of the world economy, demand for shipping services increased moderately in 2016. World seaborne trade volumes expanded by 2.6 per cent, up from 1.8 per cent in 2015 reaching 10.3 billion tons, reflecting the addition of over 260 million tons of cargo, about half of which was attributed to tanker trade.

Strong import demand in China in 2016 continued to support world maritime seaborne trade, although overall growth was offset by limited expansion in the import demand of other developing regions.

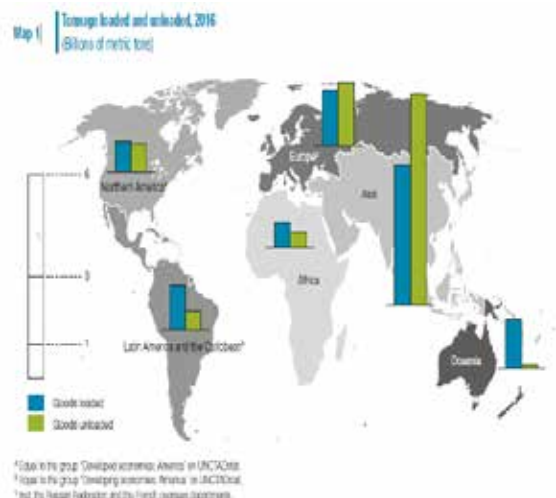
In 2017 & 2018, the outlook for the world economy and merchandise trade is expected to improve somewhat. However, uncertainty and other factors, both positive and negative, continue to shape this outlook. In this context, it is estimated that seaborne trade will increase by 2.8 per cent, with total volumes reaching 10.6 billion tons. Volumes are set to expand across all segments, with containerized trade and major dry bulk commodities trade recording the fastest growth.

Seaborne dry cargo shipments totaled 7.23 billion tons in 2016, reflecting an increase of 2 per cent over the previous year. The share of the major bulk commodities (coal, iron ore, grain and bauxite/alumina/phosphate rock) amounted to about 43.9 per cent of total dry cargo volumes, followed by containerized trade (23.8 per cent) and minor bulks (23.7 per cent)

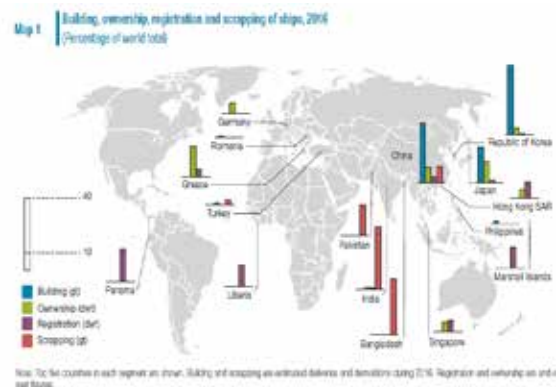
In 2016, developing economies grew by 3.7 per cent. However, there were considerable regional variations.



Source: United Nation Conference on Trade and Development (UNCTAD) –Review of Maritime Transport, 2017 (published in October 2017)

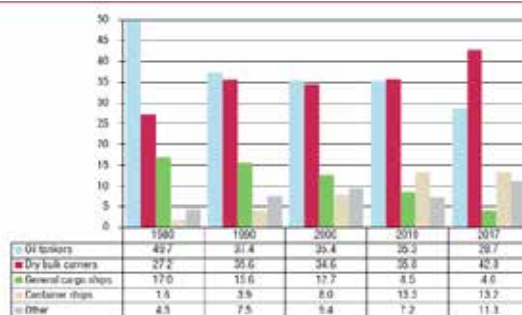


Structure of the world fleet



Source: United Nation Conference on Trade and Development (UNCTAD) –Review of Maritime Transport, 2017 (published in October 2017)

World fleet by principal vessel type, 1980-2017 (Percentage share of dead-weight tonnage)



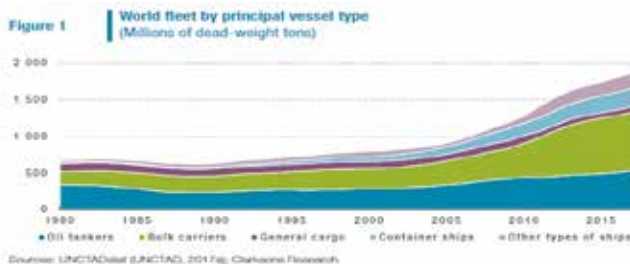
Sources: UNCTAD secretariat calculations, based on data from Clarkson Research and the Review of Maritime Transport, various issues. Note: All propelled seagoing merchant vessels of 100 gross tons and above, not including inland waterway vessels, fishing vessels, military vessels, yachts and offshore-based mobile platforms and barges (with the exception of floating production, storage and offloading units, and drillships), beginning-of-year figures.

In 2017, the world fleet reached 1.9 billion dwt, twice the size as it had 12 years ago. Today, bulk carriers account for 43 per cent of the fleet, followed by oil tankers (29 per cent) and container ships (13 per cent). The top five ship owners at the end of 2016 were Greece, Japan, China, Germany and Singapore; together they had a market share of 50 per cent in dead-weight tons. Only three economies, the Republic of Korea, China, and Japan, constructed 92 per cent of world tonnage in 2016. Four economies, India, Bangladesh, Pakistan and China, together accounted for 95 per cent of ship scrapping in 2016.

For the fifth year in a row, world fleet growth has been decelerating. The commercial shipping fleet grew by 3.15 per cent in 2016, compared with 3.5 per cent in 2015. Despite this further decline, the supply still increased faster than demand, leading to a continued situation of global overcapacity and downward pressure on freight rates. In the beginning of 2017, the average age of the commercial fleet was 20.6 years, representing a slight

increase over the previous year. Fewer newbuildings than at the beginning of the decade, combined with similar scrapping levels, have led to an aging fleet.

In 2016, shipbuilding activity contracted by 1.7 per cent, while ship scrapping went up by 25.7 per cent. The higher growth of demolition led to a slowdown in world fleet growth.



Overview of the Indian Economy

India is the sixteenth largest maritime country in the world. The Indian government has initiated National Maritime Development Programme (NMDP), an initiative to develop the maritime sector; with a planned investment outlay of US\$ 11.8 billion.

A consequence of strong GDP growth has been rising energy demand; the country currently meets about 75% of total crude oil demand by imports. India's crude imports touched 214.9 MMT in FY17, implying a CAGR of 6.7% over FY07–17. Private ports have been especially good at attracting crude import traffic. – Petroleum, Oil, and Lubricants (POL) have been the major contributors to total traffic at ports.

The Central Government is planning to setup logistic hubs near seaports with the help of private sector players, to augment exports from the country. Cargo traffic is expected to witness growth and is said to reach 2,493.1 MMT by 2017. This is against 1,806.8 MMT recorded in 2015. The increase in India's refining capacity will benefit the offshore shipping lines as demand for their services picks up. As a result of the commissioning of large domestic refining capacities, the imports are expected to jump in the future. This would benefit shipping majors operating in India. The dry bulk business segment in the shipping industry has been impacted by the global commodity slump. While China's slowdown has led to a sharp moderation of imports like Iron ore, on the other hand, emphasis on the environment has led to the lower usage of coal. This has impacted coal imports. Further, India's domestic coal production has also improved over the years leading to fewer coal imports. All these factors have led to decline in demand for commodities, thereby reducing commodity moments. The trend is quite visible from the Baltic Dry Index or BDI. If the slowdown in China widens and the movement of coal remain as it is now, the future prospects in this space seem unfavorable.

The shipping industry is impacted by numerous short term and regional factors such as political fallouts, weather changes, etc. This could result in great amount of volatility in the freight market.

BUSINESS PERFORMANCE, OPPORTUNITIES AND OUTLOOK

Freight rates and Maritime trade by Cargo type

(a) Tanker trade

In 2017, world seaborne tanker trade – crude oil, refined petroleum products and gas – continued to grow amid a surplus in oil market supply and low oil prices. Total volumes reached 1.8 billion tons, reflecting an increase of 4.2 per cent over the previous year. These positive trends were underpinned by strong demand for crude oil imports in China, India and the United States and a high level of exported petroleum products from China and India. However, overcapacity, political concerns in the Middle East, increase in production, sanctions by the US government led to a fall in rates. Market conditions were altered with the arrival of new vessels and a slowdown in oil demand growth. This led to steep declines in freight rates. These

imbalances in markets fundamentals had a repercussion on earnings which came under further pressure, particularly in the last six months of the year. Overall, tanker earnings averaged about \$17,917 per day in 2017-18, a 42 per cent decline, compared with 2016. This decline was affected by the rise in crude oil prices, which also had an impact on bunker (ship fuel) costs.

The outlook appears challenging in the short term, given expectations for continued strong supply growth and numerous risks to the demand side. However, one important regulatory development may reduce fleet supply and support freight rates in the future. New IMO ballast water management standards, which became effective in September 2017, require ships using ballast water in international trade to be retrofitted with a ballast water treatment system. This would come at an estimated cost ranging between \$1 million and \$5 million (Barry Rogliano Salles, 2017) that may push shipowners to increase scrapping of their old tonnage with low earnings potential, instead of incurring the additional cost. This may also lead to better balanced market fundamentals as supply may contract considerably, in particular in the very large oil carrier segment, which constitutes a big fraction of today's older tonnage.

In the tanker business, companies are wary of a dent to oil demand as crude prices rise. Brent prices have more than doubled since the low of January 2016, with a proposed cut in supplies by the Organization of Petroleum Exporting Countries (OPEC) and non-OPEC countries likely to keep prices elevated in the near term. Also, as prices rise, demand for offshore tankers will decline, as will the drive to increase strategic reserves.

(b) Dry cargo trade: Major and minor dry bulk commodities and other dry cargo

Overall, weak global investment and industrial activity have weighed down on the dry bulk trade segment,⁴ which continues to be heavily dependent on developments in China. In 2017, world demand for dry bulk commodities grew at a modest rate of 1.3 per cent, taking total shipments to 4.9 billion tons. China remained the primary source of growth, owing to the positive impact of the stimulus

measures introduced during the year. Policy-driven support measures helped increase infrastructure and housing market investment and in turn, the demand for commodities and steel.

Within the dry bulk segment, trade in the major bulk commodities increased by 1.6 per cent. Iron ore trade showed the strongest growth with volumes expanding by 3.4 per cent, reaching 1.4 billion tons in 2016-17.

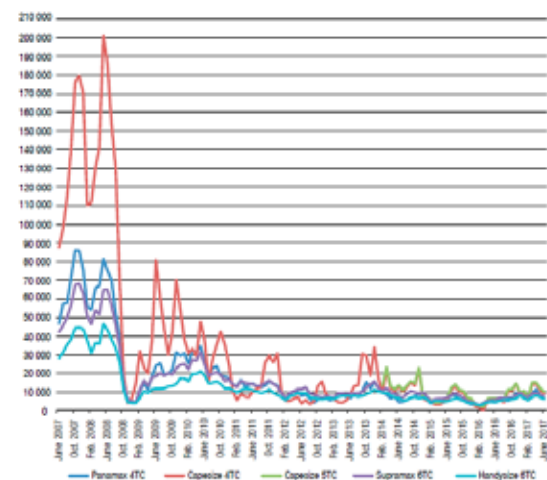
Imports into China increased by over 7 per cent, reflecting the country's steel output growth, falling domestic iron ore production, growing stockpiling activity and access to affordable, high-quality iron ore from Australia and Brazil.

Coal trade diminished in 2017, owing to flat demand for coal. Total volumes were estimated at 1.14 billion tons. Declining imports of thermal coal into India, Japan, the Republic of Korea and Europe were offset by a 4 per cent increase in other Asian countries imports, notably China, where import volumes surged by over 28 per cent.

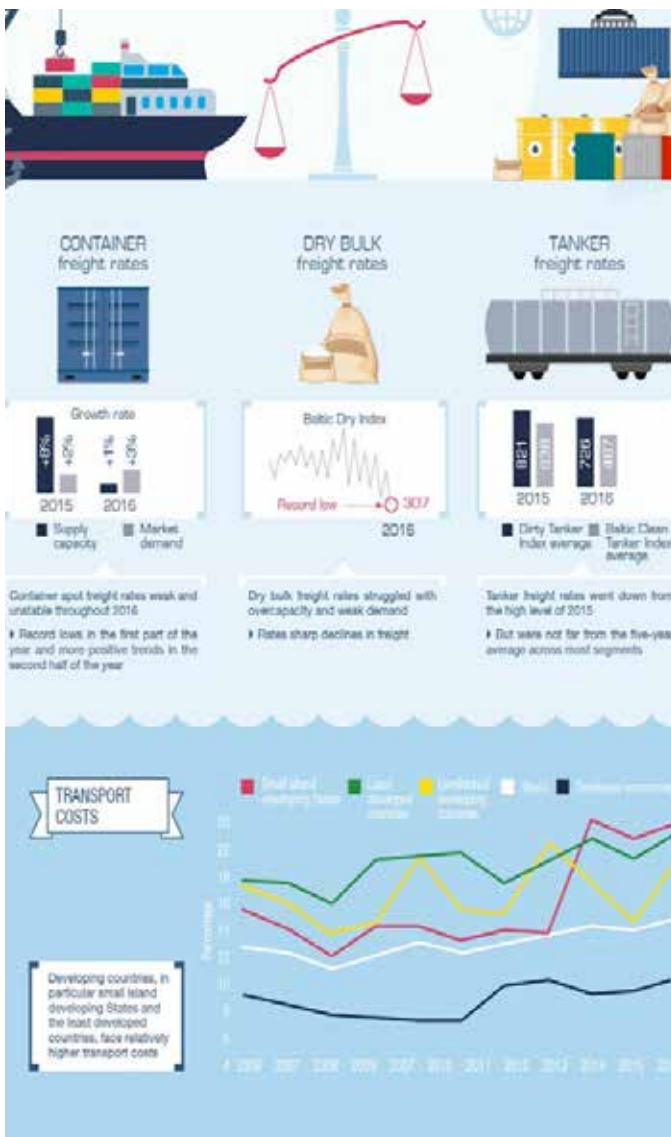
2017 was another difficult year for the dry bulk sector, which continued to face overcapacity and weak growth in demand. The industry continued taking steps to limit fleet supply growth through increased scrapping and postponing or reducing deliveries of new vessels during 2017.

As previously noted, the fleet capacity of bulk carriers grew by 2.22 per cent, one of its lowest rates of growth since 1999 (Clarksons Research, 2017).

Daily earnings of bulk carrier vessels, 2007–2017
(Dollars per day)



Source: UNCTAD secretariat calculations, based on data from Clarkson Research Shipping and the Baltic Exchange.
Abbreviations: Panamax 4TC and Capesize 4TC, average rates of the four time charter routes; Capesize 5TC, average rates of the five time charter routes; Supramax 6TC and Handysize 6TC, average rates of the six time charter routes.



(d) Opportunities

It has been quite some time since macro-economic development has looked this positive and as supportive of shipping. Political events can undermine the development, but 2018 appears to bring fewer economic growth “derailing” events compared to 2017. The most important factors to potentially derail growth are likely to be the US midterm elections in November, the renegotiation of the NAFTA and the negotiation of the Brexit deal. Notwithstanding, the sustainability of the all-important Chinese economy.

For sustained economic growth, the political deals resulting from these events need to decrease the number of trade barriers and ensure regulatory alignment. This will help to encourage potential growth as restrictive trade measures can discourage

trade flows and have negative knock-on effects on economic growth and job creation.

The World Trade Organization (WTO) has asked all nations to resist from adopting inward-looking policies and urged its members to show leadership by committing to open and mutually beneficial trade. According to the most recent trade monitoring report this has been embraced. In the period from mid-October 2016 to mid-October 2017, 128 measures were implemented to facilitate trade, compared to 108 trade-restrictive ones.

According to the WTO, world merchandise trade has rebounded strongly as volumes grew by 3.6% in 2017 compared to 1.3% in 2016. It is expected that this will drop moderately to 3.2% in 2018 due to a downside risk arising from trade policy measures and geopolitical tensions.

(e) Outlook

The weak trade economy since the 2008 recession and the overcapacity of the shipping industry have continued to limit growth in shipping. As 2017 dawns, it is apparent that the shipping industry will continue to face headwinds. The global economy is in uncertain territory, with a new administration taking over in the United States, Europe still mired in weak growth, and economic activity in China not showing signs of picking up sharply. To top it all, international trade faces a rise in protectionist rhetoric, with events such as Brexit shaking the foundation of free movement of goods, services, and capital. Also, with Asian growth outpacing other regions, trade growth within Asia will rise, thereby impacting shipping distances.

Rates and demand levels remain low, which is why it is important to effectively manage overcapacity. Well-functioning, efficient, resilient freight transport systems are a prerequisite for successful trade and economic integration. They are also necessary to attract investment, develop business and build productive capacities.

There appears to be a rise in tailwinds of late. Metal prices are firming up: Copper is up more than 23 percent since the end of 2015. Fiscal stimulus focusing on infrastructure and investment in China and Japan is likely to aid demand for metals. This augurs well for freight rates, which have also been moving up in recent months, as is evident from the Baltic indices. Most importantly, the shipping industry can draw comfort from an expected rise in international trade growth in the near term. The advent of the United States as an energy exporter with products destined for Asia—a longer route—will aid sentiment. Also, the flow of US oil into the global market will likely keep a lid on prices, thereby ensuring a ceiling. This will ensure that demand does not falter much despite a recent rise in crude oil prices. With key emerging markets and Japan searching for fuels cleaner than coal, natural gas has seen an upsurge in demand.

This is likely to continue, aiding demand for liquefied natural gas tankers.

Oilfields Services Business

Offshore Segment:

Looking into 2018 the outlook for the offshore industry is dramatically improved. Oil prices have recovered, the industry has significantly restructured, and the “obsession” with shale growth is finally waning. At long last an offshore up cycle is poised to begin.

The recovery has unfolded in a predictable manner: The international markets are staring to re-awaken, and now the last frontier – offshore – is showing signs of life. We currently expect global E&P spending to rise in the low double-digits this year compared to declines in 2015 and 2016, and flattish conditions throughout most of 2017.

We continue to have a contrarian view on the offshore markets. We believe rig supply/demand dynamics are better than they appear, especially for floaters and harsh-environment capable assets. On the demand side, fundamentals appear to have deteriorated with the working floater count falling below 100 near the end of 2017; however, the low working rig count ignores ~30 idle units that will commence new contracts imminently – the highest level since March 2012

Roughly 30 projects were approved in 2017; this is more than double the number of projects approved in 2016, and we believe the industry is likely to see another sizeable increase in offshore FIDs in 2018. All of the offshore companies are reporting an increase in “tire kicking,” inquiries, and tendering. With the recent move in Brent to above \$60/bbl and another landmark OPEC agreement to limit production through 2018, the animal spirits are returning to offshore operators which have been dormant for several years

Onshore Segment:

Considering the market for onshore drilling services in India, it has been highly skewed towards the customers such as ONGC, Oil India Limited and Indian Oil Corporation Ltd. In the regime of 12th five year plan, the government is expected to focus majorly on E&P activities, including intensive exploration of existing hydrocarbon reserves and geographical focus on the east coast for exploring oil fields. While ONGC and IOC, both upstream companies, are expected to spend Rs 1.75 trillion (US\$ 32.9 billion) and Rs 190 billion (US\$ 3.6 billion), respectively, primarily in exploration activities, it is essential to capitalise upon key opportunities that are put forth to maximise deployment of land rig assets on longer duration with these companies. Apart from these two, in the private sector, the E&P companies like Cairn Energy & other marginal field operator in India are expected to increase their spending on exploration of wells. This apart, development of the unconventional energy

sources such as shale gas & CBM poses larger opportunities for the deployment of land rig business.

With continuing uncertainty in macro-economic conditions and a relatively high level of market volatility, extending drilling and oilfield services, to reach a larger customer base is becoming very imperative to even out business risk, which may be achieved through vertical integration for e.g providing Integrated Project Management services. Considering the existing assets of Oilfields services business and their employability in the current market conditions, maximizing the asset utilization and providing greater efficiencies in the service is very crucial in terms of steady revenue generations without any significant idling of assets. Moreover, to remain competitive, we have the objective to become more nimble to enhance the performance with the ability to scale resources up and to realize cost savings.

SUBSIDIARIES & ASSOCIATES

Your Company has four direct subsidiaries and two indirect subsidiaries. Essar Oilfields Services Limited, Mauritius; Energy Transportation International Limited, Bermuda; Energy II Limited, Bermuda; and Essar Shipping DMCC Dubai, UAE are direct subsidiaries of the Company. OGD Services Limited (formerly known as Essar Oilfield Services (India) Limited, India, Essar Oilfield Middle East DMCC, Dubai, UAE are step down subsidiary of the Company.

A report on the performance and financial position of each of the subsidiaries and associates companies as per the Companies Act, 2013 is provided as Annexure to this report and hence not repeated here for the sake of brevity. The Policy for determining material subsidiaries as approved by the Board is available on Company’s website www.essar.com.

Arkay Logistics Limited is an Associate Company, wherein the Company holds 49% of the total equity capital.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Companies Act, 2013 and Indian Accounting Standard (IND-AS) - 110 on Consolidated Financial Statements read with IND-AS - 28 on Accounting for Investments in Associates, the audited Consolidated Financial Statements are provided in the Annual Report. The audited Consolidated Financial Statements together with Auditors’ Report thereon form part of the Annual Report.

HUMAN RESOURCE

Your Company believes that employee competence and motivation are necessary to achieve its business objectives. Your Company has undertaken many training initiatives to enhance technical and managerial competence of the employees and to further leverage their capabilities to enhance their performance. The Company has taken a series of initiatives to enhance emotional and intellectual engagement of employees. During

the year under review, the Company held many employee's engagement programs at the Company premises and outside. Families of employees were invited and attended these programs.

The Company has policies on conduct, sexual harassment of women at workplace, whistle blower, corporate governance, insider trading etc. guiding the human assets of the Company. For the year under review, there was no instance of the sexual harassment reported pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

DIRECTORS

Mr. Ranjit Singh, Chief Executive Officer (CEO), who was also the Whole Time Director (WTD), has ceased to be the WTD on account of completion of his term w.e.f. September 21, 2019 but continued to be the CEO and has been re-designated as President and CEO of the Company.

In terms of provisions of Section 152 of the Companies Act, 2013, Ms. Neelam Kapoor (DIN: 07895198), Non-Executive Director, who is liable to retire by rotation at the Meeting, has provided her unwillingness to be re-appointed as Director of the Company, due to health challenges encountered by her.

Further, in terms of provisions of Regulation 17(1A) of Securities & Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015, no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy-five years unless a special resolution is passed to that effect. In view of the same, approval of members was obtained by way of postal ballot dated March 22, 2019 for continuation of the terms of Mr. P.K. Srivastava, Mr. N. Srinivasan & Captain B. S. Kumar.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) and (7) of Section 149 of the Companies Act, 2013 and under Regulation 16 (b) (iv) of SEBI (LODR) Regulations, 2015.

Pursuant to Sections 134 and 178 of the Act and the Regulations 17 and 19 of the Listing Regulations, Nomination and Remuneration Committee ('NRC') has set the policy for performance evaluation of Independent Directors, Board, Committees and other individual directors; separate meeting of Independent Directors; familiarization programme for Independent Directors, etc. is provided under Corporate Governance Report annexed with this Report and the relevant policies are also available on the website of the Company www.essar.com.

Based on the criteria set by NRC, the Board has carried out the annual evaluation of its own performance, its committees and individual Directors for FY 2018-19. The questionnaires on

performance evaluation were prepared in line with the Guidance Note on Board Evaluation date January 5, 2017, issued by SEBI.

The performance of the Board and Individual Directors were evaluated by the Board seeking inputs from all the Directors. The performance of the Committees was evaluated by the Board taking input from all the Committee members. NRC reviewed the performance of individual Directors, separate meetings of Independent Directors was also held to review the performance of Non-Independent Directors and performance of the Board as the whole. Thereafter, at the board meeting, performance of the Board, its committees and individual Directors was discussed and deliberated.

BOARD MEETINGS

During the year ended on March 31, 2019, Seven (7) meetings of the Board were held on May 21, 2018, May 30, 2018, August 14, 2018, September 10, 2018, November 03, 2018, January 31, 2019 and March 27, 2019.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- (a) in the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards had been followed and there are no material departures from the same;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the loss of the Company for the year ended on that date;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis.
- (e) the Directors, had laid down internal financial controls followed by the Company and that such internal financial controls are adequate and were operating effectively as endorsed by Statutory Auditor in their separate report annexed to the Annual Report
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT

Your Company has a Risk Management Policy that outlines the framework and procedures to assess and mitigate the impact of risks, and to update the Board and the senior management on a periodical basis on the risk assessed, actions taken for mitigation and efficacy of mitigation measures. With efficient Risk Management Framework, your Company is able to manage:

- (a) Economic Risks by entering into long term contracts with reputed global majors in each of its divisions thereby ensuring long term profitability of the Company and assured cash flows;
- (b) Interest Rate Risk by undertaking suitable hedging strategies to overcome any adverse interest rate risks. It has formulated internal target rates at which any open interest rate risk can be hedged;
- (c) Control over the operational matrix of various vessels to reduce cost and reduce downtime of vessels; and
- (d) Control over various OPEX cost of the organization.

As per LODR, Regulation 2015, Compliance related with Risk Management Committee is required to be done only by top 100 Companies as per list released by NSE, since our Company doesn't fall in that category hence the Compliance of Risk Management was not needed but our Company do believe in mitigation/minimisation of risk therefore the management had put its best effort to minimise/mitigate the risk.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

Your Company has a well-established framework of internal operational and financial controls, including suitable monitoring procedures systems which are adequate for the nature of its business and the size of its operations. The detailed report is given in Corporate Governance Report. Based on the performance of the internal financial control, work performed by internal, statutory and external consultants and reviews of Management and the Audit Committee, the board is of the opinion that the company's internal financial controls were effective and adequate during the FY 2018-19 for ensuring the orderly efficient conduct of its business including adherence to the company's policies, safeguarding of its assets, the prevention and detection of fraud and errors, the accuracy and completeness of accounting records and timely preparations of reliable financial disclosures.

CORPORATE GOVERNANCE

The Company has complied with all mandatory provisions of SEBI (LODR) Regulations 2015, relating to Corporate Governance. A separate report on Corporate Governance as stipulated under the SEBI (LODR) Regulations, 2015 forms part of this Report. The requisite certificate from the Auditors of the Company regarding compliance with the conditions of

corporate governance is attached to the report on Corporate Governance.

VIGIL MECHANISM

The Company has in compliance with Section 177 of the Companies Act, 2013 and Regulation 18 and 22 of the Listing Regulations established Vigil Mechanism by adopting the 'Whistle Blower Policy', for Directors and Employees. The Whistle Blower Policy provides for adequate safeguards against victimization of persons who use such mechanism and have provision for direct access to the Chairperson of the Audit Committee in appropriate cases. A copy of the Whistle Blower Policy is available on the website of the Company www.essar.com.

CORPORATE SOCIAL RESPONSIBILITY

As on March 31, 2019, Corporate Social Responsibility Committee comprises of Captain B. S. Kumar – Chairman; Mr. Ranjit Singh; and Ms. Neelam Kapoor. The Annual Report on CSR containing the particulars specified under section 135 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as **Annexure A**.

EMPLOYEE STOCK OPTION SCHEME

The Company has implemented the "Essar Shipping Employees Stock Option Scheme-2011" ("Scheme") in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the SEBI Guidelines"). The Nomination and Remuneration Committee of the Board of Directors of the Company administers and monitors the Scheme. The applicable disclosures as stipulated under the SEBI Guidelines as at March 31, 2019 are provided in the Annexure - B to this Report.

The term of scheme of Employee Stock Option was for a period of seven years which got completed in the year 2018. As the objective of the trust is attained, process to settle the ESOS trust has been initiated.

AUDITORS

Your Company's Statutory Auditor, M/s. C N K & Associates LLP, (Registration No. 101961 W/W - 100036) was appointed at 5th AGM of the Company held on September 23, 2015 to hold the office up to the conclusion of 10th AGM of the Company to be held on year 2020

Section 139 of the Act has been amended vide the Companies (Amendment) Act, 2017 by the Ministry of Corporate Affairs on May 07, 2018 and has done away with the requirement of seeking the ratification of Members for appointment of auditors at every AGM.

As a part of the good governance practice, the Company has requested the Statutory Auditors to confirm their eligibility to

continue as Statutory Auditors for the remaining tenure. Thus, the Company has received letter from M/s C N K & Associates, Chartered Accountants, Mumbai, to the effect that they fulfill the prescribed criteria / limits laid down under Section 141 (3) (g) of the Companies Act, 2013 and they are not disqualified to continue to act as statutory auditors under the provisions of applicable laws.

AUDITORS' REPORT:

Further with regard to the observations made in Annexure A to the Auditors' Report, the management explanation is as under:

a) TDS & Service Tax dues:

The Company is making all efforts to clear outstanding statutory dues at earliest.

b) Regarding the dues to the Bank/FI/Debenture-holders

The Company is continuing its negotiation with lenders to restructure the loan to ensure that earnings from operations matches with debt service commitments.

c) The Company's Current Liabilities exceed its Currents Assets by Rs. 1,426.35 crores as at March 31, 2019. The following steps are taken to rectify this mismatch:

- 1) Loan from public financial institution along with interest accrued thereon amounting to Rs. 1,215.32 crores classified as Current Liability is expected to be settled.
- 2) Advance from a subsidiary for purchase of vessel amounting to Rs. 331.26 crores is to be adjusted upon sale of vessel.
- 3) Certain loans classified as current owing to defaults are expected to rescheduled such that they will not be repayable within one year.

SECRETARIAL AUDIT

The Board has appointed M/s. Martinho Ferrao & Associates, Practising Company Secretaries, to conduct Secretarial Audit for the financial year 2018-19. The Secretarial Audit Report for the financial year ended March 31, 2019 is annexed herewith marked as Annexure - C to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

APPOINTMENT AND REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors on recommendation of the Nomination & Remuneration Committee has adopted a policy for appointment of Directors, remuneration of Directors, Key Managerial Personnel and other employees. The brief details on the above are provided in Corporate Governance Report and the policy is available on the website of the Company www.essar.com. The details of remuneration as required to be disclosed

pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as Annexure - D to this Report.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules together with disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annexure - E to this Report.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had entered into one or more contract / arrangement / transaction with Essar Steel India Limited, a Fellow Subsidiary which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website www.essar.com. The information on each of the transactions with the related party as per the Companies Act, 2013 is provided in note 28 of notes forming part of the financial statement and hence not repeated. The disclosure required pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 is annexed herewith as Annexure - F to this Report.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT 9 is annexed herewith as Annexure - G to this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the financial statements.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Conservation of energy and Technology absorption

Your company is committed for continual environmental improvement. The Company has taken several initiatives towards conservation of energy. The Company initiated the process of monitoring carbon emissions as per IMO GHG Guidelines and also explored opportunities to improve energy efficiency onboard the ships. Due to the nature of the business (transportation), fuel and lubricants are necessary to deliver the services.

Following are few steps taken towards conservation of energy and use of alternate source of energy:

Ship Energy Efficient Management Plan (SEEMP): In line with current guidelines that have been established by IMO, this plan has been implemented all across fleet vessels. The capturing and monitoring of the data on regular basis prompts to take appropriate corrective measures on a timely basis. Onboard performance monitoring systems will give a holistic approach to ship operations with the aim of reducing fuel consumption and emissions while achieving optimum vessel performance. The Company have already completed energy efficiency evaluation on our assets and are now in the process of implementing fuel efficiency measures. These include trim, speed reduction and weather routing. These fuel efficiency measures will not only reduce energy consumption but also benefit customers through lower fuel cost, where applicable.

Alternate source of energy: In order to reduce fuel consumption, the Company's vessels utilize shore power during repair lay-up period and thereby reduce carbon foot print. Periodical cleaning of ship's hull and propellers apart from routine dry-docking of floating assets is another step which has been taken towards conservation of energy with insignificant investment or expenses.

Technology Absorption

The Company has successfully implemented SAP in its financial and budget management systems. The Company has also now implemented various methods of automation so as to have greater visibility and control over its assets and further improve the turnaround time thereby increasing asset utilisation and profitability. Planned maintenance and purchase management system of all the vessels are now being integrated with SAP in order to have uniform platform. The Company has implemented a robust Document Management System thus improving the availability of critical information in e-mode thereby reducing the use of paper. Ship-staff payroll system has been developed and implemented successfully.

In-house developed software EIS system has now been upgraded to monitor all the above energy conservation measures and is now available online. Various energy and cargo related data are available in e-mode and helps in close monitoring and control of energy conservation related matters. Due to in-house developed software, your company has not only saved on investment towards purchase of third party software but also reduced dependency on third party service provide.

The Company is upgrading its ships to meet future requirements of IMO 2020 towards compliance of burning of 0.5% of sulphur, this upgrade will not only aid to compliance but will also add to revenue of your Company.

Foreign Exchange Earnings and Outgo

The details of Foreign Exchange Earnings and Outgo during the year are as follows:

Foreign Exchanged Earned (including loan receipts, sale of ships, freight, charter hire earnings, interest income, etc.) :
Rs. 184.52 Crore

Foreign Exchanged Used (including cost of acquisition of ships, loan repayments, interest, Operating expenses, etc.) :
Rs. 482.40 Crore

PUBLIC DEPOSITS

Your Company has not accepted any public deposits under Section 73 of the Companies Act, 2013, during the Financial Year under report.

APPRECIATION AND ACKNOWLEDGEMENTS

Your Directors express their appreciation of commendable teamwork of all employees. Your Directors express their thanks to all the offices of the Ministry of Shipping, Directorate General of Shipping, Ministry of Petroleum and Natural Gas, Indian Navy, Indian Coast Guard, Mercantile Marine Department, State Government and Central

Government, Classification societies, Oil Companies and Charterers, creditors, Banks and Financial Institutions for the valuable support, help and co-operation extended by them to the Company.

Your Directors also thanks its other business associates, including the Members of the Company for their continued co-operation and support extended towards the Company.

For and on behalf of the Board

Sd/-
Mumbai
November 13, 2019

Ranjit Singh
President &CEO

Sd/-
P.K. Srivastava
Chairman
(DIN:00843258)

ANNEXURE – A

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs: Please refer relevant para in the main Report.
2. The Composition of the CSR Committee.
The Corporate Social Responsibility Committee comprises Captain B. S. Kumar – Chairman; Mr. Ranjit Singh - Member; and Ms. Neelam Kapoor – Member.
3. Average net profit of the Company for last three financial years : Net loss
4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) : Nil
5. Details of CSR spent during the financial year:
 - (a) Total amount to be spent for the financial year : Nil
 - (b) Amount unspent, if any : N.A.
 - (c) Manner in which the amount spent during the financial year is detailed below:

Sr. No	CSR project or activity identified	Sector In which the Project is covered	Projects or programs 1. Local area or other 2. Specify the state and district where projects or programs was undertaken	Amount outlay (budget) Project or Programs wise	Amount spent on the projects or programs Sub-heads: (1)Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
-----Not Applicable-----							

*Give details of Implementing Agency, if any.

6. Reasons for not spending the amount: Continous losses.
7. The Corporate Social Responsibility Committee hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Sd/-
Ranjit Singh
President & CEO

Sd/-
Captain B. S. Kumar
Chairman CSR Committee
(DIN: 00284649)

Mumbai, November 13, 2019

DISCLOSURES WITH RESPECT TO EMPLOYEES STOCK OPTION SCHEME OF THE COMPANY

Sr. No.	Particulars	Information
(a)	Options Granted	40,68,819
(b)	Exercise price	Rs. 22.30
(c)	Options vested	NIL
(d)	Options exercised	NIL
(e)	The total number of shares arising as a result of exercise of option	Not applicable
(f)	Options lapsed	NIL
(g)	Variation of Terms of Options	NIL
(h)	Money realized by Exercise of Options	Not applicable
(i)	Total number of Options in Force	1,93,135
(j)	Employee wise details of Options granted	<p>(i) Senior managerial personnel: Mr. Rajeev Nayyar – 1,03,187 Mr. Ranjit Singh – 89,948</p> <p>(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year: NIL</p> <p>(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: NIL</p>
(k)	Diluted Earnings per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 “Earning per share”	Anti - Dilutive.
(l)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	The company accounted employee compensation cost using the intrinsic value of the stock options. The impact as required has been appropriately disclosed in note 34 of the financial statement.
(m)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Not applicable
(n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	The same has been appropriately disclosed in note 27 of the standalone financial statement.
	(i) Risk-free interest rate	8.36
	(ii) Expected life	58
	(iii) Expected volatility	44.5% - 58.60%
	(iv) Expected dividends and	Nil
	(v) The price of the underlying share in market at the time of option grant	Rs.22.30

Sd/-
Ranjit Singh

President & CEO

Sd/-
Captain B. S. Kumar

Chairman CSR Committee
(DIN: 00284649)

Mumbai, November 13, 2019

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

Essar Shipping Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Essar Shipping Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **Essar Shipping Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year **ended on 31st March, 2019**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Essar Shipping Limited** ("the Company") for the financial year ended on **31st March, 2019** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulation, 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - **Not applicable as the Company is not registered as Registrar to an issue and Share Transfer Agent during the financial year under review.**
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **Not applicable as the Company has not bought back any of its securities during the financial year under review.**
- (vi) We have also examined the compliances of the provisions of the following other laws applicable specifically to the company wherein we have also relied on the compliance certificates issued by the head of the respective departments in addition to the checks carried out by us:
 1. Merchant Shipping Act, 1958,
 2. Pollution Control Act.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and its authorized representatives during the conduct of Secretarial Audit we hereby report that in our opinion during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All decisions are unanimously, as it appears from the record of the Minutes, though the views of every members, if any, are recorded.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has taken approval of the shareholders through Postal Ballot (result dated March 22, 2019) for approval of the following business:

1. Continuation of the term of Mr. N. Srinivasan (DIN: 00004195), as Director, who had attained the age of 75 years.
2. Continuation of the term of Captain. B. S. Kumar (DIN: 00284649), as Director, who had attained the age of 75 years.
3. Continuation of the term of Mr. P.K. Srivastava (DIN: 00843258), as Director, who will attain the age of 75 years.

For **Martinho Ferrao & Associates**

Company Secretaries

Sd/-

Martinho Ferrao

Proprietor

FCS No. 6221

C P. No. 5676

Place: Mumbai

Dated: 08th May, 2019

This report is to be read with our letter which is annexed as **Annexure A** and forms an integral part of this report

‘Annexure A’

To,
The Members,
Essar Shipping Limited

Our report is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Martinho Ferrao & Associates**

Company Secretaries

Sd/-

Martinho Ferrao

Proprietor

FCS No. 6221

C P. No. 5676

Place: Mumbai

Dated: 08nd May, 2019

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members of
Essar Shipping Limited
EBTSL Premises, ER-2 Building (Admn. Building),
Salaya 44 KM, P.B. No 7 Taluka,
Khambhalia, Devbhumi Dwarka,
Jamnagar -361305.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Essar Shipping Limited** having CIN: **L61200GJ2010PLC060285** and having registered office at EBTSL Premises, ER-2 Building (Admn. Building) Salaya 44 KM, P.B. No 7, Taluka, Khambhalia, Devbhumi Dwarka, Khambhalia, Jamnagar, 361305, Gujarat, (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Mumbai, Maharashtra or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Srinivasan Natesan	00004195	23/05/2011
2	Bhupindersingh Kumar	00284649	07/08/2013
3	Prabhat Kumar Srivastava	00843258	06/11/2012
4	Rahul Bhargava	07618915	14/11/2017
5	Neelam Kapoor	07895198	31/07/2017
6	Ranjit Singh	07021621	22/09/2016

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR MARTINHO FERRAO & ASSOCIATES
COMPANY SECRETARIES

Sd/-
MARTINHO FERRAO
PROPRIETOR
F.C.S. No. 6221
C.P. No. 5676
UDIN: F006221A000192541

Place: Mumbai
Date: 31.10.2019

ANNEXURE - D

STATEMENT OF DISCLOSURE OF REMUNERATION UNDER SECTION 197 OF COMPANIES ACT, 2013 AND RULE 5 (1) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 and percentage increase in the remuneration of each Director and Key Managerial Personnel (KMP) during the financial year 2018 -19 are as follows:

Sr. No.	Name of Director /KMP	Designation	Ratio of remuneration of each Director to median remuneration of employees	Percentage increase in remuneration
1	Mr. P. K. Srivastava	Non-executive Chairman	N.A. ¹	N.A. ¹
2	^ Mr. Ranjit Singh	CEO	6.21:1	Nil
3	Mr. N. Srinivasan	Non-executive Director	N.A. ¹	N.A. ¹
4	Captain Bhupinder Singh Kumar	Non-executive Director	N.A. ¹	N.A. ¹
5	Ms. Neelam Kapoor	Non-executive Director	N.A. ¹	N.A. ¹
6	Captain Rahul Bhargava	Executive Director	4.40:1	Nil
7	Mr. Sandeep Akolkar [#]	Chief Financial Officer	3.18:1	Nil
8	Mr. Ketan Shah [#]	Chief Financial Officer	N.A.	Nil
9	Mr. Awaneesh Srivastava [*]	Ex-Company Secretary	1.99:1	N.A.
10	Ms. Jyotsna Gupta [*]	Company Secretary	N.A.	N.A.

^ Mr. Ranjit Singh ceases to be Executive Director of the Company w.e.f. September 21, 2019 on account of completion of term, but he continues to be CEO of the Company.

Appointed as Chief Financial Officer w.e.f February 02, 2019 (in place of Mr. Sandeep Akolkar, who ceased to hold office w.e.f. January 31, 2019).

* Appointed as Company Secretary w.e.f July 02, 2019 (in place of Mr. Awaneesh Srivastava, who ceased to hold office w.e.f July 01, 2019)

- During the year no remuneration was paid to Mr. P. K. Srivastava, Mr. N. Srinivasan, Captain Bhupinder Singh Kumar, Ms. Neelam Kapoor, however, sitting fees was paid amounting to Rs. 5,10,000, Rs. 9,50,000, and Rs. 10,70,000 to Mr. P. K. Srivastava (Non-Executive Chairman), Mr. N. Srinivasan, Captain B. S. Kumar (Independent Directors), respectively. No Sitting Fee was paid to Ms. Neelam Kapoor.

Notes: Considering the pattern of employment in the shipping business, the remuneration paid to members of the shipboard staff who have worked on board the Company's ships for only a short period during the year have not been considered for the purpose of calculating median remuneration.

- The percentage increase in the median remuneration of employees in the financial year 2018-19 was 7.7%.
- The Company had 43 employees on rolls excluding off-shore employees as on March 31, 2019.
- Relationship between average increase in remuneration of employees and Company performance:

The average increase in remuneration of employees was 7.7% during the financial year 2018-19.

As per the performance evaluation policy of the Company, remuneration payable by the Company (including variable pay) is linked to individual performance as well as performance of the Company.

It is affirmed that the remuneration is as per the Remuneration Policy for Directors and KMPs and other Employees adopted by the Company.

The performance of the Company is measured in terms of Revenue, EBITDA, PAT, Cash Accrual, Cost Control, Revenue Sustainability, Safety, IT enablement, External Stakeholder Management, Risk Mitigation, Talent Management, CSR Initiatives, Industry Forums, and Adherence to regulatory requirements and Employee Engagement. The increase in remuneration of employees is in line with the performance of the Company and industry standards.

5. Comparison of remuneration of KMPs against the Company performance:
The details of remuneration of KMPs have been elaborated in Form No. MGT 9 annexed to the Board Report. The average increase in the remuneration of KMPs was 7.7% during the financial year 2018- 19.
6. The Market Capitalization of the Company as on March 31, 2019 was 213.19 as compared to 473.90 crore as on March 31, 2018. The market price of the equity shares of the Company as on March 31, 2019 (closing) was Rs. 10.46 per share on Bombay Stock Exchange and was Rs. 10.35 per share on National Stock Exchange.
7. The key parameters for variable component of remuneration availed by the Directors:
 - a. Performance of the Company as against Annual Business Plan.
 - b. Individual Performance as per KPI measures in Balanced Score Card set in the beginning of year.
8. The ratio of remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year: Not applicable.
9. The Board of Directors hereby affirms that the remuneration is as per the remuneration policy of the Company.
10. The statement pursuant to Rule (5) (2) is enclosed.

For and on behalf of the Board

Sd/-
Ranjit Singh
President & CEO

Sd/-
P. K. Srivastava
Chairman
(DIN : 00843258)

Mumbai, November 13, 2019

ANNEXURE – E

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Name	Age (Years)	Qualification	Designation	Date of Commencement of employment	Experience (Years)	Gross Remuneration	Previous Employment
Mr.Ranjit Singh	59	Class I (Motor)	President & CEO	02-May-2008	31	12,757,756.00	Qatar Shipping Co.
Capt. Rahul Bhargava	59	Master Mariner	Director – Commercial and Operations	11-Sep-2012	37	9,105,744.00	JSW Steel Limited
Mr. Sandeep Akolkar	51	MBA Finance, BSc	CFO	18-Jan-2018	26	5,681,980.00	Kalsubai Shipping & Offshore Pvt Ltd
Mr. Awaneesh Srivastava	40	CS, LLB, MFC(Finance), PGDBM, Bsc	Company Secretary	10-Aug-2015	15	5,086,258.00	Mantri Realty Limited
Mr. Surjit Dey	48	ME,BE	Deputy CTO	03-Jul-2017	20	4,722,791.52	Crowley Accord Marine Management
Mr. Sandeep Phadke	48	Master FG,; BSc Nautical Science	General Manager	01-Aug-2007	28	4,677,969.08	Tolani Shipping Ltd.
Mr. Subimal Mahato	49	MICS	General Manager	03- Nov-2017	29	4,092,237.00	India Steamship
Mr. Umesh Shimpi	49	BCom	Joint General Manager	01-Aug-2000	28	4,092,237.00	Peninsular Shipping & Trading Co
Mr. Vipin Jain	41	CA,BCom	Joint General Manager	26-Oct-2010	13	3,967,417.50	Abbott India Ltd
Mr. Jagannathan Raghavan	64	B.COM	Head- Accounts	21-Jan-1976	43	3,951,411.00	N.A

1. No employee of the Company holds by himself/herself or along with his/her spouse and dependent children, not less than two percent of the equity shares of the Company.
2. No employee of the Company is a relative of any Director or Manager of the Company.

For and on behalf of the Board

Sd/-
Ranjit Singh
President & CEO

Sd/-
P. K. Srivastava
Chairman
(DIN : 00843258)

Mumbai, November 13, 2019

Form No. AOC – 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contacts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contacts or arrangements or transactions not at arm's length basis:

Sr. no.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements / transactions	Duration of the contracts/ arrangements/ transactions	Salient features of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
NIL								

2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (Rs. In crore)	Date(s) of approval by the Board, if any	Amount paid as advances, if any (Rs. In crore)
1.	Essar Shipping (Cyprus) Limited	Fellow Subsidiary	Direct voyage expenses		90.43		
2.	Essar Steel India Limited	Fellow Subsidiary	Contract of Affreightment for 8-10 years for transportation of raw material and finished goods of Essar Steel India Limited resulting into fleet operating and chartering earnings of the Company.	COA Contract for 8-10 years and also on Spot fixture basis.	Freight for transportation of raw material and finished goods as per COA; and Spot fixture basis. Total Value: 471.02	July 04, 2011 Nov 09, 2011 May 21, 2015	Nil
3.	Arkay Logistics Limited	Associate	Logistics Service	Spot	25.47	Nil	Nil

For and on behalf of the Board

Sd/-
Ranjit Singh
President & CEO

Sd/-
P. K. Srivastava
Chairman
(DIN : 00843258)

Mumbai, November 13, 2019

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

CIN	L61200GJ2010PLC060285
Registration Date	April 16, 2010
Name of the Company	Essar Shipping Limited
Category/Sub-category of the Company	Company Limited by Shares / Indian Non- Government Company
Address of the Registered office & contact details	EBTSL Premises, ER-2 Building (Admn. Building), Salaya, 44 KM, P.O. Box No. 7, Taluka khambhaila, Devbhumi Dwarka, Gujarat – 361305.
Whether listed company	Yes
Name, Address & contact details of the Registrar & Transfer Agent, if any.	Data Software Research Company Private Limited 19, Pycroft Garden Road Off Haddows Road Nungambakkam Chennai – 600 006 Tel: (044) 2821 3738, 2821 4487

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Shipping	61100	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1	Essar Shipping Mauritius Holdings Limited (FKA Essar Africa Steel Holdings Limited) Address: Essar House, 10, Frere Felix de Valois Street, Port Louis, Mauritius	N.A.	Holding	60.09	2(46)
2	IDH International Drilling Holdco Limited (FYA Essar Shipping & Logistics Limited) Address: Riga feraiou, 4 Omega Court, 1 st Floor, PC 3095, Limassol, Cyprus	N.A.	Holding	10.34	2(46)
3	Imperial Consultants & Securities Limited Address: Chennai House, 5 th Floor, New No.7, Esplanade, Chennai	U65993TN1993PTC024724	Promoter Group Company	3.32	2(46)
4	Essar Steel India Limited Address: 27km, Surat Hazira Road, Hazira, Gujarat - 394270	U27100GJ1976FLC013787	Holding	0.62	2(46)

5	Arkay Logistics Limited Address: Essar House, 11 K.K. Marg, Mahalaxmi, Mumbai – 400 034	U50100MH2004PLC149214	Associate	49	2(6)
6	Essar Oilfields Services Limited Address: Essar House, 10, Frere Felix de Valois Street, Port Louis, Mauritius	N.A.	Subsidiary	100	2(87)(ii)
7	OGD Services Limited (formerly known as Essar Oilfields Services India Limited) Address: Essar House, 11 K.K. Marg, Mahalaxmi, Mumbai – 400 034	U93090MH2006PLC163779	Subsidiary	100	2(87)(ii)
8	Energy Transportation International Limited Address: Clarendon House, 2 Church Street Hamilton HM 11, Bermuda	N.A.	Subsidiary	100	2(87)(ii)
9	Energy II Limited Address: Clarendon House, 2 Church Street Hamilton HM 11, Bermuda	N.A.	Subsidiary	73	2(87)(ii)
10	Essar Shipping DMCC Address: Unit No: 30-01-1903, Jewellery & Gemplex 3, Plot No: DMCC – PH2-J&GPlexS, Jewellery & Gemplex, Dubai, United Arab Emirates	N.A.	Subsidiary	100	2(87)(ii)
11	Cosmic Drilling Services Limited Address: Essar House, 10, Frere Felix de Valois Street, Port Louis, Mauritius	N.A.	Subsidiary	100	2(87)(ii)
12	Essar Oilfields Middle East DMCC Address: Unit No: 30-01-1903, Jewellery & Gemplex 3, Plot No: DMCC – PH2-J&GPlexS, Jewellery & Gemplex, Dubai, United Arab Emirates	N.A.	Subsidiary	100	2(87)(ii)
13	Varada Drilling One Pte Limited Address: 50 Collyer Quay, #09-01 OUE Bayfront, Singapore 049321	N.A.	Associate	28.57	2(6)
14	Varada Drilling Two Pte Limited Address: 50 Collyer Quay, #09-01 OUE Bayfront, Singapore 049321	N.A.	Associate	28.57	2(6)
15	Starbit Oilfields Services India Limited Address: Essar House, 11 K.K. Marg, Mahalaxmi, Mumbai – 400 034	U11200MH2016PLC280188	Subsidiary	100	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Central Govt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) State Govt(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) Bodies Corp.	8,152,020	0.00	8,152,020	3.94	8,152,020	0.00	8,152,020	3.94	0.00

e) Banks / FI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f) Any other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub – total (A)(1):-	8,152,020	0.00	8,152,020	3.94	8,152,020	0.00	8,152,020	3.94	0.00
(2) Foreign									
a) NRIs - Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Other – Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) Bodies Corp.	14,57,68,806	0.00	14,57,68,806	70.43	14,57,68,806	0.00	14,57,68,806	70.43	0.00
d) Banks/FI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e) Any other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-total (A)(2):-	14,57,68,806	0.00	14,57,68,806	70.43	14,57,68,806	0.00	14,57,68,806	70.43	0.00
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	15,39,20,826	0.00	15,39,20,826	74.37	15,39,20,826	0.00	15,39,20,826	74.37	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	88,657	16,028	104,685	0.05	1,657	16,028	17,685	0.01	(0.04)
b) Banks / FI	47,206	17,454	64,660	0.03	1,996	17,454	19,450	0.01	(0.02)
c) Central Govt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) State Govt(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e) Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f) Insurance Companies	1,20,092	16	1,20,108	0.06	1,20,092	16	1,20,108	0.06	0.00
g) FIIs	1,19,44,450	6,152	1,19,50,602	5.77	1,56,71,633	6,152	1,56,77,785	7.57	1.80
h) Foreign Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i) Others (specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Foreign Bank	311	6,972	7,283	0.00	311	6972	7283	0.00	0.00
Sub-total (B)(1):-	1,22,00,716	46,622	1,22,47,338	5.92	1,57,95,689	46,622	1,58,42,311	7.65	1.74
2. Non-Institutions									
a) Bodies Corp.	2,55,83,364	45,126	2,56,28,490	12.38	2,15,62,850	44600	2,16,07,450	10.44	(1.94)
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	74,56,836	22,07,926	96,64,762	4.67	76,58,274	20,97,619	97,55,893	4.71	0.04
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	46,77,289	36,000	47,13,289	2.28	50,16,450	36,000	50,52,450	2.44	0.16
c) Others (specify)									
Non Resident Indians	7,39,027	62,340	8,01,367	0.39	740883	56259	797142	0.39	0.00
Sub-total (B)(2):-	3,84,56,516	23,51,392	4,08,07,908	19.72	3,49,78,457	22,34,478	3,72,12,935	17.89	(1.74)

Total Public Shareholding (B)=(B)(1)+ (B)(2)	5,06,57,232	23,98,014	5,30,55,246	25.63	5,07,74,146	2281100	5,30,55,246	25.63	0.01
C. Shares held by Custodians and against which Depository Receipts have been issued	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total (A+B+C)	20,45,78,058	23,98,014	20,69,76,072	100.00	204694972	2281100	20,69,76,072	100.00	0.00

B) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Essar Shipping Mauritius Holdings Limited (earlier known as Essar Africa Steel Holdings Limited)	12,43,62,408	60.09	100.00	12,43,62,408	60.09	100.00	0.00
2	Essar Steel India Limited	12,73,611	0.62	0.00	12,73,611	0.62	0.00	0.00
3	Imperial Consultants & Securities Limited	68,78,409	3.32	0.00	68,78,409	3.32	0.00	0.00
4	IDH Drilling Holdco International Limited (earlier known as Essar Shipping & Logistics Limited)	2,14,06,365	10.34	100.00	2,14,06,365	10.34	100	0.00
5.	Essar Ports & Shipping Limited	33	0.00	0.00	33	0.00	0.00	0.00
	Total	15,39,20,826	74.37	94.70	15,39,20,826	74.37	94.70	0.00

C) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Promoters Shareholding during the FY 2018-19

Sr	Particulars	Shareholding at the beginning of the year (As on March 31, 2018)		Date wise Increase / Decrease in Promoters Shareholding during the year	Reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Shareholding at the end of the year (as on March 31, 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Essar Shipping Mauritius Holdings Limited (earlier known as Essar Africa Steel Holdings Limited)	12,43,62,408	60.09		No Change	12,43,62,408	60.09	12,43,62,408	60.09
2	Essar Steel India Limited	12,73,611	0.62		No Change	12,73,611	0.62	12,56,36,019	60.71
3	Imperial Consultants & Securities Limited	68,78,409	3.32		No Change	68,78,409	3.32	13,25,14,428	64.03

4	IDH Drilling Holdco International Limited (earlier known as Essar Shipping & Logistics Limited)	2,14,06,365	10.34	No Change	2,14,06,365	10.34	15,39,20,793	74.37
5	Essar Ports & Shipping Limited	33	0.00	No Change	33	0.00	15,39,20,826	74.37

D) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	Name of the Shareholder	Shareholding at the beginning of the year 01.04.2018		Date	Increase/decrease in Shareholding	Reason	Cumulative Shareholding during the year (1.4.2018-31.03.2019)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	INDIA OPPORTUNITIES GROWTH FUND LTD - PINEWOOD STRATEGY	7394450	3.57	08.06.2018	1900000	bought	9294450	4.49
				15.06.2018	950000	bought	10244450	4.95
2	CORUM SECURITIES PVT LTD	2909000	1.41	18.05.2018	55000	bought	2964000	1.43
				21.12.2018	-2964000	sale	0	0.00
				15.03.2019	2964000	bought	2964000	1.43
				30.03.2019	2000	bought	2966000	
3	PURAN ASSOCIATES PVT LTD	2849002	1.38				2849002	1.38
4	VIC ENTERPRISES PVT LTD	2848999	1.38				2848999	1.38
5	M B FINMART PVT LTD	2843999	1.37				2843999	1.37
6	KREDENCE MULTI TRADING LIMITED	2675179	1.29				2675179	1.29
7	AQUARIUS INDIA OPPORTUNITIES FUND	2550000	1.23				2550000	1.23
8	GLOBE CAPITAL MARKET LTD	2484364	1.20	06.04.2018	797	Purchase	2485161	1.20
				06.04.2018	-7635	Sale	2477526	1.20
				06.04.2018	27000	Purchase	2504526	1.21
				06.04.2018	-27278	Sale	2477248	1.20
				13.04.2018	-28385	Sale	2448863	1.18
				13.04.2018	18722	Purchase	2467585	1.19
				20.04.2018	-2483	Sale	2465102	1.19
				20.04.2018	53	Purchase	2465155	1.19
				27.04.2018	5955	Purchase	2471110	1.19
				27.04.2018	737	Purchase	2471847	1.19

				04.05.2018	-4700	Sale	2467147	1.19
				04.05.2018	32817	Purchase	2499964	1.21
				04.05.2018	-32817	Sale	2467147	1.19
				11.05.2018	23325	Purchase	2490472	1.20
				11.05.2018	-30033	Sale	2460439	1.19
				25.05.2018	10000	Purchase	2470439	1.19
				25.05.2018	3000	Purchase	2473439	1.20
				01.06.2018	-3820	Sale	2469619	1.19
				01.06.2018	-380	Sale	2469239	1.19
				08.06.2018	-2	Sale	2469237	1.19
				08.06.2018	-3500	Sale	2465737	1.19
				08.06.2018	2	Purchase	2465739	1.19
				15.06.2018	2	Purchase	2465741	1.19
				15.06.2018	-2000	Sale	2463741	1.19
				15.06.2018	-2	Sale	2463739	1.19
				22.06.2018	75	Purchase	2463814	1.19
				22.06.2018	-2500	Sale	2461314	1.19
				22.06.2018	-75	Sale	2461239	1.19
				06.07.2018	-16319	Sale	2444920	1.18
				13.07.2018	6052	Purchase	2450972	1.18
				20.07.2018	50	Purchase	2451022	1.18
				27.07.2018	100	Purchase	2451122	1.18
				27.07.2018	-1000	Sale	2450122	1.18
				10.08.2018	10	Purchase	2450132	1.18
				17.08.2018	-9800	Sale	2440332	1.18
				31.08.2018	-100	Sale	2440232	1.18
				07.09.2018	10	Purchase	2440242	1.18
				14.09.2018	480	Purchase	2440722	1.18
				14.09.2018	10000	Purchase	2450722	1.18
				28.09.2018	-310	Sale	2450412	1.18
				29.09.2018	-16352	Sale	2434060	1.18
				19.10.2018	-41192	Sale	2392868	1.16
				26.10.2018	-66824	Sale	2326044	1.12
				02.11.2018	7248	Purchase	2333292	1.13
				02.11.2018	114324	Purchase	2447616	1.18
				09.11.2018	69426	Purchase	2517042	1.22
				30.11.2018	205	Purchase	2517247	1.22
				07.12.2018	200	Purchase	2517447	1.22
				31.12.2018	-600	Sale	2516847	1.22
				11.01.2019	-500	Sale	2516347	1.22
				25.01.2019	-60	Sale	2516287	1.22
				08.02.2019	-900	Sale	2515387	1.22
				15.02.2019	405	Purchase	2515792	1.22
				22.02.2019	-160	Sale	2515632	1.22
				22.02.2019	-10000	Sale	2505632	1.21
				22.02.2019	-2000	Sale	2503632	1.21
				22.02.2019	12000	Purchase	2515632	1.22
				22.03.2019	915	Purchase	2516547	1.22

				30.03.2019	13363	Purchase	2529910	1.22
9	SAMCO SECURITIES LIMITED	1912830	0.92	08.06.2018	-1912280		550	0.00
				24.08.2018	-550		0	0.00
				18.01.2019	1		1	0.00
				22.02.2019	3336		3337	0.00
				15.03.2019	1		3338	0.00
				30.03.2019	-3336		2	0.00
10	THE INDIAMAN FUND (MAURITIUS) LIMITED.	1450000	0.70	02.11.2018	-70000	sale	1380000	0.67
				09.11.2018	-80000	sale	1300000	0.63

E) Shareholding of Directors and Key Managerial Personnel:

None of the Directors and/or Key Managerial Personnel hold any share of the Company at the beginning, during or end of the year under review.

F) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount Rs. in crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	992.65	2,096.33	-	3,088.98
ii) Interest due but not paid	398.46	69.23	-	467.69
iii) Interest accrued but not due	2.87	16.40	-	19.27
Total (i+ii+iii)	1,393.98	2,181.96	-	3,575.94
Change in Indebtedness during the financial year				
* Addition	19.04	113.91	-	132.95
*Exchange difference	(5.11)	33.79	-	28.67
* Reduction	(43.03)	(4.16)	-	(47.19)
Net Change	(29.11)	143.54	-	114.44
Indebtedness at the end of the financial year				
i) Principal Amount	963.55	2,239.87	-	3,203.42
ii) Interest due but not paid	532.55	33.96	-	566.51
iii) Interest accrued but not due	3.58	16.40	-	19.98
Total (i+ii+iii)	1,499.67	2,290.23	-	3,789.90

G. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

i. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTM/ Manager				Total Amount
		Mr. Ranjit Singh	Capt. Rahul Bhargava	----	---	
1	Gross salary	12,757,757	7,867,344	-	-	20,625,101
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-

4	Commission - as % of profit - others, specify...	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total (A)	12,757,757	7,867,344	-	-	20,625,101
	Ceiling as per the Act					

ii). Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors		Mr. N. Srinivasan	Capt. B. S. Kumar		
	Fee for attending board committee meetings		7,60,000	12,00,000		19,60,000
	Commission	-	-	-		-
	Others, please specify	-	-	-		-
	Total (1)	-	7,60,000	12,00,000		19,60,000
2.	Other Non-Executive Directors	Mr. P. K. Srivastava			Ms. Neelam Kapoor	
	Fee for attending board committee meetings					
		5,60,000	-	-	-	5,60,000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	5,60,000	-	-	-	5,60,000
	Total (B)=(1+2)	5,60,000	7,60,000	12,00,000		25,20,000
	Total Managerial Remuneration					
	Overall Ceiling as per the Act	Only Sitting fees is paid to Independent Directors				

iii) REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		MD/CEO	CS	CFO*	Total
1	Gross salary	1,27,57,757	5,086,258	5,681,980	2,35,25,995
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,27,57,757	5,086,258	5,681,980	2,35,25,995
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	During the year Nil	During the year Nil	During the year Nil	During the year Nil
3	Sweat Equity	During the year Nil	During the year Nil	During the year Nil	During the year Nil
4	Commission	During the year Nil	During the year Nil	During the year Nil	During the year Nil
	- as % of profit	During the year Nil	During the year Nil	During the year Nil	During the year Nil
	Others, specify...	During the year Nil	During the year Nil	During the year Nil	During the year Nil
5	Others, please specify	During the year Nil	During the year Nil	During the year Nil	During the year Nil
	Total	1,27,57,757	5,086,258	5,681,980	2,35,25,995

*Appointed as Chief Financial Officer w.e.f February 02, 2019 in place of Mr. Sandeep Akolkar, who drew remuneration of Rs. 87,25,357/- for the period beginning from 19 January 2018 till the cessation of term of his office, i.e., 31 January 2019. Remuneration for Mr. Ketan Shah is taken for the period beginning from date of his appointment (i.e. February 02, 2019) till March 31, 2019.

H. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/ punishment / compounding of offences imposed on the Company or any of the Directors or officers of the Company in the year under review.

For and on behalf of the Board

Ranjit Singh
President & CEO

P. K. Srivastava
Chairman
(DIN : 00843258)

Mumbai, November 13, 2019

Financial Information of subsidiary companies

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to subsidiary companies for the year ended 31 March 2019 are as follows:

(Rupees in crores except currency rates)

Particulars	Energy Transportation International Limited, Bermuda	Energy II Limited Bermuda	Essar Oilfields Services Limited, Mauritius	Essar Oilfields Services India Limited, Mumbai	Essar Shipping DMCC, Dubai	StarBit Oilfields Services India Limited India
Reporting period for the subsidiary	31 st March, 2019	31 st March, 2019	31 st March, 2019	31 st March, 2019	31 st March, 2019	31 st March, 2019
Reporting currency	US\$	US\$	US\$	INR	US\$	INR
Exchange rate as on the last date of the Financial Period	69.1713	69.1713	69.1713		69.1713	
Share capital (including share application money pending allotment)	91.49	369.49	2,507.59	2,075.02	258.31	0.05
Reserves & Surplus	(221.43)	76.65	(1,945.40)	(1,803.99)	101.50	(3.51)
Total assets	0.18	448.14	1,630.62	1,374.23	1069.28	6.52
Total liabilities	0.18	448.14	1,630.62	1,374.23	1069.28	6.52
Turnover	-	-	80.51	361.63	487.84	-
Profit / (loss) before taxation	(1.21)	15.10	(92.42)	(239.60)	58.26	(3.56)
Provision for taxation	-	-	-	-	-	-
Profit / (loss) after taxation	(1.21)	15.10	(92.42)	(239.60)	58.26	(3.56)
% of shareholding	100%	73%	100%	100%	100%	100%

Sd/-
Ranjit Singh
President & CEO

For and on behalf of the Board
Sd/-
P. K. Srivastava
Chairman
(DIN : 00843258)

Mumbai, November 13, 2019

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2018 - 19

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.

2. BOARD OF DIRECTORS

During the year 2018-19 your Company has an optimum combination of executive, non-executive and Independent Directors on the Board of Directors (hereinafter referred to as Board).

Composition, Category, Other Directorship, Membership and Chairmanship of Committees

The composition of the Board, Category of Directors, Number of Directorship, Memberships and Chairmanships in public companies as on March 31, 2019 is as follows:

Name of the Director	Category of the Director	No. of other Directorship*	Committee positions [@]	
			Chairman	Member
Mr. P. K. Srivastava	Non-Promoter Non-Executive	8	-	3
* Mr. Ranjit Singh	Non-Promoter Executive	1	-	-
Mr. N. Srinivasan	Independent Non-Executive	3	1	2
Captain Bhupinder Singh Kumar	Independent Non-Executive	8	5	1
Ms. Neelam Kapoor	Non-Promoter Non-Executive	2	-	-
Capt. Rahul Bhargava	Non-Promoter Executive	-	-	-

* Mr. Ranjit Singh ceases to act as Executive Director of the Company w.e.f. September 21, 2019 on account of completion of his term. However, he continues to act as CEO of the Company.

Exclude Directorships in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

@ Considered only Audit Committee and the Stakeholders' Relationship Committee of public limited companies.

Attendance of Directors at Board Meetings and at the last Annual General Meeting (AGM)

During the year ended on March 31, 2019, seven (7) meetings of the Board were held on May 21, 2018, May 30,

2018, August 14, 2018, September 10, 2018, November 03, 2018, January 31, 2019, March 27, 2019. The last Annual General Meeting (AGM) was held on September 26, 2018. The attendance of Directors at the Board meetings and the last AGM is as follow:

Name of the Director	Attendance at Board Meetings		Attendance at the last AGM
	Held	Attended	
Mr. P. K. Srivastava (DIN : 00843258)	7	7	No
Mr. Ranjit Singh (DIN : 07021621)	7	4	Yes
Mr. N. Srinivasan (DIN: 00004195)	7	7	Yes
Captain Bhupinder Singh Kumar (DIN : 00284649)	7	7	No
Ms. Neelam Kapoor (DIN : 07895198)	7	7	Yes
Capt. Rahul Bhargava (DIN : 07618915)	7	7	No

Separate Meeting of Independent Directors

During the Financial Year ended March 31, 2019, the Independent Directors met on January 31, 2019 and inter alia discussed the quality and timeliness of flow of information between the company management and the Board and overall performance of the Board which is essentially required for the Board to effectively and reasonably perform their duties.

Familiarization programmes for Independent Directors

The Company has a policy to keep the Independent Directors informed and updated about the business and operations of the Company as well as industries in which the Company operates, on a continuous basis. In addition to formal familiarization programmes, the interactions between various functional heads and the Independent Directors are generally facilitated on regular basis after the meetings of the Board and the Committees.

Code of Conduct

All personnel to whom the Code of Conduct is applicable have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2019. A declaration to this effect, duly signed by the CEO is annexed hereto.

3. AUDIT COMMITTEE

The Audit Committee of the Company is mandated to perform the functions specified under the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and the

Powers and Terms of Reference are in compliance with the requirements provided therein.

The detail of the composition and meetings of the Audit Committee are as follow:

Composition	Meeting Dates and Attendance				
	May 30, 2018	August 14, 2018	November 03, 2018	January 31, 2019	March 27, 2019
Mr. N. Srinivasan – Chairman	Yes	Yes	Yes	Yes	Yes
Captain Bhupinder Singh Kumar – Member	Yes	Yes	Yes	Yes	Yes
Ms. Neelam Kapoor-Member	Yes	Yes	Yes	Yes	Yes

The Managing Director/ Executive Director & CEO, Chief Financial Officer, Head – Accounts, Financial Controller, Statutory Auditors and Internal Auditors attended the Audit Committee meetings. The Company Secretary is the Secretary to the Committee.

4. NOMINATION AND REMUNERATION COMMITTEE

The terms of reference of Nomination and Remuneration Committee includes inter-alia to formulate evaluation criteria and recommend to the Board from time to time on matters such as candidates for induction on the Board, compensation structure for Managing Director/ Chief Executive Officer, Whole-time Director and Key Managerial Personnel and other Senior Executives and to administer and supervise the Employee Stock Option Scheme of the Company.

The detail of the composition and meetings of the Nomination and Remuneration Committee for the year ended March 31, 2019 are as follow:

Composition	Meeting Dates and Attendance		
	August 14, 2018	January 31, 2019	March 27, 2019
Mr. N. Srinivasan – Chairman	Yes	Yes	Yes
Captain Bhupinder Singh Kumar – Member	Yes	Yes	Yes
Mr. P. K. Srivastava – Member	Yes	Yes	Yes

Remuneration Policy

The Nomination and Remuneration Committee of the Board is constituted in compliance with the provisions of Section 178(1) of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 The Committee is fully

empowered to frame compensation structure for Directors and its review from time to time.

Remuneration to Directors is paid as determined by the Board on recommendation of the Nomination and Remuneration Committee and subject to such approval of Shareholders and Central Government as may be required in accordance with applicable provisions of the Companies Act, 2013 relating to managerial remuneration. The Company only pays sitting fees to Independent Directors and Non-executive Directors for attending meetings of the Board and Committees.

Details of Remuneration to Directors

(Amount in Rupees)

Name of Director	Basic Salary	Provident Fund	Allowances and other benefits	Sitting Fee	Total
Mr. P. K. Srivastava	-	-	-	5,60,000	5,60,000
Mr. Ranjit Singh	-	-	-	-	1,27,57,756
Capt. Rahul Bhargava*	-	-	-	-	91,05,744
Mr. N. Srinivasan	-	-	-	7,60,000	7,60,000
Captain Bhupinder Singh Kumar	-	-	-	12,00,000	12,00,000
Ms. Neelam Kapoor	-	-	-	-	-

During the year under review, no stock options were granted to any Director or employee of the Company. No Shares or Convertible Instruments are held by any Members of the Board except the Stock Options granted to the Executive Director(s) of the Company and its subsidiaries pursuant to the, 'Essar Shipping Employees Stock Option Scheme – 2011'.

Performance Evaluation of Board and Directors

The Company has detailed policy on performance evaluation of the Board and individual Directors clearly setting the parameters for performance evaluation of Board and Directors.

Criteria for evaluation

Evaluation of Board as a whole

The Independent Directors and the Nomination and Remuneration Committee while undertaking the Board evaluation decide on the criteria of evaluation of the Board and its Committees which among others include:

- the extent to which the Board and its Committees are successful in fulfilling their key roles and responsibilities.

- the extent to which individual directors contribute to the achievement of these objectives.
- the extent to which the Board and its Committees adhere to best practices in structure and procedure.
- the Committee will consider the balance of skills, experience, independence and knowledge requirements at Essar Shipping Ltd. Board and the diversity representation of the Board, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness.

Non Executive Directors

The criteria for evaluation of Non-executive Directors are determined by the Nomination and Remuneration Committee. However, the actual evaluation process remains confidential and shall be a constructive mechanism to improve the effectiveness of the Board/Committees. An indicative list of factors that may be evaluated as part of this exercise is:

- Participation in meetings and contribution by director
- Commitment including guidance provided to senior management executives outside of Board / Committee meetings
- Effective deployment of expertise and knowledge
- Effective management of relationship with stakeholders
- Integrity and maintenance of confidentiality
- Independence of behavior and judgement
- Impact and influence.

Executive Directors/ Managing Director

Balance Score Card is derived from Annual Business Plan and goals are aligned and cascaded across the organization, and linking to every Executive Director's performance. Assessment parameters are defined for each of the goals and performance will be measured against the goals at the end of each financial year. The compensation is finalized by the Nomination and Remuneration Committee based on evaluation of the individual director and the performance of the Company.

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee of the Board is constituted in compliance with the provisions of Section 178(5) of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015. The Committee is fully empowered to consider and resolve grievances of security holders of the Company including complaints related to

transfer of shares, non-receipt of Annual Report, Notices and other interests of the security holders. Periodic reports are placed for review by the Committee. The Stakeholders' Relationship Committee comprises Captain B.S. Kumar, *Mr. P. K. Srivastava and Ms. Neelam Kapoor.

* Mr. Ranjit Singh, President & CEO of the Company who was executive Director and CEO of the Company ceases to be executive Director of the Company on account of completion of term w.e.f. September 21, 2019, owing to which there was need to re-constitute stakeholders relationship Committee and in view of the same Board of Directors at their meeting held on November 13, 2019, has elected Mr. P. K. Srivastava as member of stakeholders relationship Committee.

Captain B. S. Kumar, Non-executive Independent Director of the Company is heading the Committee as Chairman of the Committee and Company Secretary of the Company is Compliance Officer. During the year ended on March 31, 2019, four (4) meetings of the Committee were held on May 30, 2018, August 14, 2018, November 03, 2018 and February 02, 2019. The Company received a total of 199 complaints during the year 2018-19. All the complaints received during the year were redressed and no complaint was outstanding as on March 31, 2019.

6. GENERAL BODY MEETING

Details of last three Annual General Meetings

Financial Year	Meeting, Financial Year, Date and Time	Location and Nature of Transaction
2017-18	8th AGM on September 26, 2018	Registered office of the Company, DevBhumi Dwarka, Gujarat Special Resolution passed in respect of following matters: <ul style="list-style-type: none"> - Approval for Related Party Transactions of the Company : Approved - Appointment of N Srinivasan as Non-Executive Director of the Company : Approved - Mr. Ranjit Singh Executive Director & CEO appointed as Additional Director under Executive Category - Reappointment of Neelam Kapoor as Non-Executive Director of the Company. - Appointment and approval of Remuneration of Capt. Rahul Bhargava as Director of the company - Increase In Authorized Share Capital and Re-classification of share capital and change in MOA of the company.

2016-17	7th AGM on December 29, 2017 at 2:00 pm	<p>Registered office of the Company, DevBhumi Dwarka, Gujarat</p> <p>Special Resolution passed in respect of following matters:</p> <ul style="list-style-type: none"> - Approval for Related Party Transactions of the Company - Approved - Appointment/ Reappointment of the Independent Directors for the term of 5 years from the date of ensuing General Meeting - Approved - Confirmation of appointment and remuneration of Mr. Ranjit Singh (DIN: 07021621), Executive Director and CEO, who was appointed during the year as Additional Director under Executive Category - Approved - Confirmation of appointment and remuneration of Ms. Neelam Kapoor (DIN: 07895198) as Director of the Company under Non-Executive Category, who was appointed as Additional Director during the Year under Non-Executive Category - Approved - Confirmation of appointment and remuneration of Capt. Rahul Bhargava (DIN: 07618915) as Director of the Company under Executive Category, who was appointed as Additional Director during the Year under Executive Category - Approved - Increase the Authorized share capital, re-classification of Share Capital and change in Memorandum and Articles of Association of the Company accordingly - Approved.
2015-16	6th AGM on August 10, 2016 at 2:00 pm	<p>Registered office of the Company, Jamnagar, Gujarat</p> <p>Special Resolution passed in respect of following matters:</p> <ul style="list-style-type: none"> - Approval for Related Party Transactions of the Company - Approved - Approval for sale of upto 51% shares in Arkay Logistics Limited (wholly owned subsidiary) - Approved - Authorization to Board of Directors to fix charges for service of documents to member(s) through any particular mode - Disapproved

DISCLOSURE

- a) There were no transactions of material nature with its Promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. However, the Company has annexed to the accounts a list of related parties as per IndAS-24 and the transactions entered into with them.
- b) There were no instances of non-compliances nor have any penalties, structures been imposed by Stock Exchanges or SEBI or any statutory authority during the last 3 years on any matter related to capital markets.
- c) The senior management has made disclosures to the Board relating to all material financial and commercial transactions stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.
- d) The Company has established a vigil mechanism (Whistle Blower Policy) for Directors and employees to report genuine concerns. The Whistle Blower Policy provides for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. No personnel has been denied access to the audit committee. A copy of the Whistle Blower Policy is available on the website of the Company: www.essar.com.
- e) The CEO and the Chief Financial Officer have provided the Compliance Certificate to the Board of Directors as per regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2011 for the Financial Year Ended March 31, 2019.

Risk Management

The company has a Risk Management Policy Framework for risk identification, assessment and control to effectively manage risks associated with the business of the company. The Company has Risk Management Committee comprising of two Directors of the Company and Chief Financial Officer.

Internal Finance Control and Risk Management Systems

The Company has a well-established framework of internal operational and financial controls, including suitable monitoring procedures systems which are adequate for the nature of its business and the size of its operations. The policies and procedures adopted by the Company ensure the orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information. In addition to the external audit, the

financial and operating controls of your Company are reviewed by Internal Auditors, who report their observations to the Audit Committee of the Board.

Subsidiary Monitoring Framework

All the subsidiary companies of the company are managed by their Board of Directors having the right and obligations to manage such Companies in the best interest of their stakeholders. As a majority Shareholder, the company at times nominates its representatives on the Boards of subsidiary companies and monitors the performance of such Companies, *inter-alia*, by the following means:

- Mr. N. Srinivasan and Captain B. S. Kumar, Independent Directors of Essar Shipping Limited and Mr. P.K. Srivastava are on the Board of OGD Services Limited (formerly known as Essar Oilfields Services India Limited), a material non-listed Indian subsidiary;
- The copies of the Minutes of the meetings of the Board of Directors of all the subsidiary companies are tabled before the Company's Board on Quarterly Basis;
- A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board; and
- Financial Results summary are also tabled before the Company's Board on quarterly basis.

8. MEANS OF COMMUNICATION

Financial Results and other Information about the Company	The Quarterly and Annual Financial Results are displayed on the Company's website: www.essar.com . Published in newspapers such as Business Standard and Jai Hind.
Presentation to Institutional Investors and to the Analyst	Press releases and presentations made to Institutional Investors and Analysts are displayed on the Company's website: www.essar.com
Management Discussion & Analysis	Forms part of the Annual Report, which is mailed to the Shareholders of the Company

First Quarter Results	On or before August 14, 2018
Second Quarter Results	On or before November 14, 2018
Third Quarter Results	On or before February 14, 2019
Annual Results for the Year	On or before May 30, 2019

9. GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting details

Date	December 23, 2019
Venue	EBTSL Premises, ER-2 Building (Admn. Building), Salaya, 44 Km, P.O. Box No. 7, Taluka Khambhalia, Devbhumi Dwarka, Gujarat – 361305
Time	10:30 a.m.
Book Closure Dates	December 17, 2019 to December 23, 2019 (Both days inclusive)

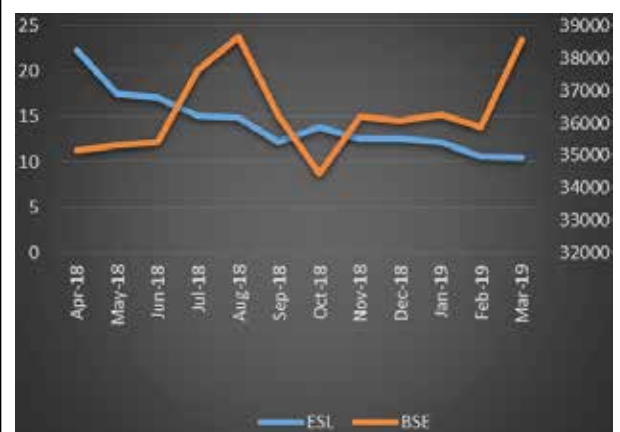
Financial year: 1st April to 31st March

Listing on Stock Exchanges: The Ordinary Shares of the Company are listed and available for Trading on BSE Limited and the National Stock Exchange of India Limited. The Secured Non-convertible Debentures of the Company are listed on wholesale Debt Segment of the National Stock Exchange of India Limited (INE282A07039 and INE282A07047). The details of Stock Exchange and Securities listed are provided below:

National Stock Exchange of India Ltd.
Exchange Plaza,
Bandra Kurla Complex, Bandra East
Mumbai – 400 051
Code: ESSARSHPNG

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai – 400 001.
Code: 533704

Performance of share price in comparison to BSE Sensex



Performance of share price in comparison to Nifty



The applicable listing fees have been paid to respective stock exchanges.

Market price data (High/Low) during each month in the Year 2018-19

BSE Limited			National Stock Exchange of India Limited		
Month	Highest	Lowest	Month	Highest	Lowest
April 2018	24.95	21.35	April 2018	22.75	22.25
May 2018	24	16	May 2018	18.3	17.4
June 2018	19.25	16.7	June 2018	17.65	16.45
July 2018	17.1	13.9	July 2018	15.35	14.75
August 2018	16.05	14.5	August 2018	15.15	14.6
September 2018	15.99	12.1	September 2018	13.85	12.3
October 2018	15	11.5	October 2018	14.35	13.2
November 2018	14.49	12.4	November 2018	12.8	12.55
December 2018	13.8	12	December 2018	12.9	12.5
January 2019	13.9	10.76	January 2019	13	12.1
February 2019	12.75	8.26	February 2019	10.75	10.05
March 2019	12.2	9.55	March 2019	10.7	10.1
Scrip Code: 533704			Scrip Code: ESSARSHPNG		

Registrars and Share Transfer Agents

DSRC

19, Pycrofts Garden Rd, Off. Haddows Road,

Nungambakkam, Chennai-600006

Tel: (044) 2821 3738, 2821 4487

Fax: (044) 2821 4636

E-mail: essar.shipping@dsrc-cid.in

Share Transfer System

The Share transfers are registered within an average period of 15 days. Presently the Company dematerialises the Shares after getting the dematerialisation requests being generated by the Depository Participant.

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 72 of the Companies Act, 2013 are requested to submit to the R&T Agent of the Company the prescribed nomination form.

Distribution of Shareholding as on March 31, 2019

No. of Equity Shareholders	No of Shareholders	% of Shareholders	Total No of Shares	% of Holding
Upto 5000	87239	4.50	9313319	4.49
5001 to 10000	149	0.54	1124846	0.54
10001 to 20000	85	0.61	1260646	0.60
20001 to 30000	32	0.38	794810	0.38
30001 to 40000	24	0.41	844746	0.40
40001 to 50000	18	0.39	815307	0.39
50001 to 100000	42	3.69	7635182	3.68
100001 and above	16	89.47	185187216	89.47
Total	87605	100.00	206976072	100.00

Dematerialisation of Shares as on March 31, 2019

Mode	No. of Shares	No. of Folio	%
Physical	22,81,100	46530	1.10
Demat	20,46,94,972	39456	98.90
TOTAL	20,69,76,072	85986	100.00

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on Equity

As on March 31, 2019, the total outstanding Foreign Currency Convertible Bonds (FCCB) were 2400, 5% FCCBs (Series A and Series B) aggregating to USD 240,000,000. Series A FCCBs due on 24th August, 2015 extended to 24th August, 2017 and Series B FCCBs due on 24th August, 2019. (These FCCBs of Series A and Series B has further been extended for the period of 2(two) years and the approval for the extension is pending from Reserve Bank of India). These FCCBs are convertible into 122,852,787 equity shares of Rs. 10 each of the Company at a conversion rate of Rs. 91.70 per equity share at a fixed exchange rate of Rs. 46.94.

Compliance Officer: Company Secretary

Designated Email ID for Investors/Members:

esl.secretarial@essarshipping.co.in

Registered Office:

EBTSL Premises, ER-2 Building (Admn. Bldg), Salaya, 44 KM, P.O. Box No. 7, Taluka Khambalia, Devbhumi Dwarka, Gujarat - 361 305

Corporate Office:

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

Tel : (022) 6660 1100, Fax: (022) 2354 4312

Email: esl.secretarial@essarshipping.co.in

Secretarial Audit

A qualified Practising Company Secretary (V.Mahesh & Associates) carries out secretarial audit on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services 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 dematerialized shares held with NSDL and CDSL.

M/s Martinho Ferrao & Associates, Practicing Company Secretaries has conducted the secretarial Audit for the Financial Year 2018-19. The Secretarial Audit Report is annexed with the Directors' Report.

Further, Certificate from M/s Martinho Ferrao & Associates, Practicing Company Secretaries, has been obtained pursuant to regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which is annexed with the Directors' Report.

10. STATUS OF COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

The Company continuously strives towards improving its Corporate Governance practices. Whilst your Company is fully compliant with the mandatory requirements of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, The status of compliance of non-mandatory requirements under SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 is as follow:

The Board

Mr. P. K. Srivastava, a Non-Executive Chairman is entitled to and also allowed reimbursement of expenses incurred in

performance of his duties.

Shareholder Rights

The financial results of the Company for every quarter are extensively published in the newspapers and are also uploaded on the Company's website. The same are also sent to the shareholder on request.

Separate posts of Chairman and Executive Director & CEO

Mr. P. K. Srivastava holds the office of Chairman of the Company and Mr. Ranjit Singh holds the office of President & CEO.

Key Managerial Personnel

In accordance with the Section 203 of the Companies Act, 2013 and Rules made thereunder, the following persons are appointed as Key Managerial Personnel of the Company:

- a) Mr. Ranjit Singh*, President and CEO
- b) Mr. Ketan Shah**, Chief Financial Officer
- c) Ms. Jyotsna Gupta***, Company Secretary

*Ceases to be Executive Director of the Company w.e.f. September 21, 2019 on account of completion of term, but continue to be CEO of the Company.

**appointed w.e.f February 02, 2019 in place of Mr. Sandeep Akolkar who ceased to act as Chief Financial Officer of the Company w.e.f January 31, 2019

*** appointed w.e.f July 02, 2019 in place of Mr. Awaneesh Srivastava, who ceased to act as Company Secretary of the Company w.e.f July 01, 2019

Reporting of Internal Auditor

The Internal auditor reports directly to the Audit Committee.

DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT TO THE MEMBERS OF THE ESSAR SHIPPING 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/Regulation 34(3), Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2019.

Sd/-

Ranjit Singh

President & CEO

Place: Mumbai

Date: November 13, 2019

Independent Auditor's certificate on corporate governance

To the members of,

Essar Shipping Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 20 November 2018
2. We, C N K & Associates LLP, Chartered Accountants, the statutory auditors of Essar Shipping Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended 31 March 2019, as stipulated in Regulation 17 to 27 and clause (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

Management's Responsibility for compliance with the conditions of SEBI Listing Regulations

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes design, implementation and maintenance of internal control, relevant records, documents and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.
5. Pursuant to the requirements of the SEBI Listing Regulations, it is our responsibility to provide a reasonable assurance whether the company has complied with the conditions of Corporate Governance as stipulated in SEBI Listing Regulations for the year ended 31 March 2019.
6. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
7. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note

on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.

Opinion

9. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V of the SEBI Listing Regulations during the year ended 31 March 2019.
10. We 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.

Restriction of Use

This certificate is issued to the members of the Company solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose. Accordingly we do not accept or assume any liability or any duty of care for any other purpose or any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For C N K & Associates LLP

Chartered Accountants

Firm Registration No. 101961 W/W-100036

Sd/-

Himanshu Kishnadwala

Partner

Membership No. 37391

Place: Mumbai

Date: 30 May, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Essar Shipping Limited

Report on the Audit of the Standalone financial Statements Opinion

We have audited the standalone financial statements of Essar Shipping Limited ("the Company"), which comprises of the balance sheet as at 31 March 2019, the standalone statement of Profit and Loss (including Other Comprehensive Income), standalone statement of cash flows and the standalone statement of changes in equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, the loss (financial position including Other Comprehensive Income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Material Uncertainty Related to Going Concern

We draw attention to Note No. 29 to the standalone financial statements, which indicates that as on 31 March 2019 the Company has accumulated losses of Rs.5,016.11 crore as against capital and reserves of Rs.5,214.83 crore. The Company has also defaulted on several loans. The Company's current liabilities exceed its current assets as on 31 March 2019. This indicates that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. The Company however has represented that, as mentioned in Note no. 29, necessary steps have been taken to meet liabilities as and when they become due for payment.

Our opinion on the standalone financial statements is not modified for the above matter.

Emphasis of Matter

We draw attention to Note No. 19 of the standalone audited Ind AS financial statements wherein the Company had recognized revenue in the previous year amounting to Rs. 369.81 crore (including accrued interest upto 31 March 2018) based on compensation granted to the Company by arbitration proceedings for breach of contract terms by a charterer and the same remains outstanding as on 31 March 2019. The Company is confident of full recovery of its claims. However pending conclusion of the same, no further interest is accrued on the income.

Our opinion on the standalone financial statements is not modified for the above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Material Uncertainty Related to Going Concern paragraph, we have determined the matters described below to be the key audit matters to be communicated in our report:

Key Audit Matter	Auditor's Response
<p><u>Impairment of Investments</u></p> <p>The Company had investments of Rs.3,324.58 crore in one of its subsidiaries as at 31 March 2019. Following an internal management review including a process of validating various operational assumptions impacting the estimated future cash flows from that subsidiary, the Company has assessed these investments. An impairment provision of Rs.1,400 crore has been recorded to reduce the carrying value of the investment to its recoverable value on the basis of an independent external valuer's report.</p>	<p>Our procedures in relation to management's impairment assessment of investments in subsidiary included:</p> <ol style="list-style-type: none"> 1. Assessing the assumptions and methodologies used by the external valuer to estimate recoverable value; 2. Evaluating the independent external valuer's competence, capabilities and objectivity; 3. Considering the potential impact of possible downside changes in the key assumptions; 4. Compliance with Ind AS 36 on 'Impairment of Assets'. <p>We found the key assumptions were supported by the available evidence. Based on the audit procedures performed, we found disclosures in Note No. 3 of the standalone financial statements to be appropriate.</p>
<p><u>Uncertainty regarding amounts payable to lenders where there are defaults</u></p> <p>The Company has loans of Rs. 863.74 crore (excluding interest) overdue to various lenders as on 31 March 2019. The management of the Company plans to repay the loans within acceptable timeline to each of these lenders.</p>	<p>Our audit included but was not limited to the following activities:</p> <ol style="list-style-type: none"> 1. Requested and obtained external confirmation of balances from each of these lenders to confirm the balance outstanding as on 31 March 2019; 2. Obtained and evaluated the Company's plans to repay these loans, (with interest) through management letters and the extent of steps taken through the minutes of the board meetings.

Information other than the Standalone financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises of the information included in the Annual Report including its annexures, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our independent auditor's report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact.

Responsibilities of the management and those charged with governance for the Standalone financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's management and Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are

appropriate in the circumstances. Under section 143(3) (i) of the Act, we are not responsible for expressing our opinion on whether the company has adequate internal financial control systems in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - The Balance Sheet, the standalone Statement of Profit and Loss including other comprehensive income, standalone statement of changes in equity and the standalone Cash Flow Statement dealt with by this Report are in agreement with the relevant books of accounts.
 - In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - The Going Concern matter described under the Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

g. With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197, read with Schedule V of the Act.

i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- The Company does not have any pending litigations on its financial position in its standalone financial statements, other than as mentioned in Note No. 23 to the standalone financial statements.
- The Company did not have any long-term contracts including derivative for which there were any material foreseeable losses.
- The Company is not required to transfer any amount to the Investor Education and Protection Fund during the ended 31 March 2019.

For C N K & Associates LLP

Chartered Accountants

Firm Registration No.: 101961 W/W - 100036

Himanshu Kishnadwala

Partner

Membership No. 37391

Place: Mumbai

Date: 30 May 2019

Annexure – A to the Independent Auditor's Report

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

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of property, plant and equipment.
- (b) As per the information and explanations provided to us, the management has carried out the physical verification of property, plant and equipment during the year, in accordance with a program of verification, which in our opinion provides physical verification of all assets at reasonable intervals. No material discrepancies have been noticed on such verification;
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, it has proper title of the immovable property in the name of the Company.
- (ii) As informed to us, the inventory has been physically verified by the Management at reasonable intervals during the year and no material discrepancies have been noticed on such verification;
- (iii) In our opinion and according to the information and explanations given to us and on the basis of documents verified by us, the Company has not granted any loans, secured or unsecured, during the year, to any party covered in the register maintained under Section 189 of the Act. Accordingly, clause 3(iii) of the Order is not applicable to the Company;
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and securities, as applicable;
- (v) According to the information and explanations provided to us, the Company has not accepted any deposits to which directives of the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under apply. Accordingly, the provisions of clause 3 (v) of the Order are not applicable to the Company.
- (vi) According to the information and explanations provided to us, the Company is not required to maintain cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of section 148 of the Act;
- (vii) (a) According to the information and explanation provided to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing undisputed statutory dues including provident fund, duty of customs, service tax, value added tax and other material statutory dues as applicable with appropriate authorities. However delays in deposits of tax deducted at source and Goods and Services Tax and profession tax and provident fund were observed ranging from 1 to 1461 days and 1 to 6 days and 18 to 262 days and 1 to 639 days respectively. The extent of arrears of Goods and Services Tax and provident fund outstanding as at 31 March 2019 for a period of more than six months from the date the same became payable is Rs.10.20 crore & Rs.0.21 crore respectively.
- (b) According to the information and explanations provided to us and the records of the company examined by us, the particulars of dues of Income Tax, Service tax, Duty of Customs and Duty of Excise or value added tax or cess as at 31 March 2019 which have not been deposited on account of a dispute, are as follows: (Rs. In crore)

Name of the Statute	Nature of Dues	Amount	Period to which the amount relates	Forum where the matter is pending
Income Tax Act, 1961	Income Tax	7.29	A.Y. 1993-94	The High Court of Bombay
Income Tax Act, 1961	Income Tax	14.99*	A.Y. 2011-12	ITAT(A) filed
Income Tax Act, 1961	Income Tax	25.38*	A.Y. 2012-13	CIT- Appeals
Income Tax Act, 1961	Income Tax	41.99	A.Y. 2013-14	ITAT(A) filed
Income Tax Act, 1961	Income Tax	45.40	A.Y. 2014-15	CIT- Appeals
Income Tax Act, 1961	Income Tax	41.86	A.Y. 2015-16	CIT- Appeals

Foreign Trade (Development and Regulation Act, 1992)	Custom Duty	27.40	A.Y. 2006-07	The High Court of Bombay
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* The income tax department has adjusted refund of Rs 35.71 Cr against the demand of the respective assessment years.

- (viii) According to the records of the Company examined by us and the information and explanations given to us, except for the loans, borrowings and dues mentioned in the below table, the Company has not defaulted in repayment of loans and borrowings to Financial Institution, banks, government or dues to Debenture holders as at the balance sheet date:

Lender Name	Amount of Default as at the balance sheet date	Period of Default
Debenture Holders		
Life Insurance Corporation	700.00	1 to 1401 days
CSEB (Chattisgarh State Electricity Board) Gratuity and Pension fund Trust	14.00	1 to 535 days
MTNL – Employees Provident Fund Trust	1.25	1 to 641 days
Banks		
State bank of Patiala	35.29	1 to 396 days
Syndicate Bank	61.91	1 to 1249 days
Financial Institutions		
IGOF	25.00	1 to 1430 days
ILFS	3.50	1 day
Total	840.95	

- (ix) According to the records of the Company examined by us and the information and explanation provided to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments);
- (x) According to the information and explanations provided to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit;

- (xi) In our opinion and according to the information and explanations provided to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act;
- (xii) In our opinion and according to the information and explanations provided to us, the Company is not a Nidhi company and accordingly, the provisions of clause 3 (xii) of the Order are not applicable to the company;
- (xiii) According to the records of the Company examined by us and the information and explanation provided to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details thereof have been disclosed in the standalone financial statements under Note No. 28 to the standalone financial statements as required by the applicable Indian accounting standards.;
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review under section 42 of the Act. Accordingly, the provisions of clause 3(xiv) are not applicable to the Company;
- (xv) According to the information and explanations provided to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, clause 3(xv) of the Order is not applicable to the Company;
- (xvi) According to information and explanation given to us, the Company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi) of the Order is not applicable to the Company.

For C N K & Associates LLP

Chartered Accountants

Firm Registration No.: 101961 W/W - 100036

Himanshu Kishnadwala

Partner

Membership No. 37391

Place: Mumbai

Date: 30 May 2019

Annexure - B to the Independent Auditors' Report of even date on the standalone financial statements of Essar Shipping Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

We have audited the internal financial controls with reference to financial statements of **Essar Shipping Limited** ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control with respect to financial statements based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted

accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the

possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For C N K & Associates LLP*Chartered Accountants*

Firm Registration No.: 101961 W/W - 100036

Himanshu Kishnadwala

Partner

Membership No. 37391

Place: Mumbai

Date: 30 May 2019

Balance Sheet as at 31 March 2019

		(₹ in crore)	
Particulars	Note no.	As at 31 March 2019	As at 31 March 2018
ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	2	842.38	914.17
(b) Investments	3	3,017.37	4,417.37
(c) Financial assets			
- Other financial assets	4 (d)	19.50	-
(d) Other non-current assets	5	7.45	17.01
		3,886.70	5,348.55
2 Current assets			
(a) Inventories	6	11.58	13.93
(b) Investments	3	0.01	-
(c) Financial assets			
i. Trade and other receivables	4 (a)	39.92	56.36
ii. Cash and bank balances	4 (b)	7.25	30.44
iii. Loans	4 (c)	19.57	23.01
iv. Other financial assets	4 (d)	446.30	371.66
(d) Other current assets	7	85.27	58.49
(e) Asset classified as held for sale	8	-	65.38
		609.90	619.27
TOTAL ASSETS		4,496.60	5,967.82
EQUITY AND LIABILITIES			
1 Equity			
Equity share capital	9 (a)	206.98	206.98
Other Equity			
Reserves and surplus	9 (b)	(8.26)	1,583.81
		198.72	1,790.79
Liabilities			
2 Non-current liabilities			
Financial liabilities			
Borrowings	10 (a)	2,261.63	2,051.25
		2,261.63	2,051.25
3 Current liabilities			
Financial liabilities			
i. Trade payables			
- Total outstanding dues to micro and small enterprises	10 (a)	0.00	0.19
- Total outstanding dues to creditors other than micro and small enterprises	10 (b)	133.46	120.56
ii. Other financial liabilities	10 (c)	1,537.73	1,623.10
Employee benefit obligations	11	5.19	6.13
Other current liabilities	12	359.87	375.80
		2,036.25	2,125.78
Total liabilities		4,297.88	4,177.03
TOTAL EQUITY AND LIABILITIES		4,496.60	5,967.82

See accompanying notes forming part of the standalone financial statements

As per our attached report of even date

For and on behalf of the Board

For C N K & Associates LLP
Chartered AccountantsRanjit Singh
Executive Director
and Chief Executive
Officer
(DIN: 07021621)N. Srinivasan
Director
(DIN: 00004195)

Himanshu Kishnadwala

Ketan Shah
Chief Financial
Officer

Awaneesh Srivastava

Partner
Membership No.37391
Mumbai
30 May 2019Mumbai
30 May 2019Company Secretary
Membership No.FCS 8513

Standalone Statement of Profit and Loss for the year ended 31 March 2019

		(₹ in crore)	
Particulars	Note no.	Year ended 31 March 2019	Year ended 31 March 2018
Income			
Revenue from operations	13	491.92	643.41
Other income	14	43.12	60.14
Total		535.04	703.55
Expenses:			
Operating expenses	15	294.11	372.20
Employee benefits expense	16	65.43	94.28
Finance costs	17	206.17	265.24
Depreciation	2	103.33	125.04
Other expenses	18	58.04	21.69
Total expenses		727.08	878.45
Loss before exceptional items and tax		(192.04)	(174.90)
Exceptional items			
Income		-	369.81
Expenses	19	(1,400.00)	(145.50)
Loss after exceptional items and before tax		(1,592.04)	49.41
Current tax	20	(1.45)	(3.24)
Profit / (Loss) for the year after exceptional items		(1,593.49)	46.17
Items that will not be reclassified subsequently to profit and loss account			
Actuarial Gain / (Loss)		1.42	0.75
Total other comprehensive Gain / (Loss) for the year		1.42	0.75
Total comprehensive Profit / (Loss) for the year		(1,592.07)	46.92
Earnings per share before exceptional items (EPS)		(9.35)	(8.61)
(b) Diluted (in		(9.35)	(8.61)
Earnings per share after exceptional items (EPS)		(76.99)	2.23
(b) Diluted (in		(76.99)	2.23

See accompanying notes forming part of the standalone financial statements

As per our attached report of even date

For C N K & Associates LLP
Chartered Accountants

Firm Registration No. : 101961 W/W-100036

Himanshu Kishnadwala

Partner
Membership No.37391
Mumbai
30 May 2019

Ranjit Singh
Executive Director
and Chief Executive
Officer
(DIN: 07021621)

Ketan Shah
Chief Financial
Officer

Mumbai
30 May 2019

For and on behalf of the Board

N. Srinivasan
Director

(DIN: 00004195)

Awaneesh Srivastava
Company Secretary
Membership No.FCS 8513

Standalone Statement of Cash Flows for the year ended 31 March 2019

Particulars	Year ended 31 March 2019 ₹ in crore	Year ended 31 March 2018 ₹ in crore
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	(1,592.04)	49.41
Adjustments for :		
Exceptional Items		
- Arbitration award	-	(369.81)
- Impairment of Investment in subsidiary	1,400.00	67.66
- Impairment of Asset held for sale	-	77.84
Depreciation	103.33	125.04
Finance costs	206.17	265.24
Interest income	(4.82)	(45.65)
Profit on assets sold / disposed off	(3.44)	(10.29)
Gain on buy-back of equity shares by a subsidiary	-	(6.95)
Unrealised foreign exchange loss /(gain)	34.51	5.79
Operating profit before working capital changes	143.71	158.28
Changes in working capital:		
(Increase) / Decrease in inventories	2.35	(1.44)
(Increase) / Decrease in trade receivables, loans and advances and other assets	5.13	51.39
Increase / (Decrease) in trade payables, other liabilities and short term provisions	(10.86)	(92.26)
Cash generated from operations	140.33	115.96
Income taxes refunded / (paid), net	(10.29)	(4.88)
Net cash generated from operating activities	130.04	111.08
B. CASH FLOW FROM INVESTING ACTIVITIES		
Expenditure on property, plant and equipment	(31.55)	(33.80)
Proceeds from sale of property, plant and equipment	68.15	227.30
Investment in mutual fund	(0.01)	-
Advance received / (refunded) against asset sale	-	330.21
Security deposit received	-	130.00
Security deposit refunded	-	(14.23)
Fixed deposits placed for a period of more than three months	(1.55)	-
Proceeds from redemption of investments in a subsidiary	-	148.53
Proceeds from sale of investments	-	30.32
Fixed deposits matured for a period of more than three months	-	11.02
Interest received	4.82	0.18
Net cash (used in) / generated from investing activities	39.86	829.53
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of intercorporate deposits	(13.89)	(271.00)
Repayment of long-term loans	(61.10)	(396.32)
Repayment of short-term loans	-	(53.76)
Repayment of finance lease obligations	(4.16)	(11.63)
Finance costs paid	(95.99)	(203.77)
Net cash used in financing activities	(175.14)	(936.48)

INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(5.24)	4.13
Unrealised foreign currency loss on cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	9.39	5.26
Cash and cash equivalents at the end of the year (refer note 4(b))	4.15	9.39
Note:		
Reconciliation between cash and cash equivalents and cash and bank balances.		
Particulars	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents as per cash flow statement	4.15	9.39
Add: Margin money deposits not considered as cash and cash equivalents as per Ind AS-7	22.60	21.05
Cash and bank balances (Restricted and Unrestricted)	26.75	30.44

Notes to the statement of cash flows and disclosure of non cash transactions:

- 1) The statement of cashflow is prepared in accordance with the format prescribed as per Ind-AS 7
- 2) In Part-A of Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in bracket indicate cash outflows.

See accompanying notes forming part of the standalone financial statements

As per our attached report of even date

For C N K & Associates LLP
Chartered Accountants

Firm Registration No. : 101961 W/W-100036

Himanshu Kishnadwala

Partner
Membership No.37391
Mumbai
30 May 2019

Ranjit Singh
Executive Director
and Chief Executive
Officer
(DIN: 07021621)

Ketan Shah
Chief Financial
Officer
Mumbai
30 May 2019

For and on behalf of the Board

N. Srinivasan
Director

(DIN: 00004195)

Awaneesh Srivastava
Company Secretary
Membership No.FCS 8513

Standalone Statement of Changes in Equity for the year ended 31 March 2019

A. Equity Share Capital		Equity Share Capital ₹ in crore
Particulars		
Balance as on 1 April 2017		206.98
Additions during the year		-
Balance as on 31 March 2018		206.98
Additions during the year		-
Balance as on 31 March 2019		206.98

B. Other Equity		₹ in crore						
Particulars	Equity component of foreign currency convertible bonds	Other equity						Total equity
		Securities Premium	Retained Earnings	Debt Redemption Reserve	Share options outstanding reserve	Tonnage tax (utilised) reserve	Tonnage tax reserve	
Balance as on 1 April 2017	27.70	3.36	(3,450.32)	55.00	0.61	-	45.00	1,515.02
Additions during the year	-	-	(46.17)	46.17	-	33.00	(33.00)	21.87
Unwinding of discounted liability	(27.70)	-	27.70	-	-	-	-	-
Profit for the year	-	-	46.17	-	-	-	-	0.75
Balance as on 31 March 2018	-	3.36	(3,422.62)	101.17	0.61	33.00	12.00	1,583.81
Additions during the year	-	-	-	-	-	-	56.00	-
Unwinding of discounted liability	-	-	-	-	-	-	-	-
Loss for the year	-	-	(1,593.49)	-	-	-	-	1.42
Balance as on 31 March 2019	-	3.36	(5,016.11)	101.17	0.61	33.00	68.00	(8.26)

* Foreign currency monetary Items translation differences account (FCMITDA)

Foreign currency losses relating to monetary items denominated in foreign currencies are accumulated in the FCMITDA and amortised over the term of the related monetary liabilities
Refer note 9(b) for details on other reserves

See accompanying notes forming part of the standalone financial statements

As per our attached report of even date

For and on behalf of the Board

For CN K & Associates LLP
Chartered Accountants
Firm Registration No. : 101961 W/W- 100036

Ranjit Singh
Executive Director
and Chief Executive Officer
(DIN: 07021621)

N. Srinivasan
Director
(DIN: 00004195)

Himanshu Kishnadwala
Partner
Membership No.37391
Mumbai
30 May 2019

Ketan Shah
Chief Financial Officer
Mumbai
30 May 2019

Awaneesh Srivastava
Company Secretary
Membership No.FCS 8513

Notes forming part of the Standalone Financial Statements

Corporate information

Essar Shipping Limited (“the Company”) was incorporated in September 2010 and is listed on the Bombay Stock Exchange and National Stock Exchange in India. The Company is mainly engaged in fleet operating and chartering activities and operates international and coastal voyages. The Company has also directly and/or through its subsidiaries and associates invested in diverse business verticals viz. Fleet operating and chartering (tankers and dry bulkers), Oilfields services (land rigs and semi- submersible rig) and logistics services (trucks, trailers and tippers). The place of business of the Company is in Mumbai, India.

1. Significant accounting policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (hereinafter referred to as Ind-AS) notified under section 133 of Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The company’s presentation and functional currency is Indian Rupees. All amounts in these financial statements, except per share amounts and unless as stated otherwise, have been rounded off to two decimal places and have been presented in crores.

All accounting policies used in the preparation of these financial statements are consistent with those used in the previous year.

Authorisation of Financial Statements: The Financial Statements were authorized for issue in accordance with a resolution of the Board of Directors in its meeting held on 30 May 2019.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities including derivative instruments are measured at fair value.
- Assets held for sale are measured at the lower of carrying value and fair value less costs to sell.
- Defined benefit plans where plan assets measured at fair value.

Going concern basis of accounting

These accounts have been prepared on a going concern basis.

In assessing the Company’s going concern status, the Management has taken account of:

- the financial position of the Company;
- anticipated future trading performance;
- its bank and other facilities, including facilities in default, or due to expire within the next 12 months;
- its capital investment plans;
- the likelihood of any material adverse legal judgments.

Refer Note 29 for further details.

b) Use of estimates

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

Critical estimates and judgments

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgment are:

Estimation of Defined benefit obligation - refer note 11

Estimation of current tax expenses and Payable - refer note 20

Useful lives of property, plant and equipment- refer note 2

Impairment of investments in subsidiaries- refer note 3

Going Concern- refer note 29

Contingent Liabilities – refer note 23

Fair Value measurement of financial instrument – refer note 21

c) Current versus non-current classification

The company presents assets and liabilities in the standalone balance sheet based on current/ non-current classification.

All the assets and liabilities have been classified as current/non-current as per the Company's normal operating cycle and other criteria set out in Division II to Schedule III of the Companies Act, 2013.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

d) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

The cost of an item of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure including brokerage and start-up costs on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying assets up to the date the asset is ready for its intended use.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

When significant parts of PPE are required to be replaced at intervals, company depreciates them separately based on their specific useful lives.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and changes if any are accounted in line with revisions to accounting estimates.

Capital Work in Progress:

Capital work in progress is stated at cost, net of impairment losses, if any.

Depreciation:

Depreciation on PPE is provided as per straight line method as per the useful life prescribed in Schedule II of the Companies Act, 2013

Assets costing less than Rs. 5,000/- are fully depreciated in the year of capitalization. Depreciation on additions/deductions to PPE 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.

The property plant and equipment acquired under finance lease is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

e) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

f) Assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.

Property, plant and equipment classified as held for sale are not depreciated.

g) Leases

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

h) Impairment of non-financial assets

Non-financial assets other than inventories and non-current assets held for sale are reviewed at each standalone balance sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount is higher of asset's or Cash-Generating Units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

i) Valuation of Inventory

Cost includes all charges in bringing the inventories to their present location and condition, including octroi and other levies, transit insurance and receiving charges and excluding rebated and discounts, if any. Inventories are valued at the lower of cost determined on first-in-first-out basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost of Inventories also include all other costs incurred in bringing the inventories at the present location and condition. Net realisable value is the estimated selling price in the ordinary course of business.

j) Revenue recognition

Fleet operating earnings represent the value of charter hire earnings, demurrage, freight earnings and fleet management fees, and are accounted on accrual basis in accordance with Ind AS 115. Freight earnings are recognised on a pro-rata basis for voyages in progress at standalone balance sheet date after loading of the cargo is completed and Bill of Lading is obtained. Revenues and related expenses for voyages where cargo has not been loaded as on the standalone balance sheet date are deferred and recognised in the following year. Normal credit period generally does not exceed 20-30 days.

The Company recognises revenue from contract with customers based on a five-step model as set out in Ind AS 115:

Step 1. Identify Contracts with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the Company satisfies a performance obligation.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Supervision and Management Fees

Revenue from sale of services is recognized on accrual basis as and when the related services are rendered as per the terms of the contract with the customer.

Note for Guarantee Commission under revenue from operations:

Foreign Guarantee Obligation will be accounted as per Ind AS 104 with the liability to pay being recognized only when a claim arises against the Foreign Guarantee Obligation. However, the Company charges guarantee commission income from its subsidiaries as a percentage of the guarantee amount as on the beginning of the year only in the cases where the bank has charged us the same.

Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR).

Dividend income

Dividend income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

Insurance Claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

Other Income

Other income is accounted for on accrual basis except where the receipt of income is uncertain in which case it is accounted for on receipt basis.

k) Fleet operating expenses

All expenses relating to the operation of the fleet including crewing, insurance, stores, bunkers, charter hire and special survey costs, are expensed under fleet operating expenses on accrual basis. Dry-docking expenses are amortised over 30 months.

l) Employee benefits

i) 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.

ii) 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 standalone balance sheet date.

iii) Post employment benefit plan

The Company (employer) and the employees contribute a specified percentage of eligible employees' salary- currently 12%, to the employer established provident fund "Essar Shipping Limited Employees 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 @ 8.55%, 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 using the Projected Unit Credit Method.

Provision for gratuity for floating staff is made as under:

- (i) For offshore officers on actuarial valuation.
- (ii) For offshore crew on accrual basis as per rules of the National Maritime Board and is charged to the Statement of Profit and Loss.

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 standalone balance sheet date. Actuarial gains and losses are recognised in full in Other Comprehensive Income, 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 standalone 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.

iv) Employee Options

The fair value of the options granted under the value of the Company, Employee Option Plan is recognised as employee

benefits expense with the corresponding increase in equity. The total amount to be expensed is determined by the reference to the fair value of the options granted:

- including any market conditions (e.g., the Company's share price)
- excluding the impact of any service and non-market performance vesting conditions (profitability, sales growth targets and remaining an employee of the Company over the specified period), and
- including the impact of any non-vesting conditions (e.g. the requirement for the employee to save or holding shares for the specific period of time)

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimate of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with the corresponding adjustments to equity.

m) Foreign currencies

(i) Functional and presentation currency

The Company's financial statements are presented in Indian Rupee (INR), which is also the Company's functional and presentation currency.

(ii) Transaction and balances

Transactions in foreign currencies are translated into functional currency using the exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end exchange rates are generally recognised in Profit or loss. They are deferred in Equity if they relate to qualifying cash flow hedges. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the Company's net investment in that foreign operations.

Foreign exchanges differences regarded as adjustments to borrowing costs are presented in the statement of Profit and loss, within finance cost. All other foreign exchange gains and losses as presented in the Statement of Profit and loss on a net basis within other gains / (losses).

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Non-monetary items that are measured in terms of historical cost in a foreign currency, are translated using exchange rates on dates of initial recognition.

Exchange differences relating to Long term foreign currency monetary items are accounted in terms of para D13AA of Ind-AS 101 as under:

- (i) In so far as they relate to the acquisition of a depreciable capital asset, such differences 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 Items Translation differences account and amortised in the statement of Profit and loss over the balance useful life of the long term foreign currency monetary item.

n) Investment in Subsidiaries and Associates

Investments in subsidiaries and associates are recorded at cost and reviewed for impairment at each reporting date.

o) Provisions and Contingencies

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate

can be made of the amount of the obligation. Provisions are reviewed at each standalone balance sheet date and are adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only 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 arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the standalone financial statements.

Contingent assets are not recognised but disclosed when the inflow of economic benefits is probable. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

p) **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market which can be accessed by the Company for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

q) **Financial assets**

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets. Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, the

Company classifies financial assets as subsequently measured at amortised cost, Fair Value Through Other Comprehensive Income (FVTOCI) or Fair Value Through Profit and Loss (FVTPL).

Debt instruments at amortised cost

Debt instruments such as trade and other receivables, security deposits and loans given are measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI).

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments excluding investments in subsidiary and associate companies. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

After initial measurement, any fair value changes including any interest income, foreign exchange gain and losses, impairment losses and other net gains and losses are recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit or loss.

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - a) The Company has transferred substantially all the risks and rewards of the asset, or
 - b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVTOCI) and equity instruments (measured at FVTPL) are recognized in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVTOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition.

Gains or losses on equity instruments measured at FVTOCI that are recognized and accumulated in OCI are not reclassified to profit or loss on de-recognition.

Impairment of financial assets

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Financial assets measured at FVTOCI.

In case of other assets (listed as a) above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

r) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities designated upon initial recognition as at FVTPL.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit or loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit or Loss.

Financial liabilities at amortized cost

Financial liabilities classified and measured at amortised cost such as loans and borrowings are initially recognized at fair value, net of transaction cost incurred. After initial recognition, financial liabilities are subsequently measured at amortised cost using the Effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Derivative financial instruments

The Company uses derivative financial instruments to manage the commodity price risk and exposure on account of fluctuation in interest rate and foreign exchange rates. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value with changes

being recognized in Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken through other comprehensive income.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption amount is recognised in Statement of Profit or loss over the period of the borrowing using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the drawdown occurs.

The borrowings are removed from the Standalone balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid including any noncash asset transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability of at least 12 months after the reporting period. Where there is a breach of a material provision of a long term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Company does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statement for issue, not to demand payment as a consequence of the breach.

Foreign currency convertible bonds (FCCBs)

FCCBs are separated into liability and equity components based on the terms of the contract. On issuance of the FCCBs, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are apportioned between the liability and equity components of the FCCBs based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company, or the counterparty.

s) Taxes on income

Current tax is the amount of tax payable as per special provisions relating to income of shipping companies under the Income Tax Act, 1961 on the basis of deemed tonnage income of the Company and tax payable on other taxable income for the year determined in accordance with the applicable tax rates and provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Standalone balance sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Standalone Balance sheet and the corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. Deferred tax assets and deferred tax liabilities are off set, and presented as net.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

Further, the Company is paying taxes on the basis of deemed tonnage income therefore there is no impact on deferred tax.

t) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including and excluding the post-tax effect of exceptional items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including and excluding the post-tax effect of exceptional items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

u) Cash and Cash equivalents

For the purpose of presentation in statement of cash flows, cash and cash equivalents includes cash on hand, deposit held at call with financial institution, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank Overdrafts are shown within borrowings in current liabilities in Standalone balance sheet.

v) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

w) Segment reporting

Operating segments are defined as components of an enterprise for which available discrete financial information is evaluated based on the a single operating segment "Shipping", regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance.

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

x) Standards issued but not yet effective

On 31 March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases'.

Issue of Ind AS 116 – Leases (Effective from 1 April 2019)

Ind AS 116 will replace the existing leases standard Ind AS 17, Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to contract i.e. lessor and lessee.

Ind AS 116 Introduces of Single lessee accounting model and required a lessee to recognized assets and liabilities for all leases with term of more than 12 months, unless the underlying asset is of low value. Currently, Operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhance disclosure requirements for lessee.

The Company is in the process of evaluating the impact of Ind AS 116, but does not expect the same to be material.

Notes forming part of the standalone financial statements as at 31 March 2019

2. Property, plant and equipment

Particulars	Land	Buildings	Fleet	Fleet (taken on lease)	Furniture and fixtures	Vehicles	Office equipment	Total
	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Gross Block								
As at 01.04.2017	0.13	2.26	860.77	570.21	0.11	0.03	0.22	1,433.73
Additions	-	-	36.90	0.19	-	-	0.10	37.19
Exchange differences	-	-	(0.12)	-	-	-	-	(0.12)
Transfer to assets held for sale	-	-	(206.96)	-	-	-	-	(206.96)
Disposals	-	-	(64.12)	-	-	-	-	(64.12)
As at 31.03.2018	0.13	2.26	626.47	570.40	0.11	0.03	0.32	1,199.72
Additions	-	-	16.77	9.11	-	0.09	0.06	26.03
Exchange differences	-	-	5.51	-	-	-	-	5.51
Disposals	-	-	-	-	-	-	-	-
As at 31.03.2019	0.13	2.26	648.76	579.51	0.11	0.12	0.38	1,231.26
Accumulated Depreciation								
As at 01.04.2017	-	0.95	235.98	20.66	0.09	0.03	0.12	257.83
Additions	-	0.47	83.48	41.00	0.01	-	0.07	125.04
Transferred to asset held for sale	-	-	(63.71)	-	-	-	-	(63.71)
Disposals	-	-	(33.61)	-	-	-	-	(33.61)
As at 31.03.2018	-	1.42	222.15	61.66	0.10	0.03	0.19	285.55
Additions	-	0.47	61.40	41.35	0.01	0.01	0.08	103.33
Disposals	-	-	-	-	-	-	-	-
As at 31.03.2019	-	1.89	283.55	103.02	0.11	0.04	0.27	388.88
Net Block								
As at 31.03.2018	0.13	0.84	404.32	508.74	0.01	-	0.13	914.17
As at 31.03.2019	0.13	0.37	365.21	476.49	0.00	0.08	0.11	842.38

(i) Leased assets

The lease term in respect of assets acquired under finance leases expires within 10 years. Refer Note 22 for terms of leasing arrangements and related disclosures.

(ii) Water treatment plant

Gross block of plant and equipment includes a water treatment plant of ₹ 38.84 crore (previous year: ₹ 38.84 crore) given on lease. The net book value is ₹ Nil (previous year: ₹ Nil).

(iii) Assets given as security for borrowings

Fleet and Land owned by the Company have been given to lenders as security for various borrowing facilities.

(iv) Impairment testing for fleet

In view of pertinent slowdown in shipping industry, the Company has assessed 'recoverable amount' of each fleet by estimating their "value in use", in terms of Ind AS 36 "Impairment of Assets". 'Value in use' is estimated by applying appropriate discount rate to projected net cash inflows having regard to existing long term contracts, expected tariff based on past trends and costs to operate the fleet which represents the management's best estimate of the set of economic conditions that will exist over remaining useful life of each fleet. Based on the aforementioned assessment, it has been concluded that 'recoverable amount' of the fleet is higher than their respective carrying amount.

3 Non-current investments

Particulars	As at 31 March 2019	As at 31 March 2018
	₹ in crore	₹ in crore
a) Investments in equity shares of subsidiaries/ associate (unquoted, fully paid up) 13,227,000 (previous year 13,227,000) Equity shares of US\$ 1/- each of Energy Transportation International Limited (net of provision for impairment)# 39,037,276 (previous year 39,037,276) Equity shares of US\$ 1 each of Energy II Limited 137,122 (previous year 137,122) Equity shares of AED 1,000/- each of Essar Shipping DMCC, Dubai* 246,600,001 (previous year 246,600,001) Equity shares of US\$1/- each of Essar Oilfields Services Limited (net of provision for impairment during the year of ₹ 2,964 crore (previously provided ₹ 1,564 crore and previously impaired investment of ₹ 1,186 crore) # Total (a)	- 175.36 252.66 597.78 1,025.80	- 175.36 252.66 1,997.78 2,425.80
b) Investments in equity shares of associate (unquoted, fully paid up) 35,770,000 (previous year 35,770,000) Equity shares of ₹10/- each of Arkay Logistics Limited **	35.77	35.77
c) Investments in equity shares - others (unquoted, fully paid up) 2,500 (previous year 2,500) Equity shares of ₹ 10/- each of Ultra LNG Haldia Limited (₹ 25,000/-only)	0.00	-
d) Investments in preference shares of subsidiaries (unquoted, fully paid up) NIL (previous year 19,873,227) 7% cumulative non convertible redeemable preference shares of US\$ 10 each of Essar Oilfields Services Limited**** 20,723,227 (previous year 850,000) 7% cumulative compulsorily convertible) 0.01% compulsory convertible preference shares of US\$ 10 each of Essar Oilfields Services Limited**** 629,000,000 (previous year 629,000,000) 0.01% compulsory convertible preference shares of ₹10 each of OGD Services Limited (formerly known as Essar Oilfield Services India Limited) ***	- 1,326.80 629.00	1,288.55 38.25 629.00
Total (d)	1,955.80	1,955.80
Total (a+b+ c+d)	3,017.37	4,417.37
Aggregate amount of unquoted non - current investments	3,017.37	4,417.37
Aggregate amount of unquoted current investment	-	-
#Aggregate amount of provision for impairment (including impairment) other than temporary in value of investments	4,217.66	2,817.66

Foot notes:

* 100% equity shares of Essar Shipping DMCC have been pledged with Mashreq Bank for SBLC facility availed by Essar Shipping DMCC.

** 49% shares has been pledged in favour of IDBI Trusteeship Services Limited towards security for secured non convertible debentures of ₹ 700 crore.

*** The terms of preference shares issued by OGD Services Limited (formerly known as Essar Oilfield Services India Limited) have been changed from 14.5% optionally convertible cumulative (redeemable) participating preference shares to 0.01% compulsory convertible preference shares of ₹ 10/- each on 31 March 2018.

**** the terms have changed from 7% cumulative non convertible redeemable preference shares and 7% cumulative compulsory convertible preference shares to 0.01% compulsory convertible preference shares.

3 Current investments

Particulars	As at 31 March 2019 ₹ in crore	As at 31 March 2018 ₹ in crore
Investment in mutual fund (quoted)		
40.095 (previous year nil) Units of SBI Liquid Fund Direct Growth (NAV as on 31.03.2019 ₹ 2,928.57)	0.01	-
Total current investment	0.01	-

4 (a) Trade and other receivables

Particulars	As at 31 March 2019 ₹ in crore	As at 31 March 2018 ₹ in crore
Unsecured, considered good		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	39.92	56.36
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Less : Loss allowance	-	-
Total receivables (Current)	39.92	56.36

4 (b) Cash and bank balances

Particulars	As at 31 March 2019 ₹ in crore	As at 31 March 2018 ₹ in crore
Balances with banks in current accounts	4.15	9.39
Margin money deposits (lien marked against guarantee issued by bank)	3.10	21.05
Total Cash and bank balances	7.25	30.44

4 (c) Loans (Current)

Particulars	As at 31 March 2019 ₹ in crore	As at 31 March 2018 ₹ in crore
Loan to a subsidiary (including interest accrued thereon) (refer note 28)	19.14	22.08
Loans to employees	0.43	0.93
Total loans (Current)	19.57	23.01

4 (d) Other financial assets (current)

Particulars	As at 31 March 2019 ₹ in crore	As at 31 March 2018 ₹ in crore
Insurance claim receivable	3.39	1.26
Interest accrued on fixed deposits	0.30	0.02
Other receivable	369.81	369.81
Security deposits	72.80	0.57
Total other financial assets (current)	446.30	371.66

Other financial assets (Non-current)

Particulars	As at 31 March 2019	As at 31 March 2018
	₹ in crore	₹ in crore
Bank deposits held as margin money, pledged against certain bank borrowings	19.50	-
Total other financial assets - Non-current	19.50	-
5 Other non-current assets		
Particulars	As at 31 March 2019	As at 31 March 2018
	₹ in crore	₹ in crore
Income tax assets	7.45	17.01
Total other non-current assets	7.45	17.01
6 Inventories		
Particulars	As at 31 March 2019	As at 31 March 2018
	₹ in crore	₹ in crore
At lower of cost and net realisable value		
Fuel, oil and lubricants	11.58	13.93
Total inventories	11.58	13.93
7 Other Current assets		
Particulars	As at 31 March 2019	As at 31 March 2018
	₹ in crore	₹ in crore
Income taxes	54.73	33.43
Unbilled revenue	0.14	2.58
Prepayments	1.41	1.46
CENVAT credit receivable	5.42	8.47
Other advances	23.57	12.55
Total other current assets	85.27	58.49
8 Asset classified as held for sale		
Particulars	As at 31 March 2019	As at 31 March 2018
	₹ in crore	₹ in crore
Fleet, at net realisable value or cost whichever is lower	-	65.38
Total asset classified as held for sale	-	65.38

9 Equity Share capital and other equity

9 (a) Equity Share Capital

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number	₹ in crore	Number	₹ in crore
Authorised equity share capital				
Equity shares of ₹10/- each	500,000,000	500.00	500,000,000	500.00
	500,000,000	500.00	500,000,000	500.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each	206,976,072	206.98	206,976,072	206.98
Issued during the year	-	-	-	-
Total	206,976,072	206.98	206,976,072	206.98

(i) Movements in equity share capital

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number	₹ in crore	Number	₹ in crore
Opening balance	206,976,072	206.98	206,976,072	206.98
Issue during the year of shares during the year	-	-	-	-
Closing balance	206,976,072	206.98	206,976,072	206.98

Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10/- per share. Each holder of the equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Shares held by holding company / ultimate holding company, their subsidiaries and associates

Particulars	As at 31 March 2019			As at 31 March 2018		
	Number	₹ in crore	%	Number	₹ in crore	%
a) Equity shares of ₹ 10/- each						
Essar Shipping Mauritius Holdings Limited, the immediate holding company	124,362,408	124.36	60.09%	124,362,408	124.36	60.09%
Essar Ports & Shipping Limited, Mauritius, the holding company	33	0.00	0.00%	33	0.00	0.00%
IDH International Drilling Holdco Limited, Cyprus, the intermediate holding company	21,406,365	21.41	10.34%	21,406,365	21.41	10.34%
Essar Steel India Limited, fellow subsidiary	1,273,611	1.27	0.62%	1,273,611	1.27	0.62%
	147,042,417	147.04	71.05%	147,042,417	147.04	71.05%

b) Others (if holding shares more than 5%)

There are no shareholders holding more than 5% shares in the Company (except as disclosed above)

Note:**Shares reserved for issue under options**

(i) The Company had reserved issuance of 3,77,463 equity shares of ₹ 10/- each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Options Scheme. (ESOS) (refer note 27 for details)

(ii) 2,400 Foreign Currency Convertible Bonds (FCCB) are convertible into 122,852,787 equity shares (previous year 122,852,787 equity shares) of ₹ 10/- each refer foot note (f) to note 10 (a) for details.

9(b) Reserves and surplus

Particulars	As at 31 March 2019	As at 31 March 2018
	₹ in crore	₹ in crore
Debenture redemption reserve (refer foot note below)	101.17	101.17
Share options outstanding account	0.61	0.61
Tonnage tax (utilised) reserve	33.00	33.00
Tonnage tax reserve	68.00	12.00
Securities Premium	3.36	3.36
General reserve	4,799.22	4,855.22
Retained earnings	(5,016.11)	(3,422.62)
Other Comprehensive Income	2.49	1.07
Total Reserves and surplus	(8.26)	1,583.81

Debenture Redemption Reserve

In terms of rule 18(7) of the Companies (Share Capital and Debentures) Rules 2014, the Company is required to create a Debenture Redemption Reserve (DRR) of ₹ 185 crore (previous year: ₹ 185 crore) in respect of debentures issued and outstanding as on 31 March 2019. However, in view of losses the Company has not created such DRR entirely.

Share options outstanding reserve

This reserve contains the intrinsic value of unvested employee stock options

Tonnage tax (utilised) and Tonnage tax reserve

Companies who opt for tonnage tax scheme are required to transfer an amount to this reserve as per the provisions of section 115VT of the Income Tax Act, 1961. In view of losses during the year, the Company has created such reserve out of General Reserve in order to comply with the provisions of the same.

Securities Premium

The amount received in excess of face value of the Equity shares is recognised in Securities Premium. In case of Equity - Settled share based payment transactions, the difference between fair value on grant date and nominal value of shares is accounted as Securities Premium.

General reserve

These were transferred to the Company at the time of its demerger from Essar Shipping Ports & Logistics Limited

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfer to General Reserve, Tonnage Tax Reserve, Dividend, Debenture Redemption Reserves or other distribution to Shareholders.

Other Comprehensive Income

These are actuarial gains / (losses) on employee benefit obligations

10 (a) Borrowings

Long - term borrowings

Particulars	Non - current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Secured				
(a) Debentures				
11.35%, 7,000 non convertible debentures of ₹10,00,000 each, secured by first charge on a bulk carrier of the Company, six land rigs of a subsidiary, two tugs of a fellow subsidiary, mortgage of immovable property, first charge on eight barges and pledge of 49% of investment in equity shares of an associate. [refer foot note (a)] (overdue)	-	-	700.00	700.00
13.10 %, 190 non convertible debentures and 12.30% 205 non convertible debentures of ₹10,00,000 each, secured by mortgage of immovable property, repayable in single bullet payment.[refer foot note (b) and (i)] (current portion overdue)	20.50	-	15.25	39.50
(b) Term loans				
(i) from banks				
Rupee term loans [converted into foreign currency non resident (Bank) facility] (secured by first charge on a very large crude carrier and its receivable)	-	-	-	35.47
Foreign currency term loans (secured by first charge on three bulk carriers and its receivables)	-	28.55	92.31	69.44
Rupee term loan (secured by first charge on a very large crude carrier and its receivable)(overdue)	-	-	35.29	-
(ii) from others				
Rupee term loan (secured by first charge on one mini bulk carrier, four tugs of an associate company, four mini bulk carriers of an unrelated entity and corporate guarantee of the ultimate parent company) (₹ 3.50 crore overdue)	105.91	-	17.50	147.78
Total secured loans [A]	126.41	28.55	860.35	992.19
Unsecured				
(a) Foreign currency convertible bonds (FCCBs) (refer note (f) below)	1,537.62	1,537.62	-	-
(b) Finance lease obligations [refer note 22 (a)]	503.13	508.29	60.21	25.42
(c) Others (current portion overdue)	113.91	-	25.00	25.00
Total unsecured loans [B]	2,154.66	2,045.91	85.21	50.42
Total [A+B]	2,281.07	2,074.46	945.56	1,042.61

Less: Unamortised upfront fees
Less: Amount disclosed under the head 'other financial liabilities' (refer note 10(c))
Total Long - term borrowings

(19.44)	(23.21)	(3.77)	(4.88)
-	-	(941.78)	(1,037.73)
2,261.63	2,051.25	-	-

Foot notes:-

Repayment terms:

a) Secured debentures: 2,000 debentures issued on 25 March 2010 and 5,000 debentures issued on 22 June 2009 are redeemable at the expiry of 10 years with put and call option exercisable after five years from their respective dates of issue. The Company has received notice from the debenture holder invoking the put option. The Company is in discussion with the debenture holder to waive the option and based on the said discussion, the management is reasonably confident that the debenture holder will waive the option and the debentures would be redeemed at the expiry of ten years from the date of their issue. However, the debentures have been classified as current liabilities till such waiver is received.

b) Secured debentures: 205 debentures issued on 1 February 2013 are redeemable at the expiry of 10 years from the date of issue and the holder of the debentures have an option to call after 5 years from the date of issue. 40 debentures issued on 12 October 2012, 50 debentures issued on 28 June 2012 and 100 debentures issued on 22 June 2012 are redeemable at the expiry of 5 years from their respective date of issue and are overdue as on 31 March 2019.

c) Secured Rupee term loans from banks and others: Repayable in quarterly instalments starting from October, 2015 to December, 2020.

d) Secured foreign currency term loans from banks : Repayable in quarterly instalments starting from March, 2006 to July, 2019

e) Finance lease obligation: Repayable in monthly instalments starting from November 2016 to April 2027.

f) Foreign currency convertible bonds: i) FCCBs of US\$ 111,428,571 (Series B) due on 24 August 2017 and US\$ 128,571,429 (Series A) due on 24 August 2015 got extended to 24 August 2019, carry interest @ 5% per annum payable semi annually. The FCCBs are convertible into 122,852,787 fully-paid equity shares of ₹ 10 each of the Company, any time upto the date of maturity, at the option of the FCCB holders at conversion price of ₹ 91.70 per share at a predetermined exchange rate of ₹ 46.94 per US\$. The FCCBs, if not converted till the maturity date, will be redeemed at par.

g) 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 except in case of certain non current borrowings from debenture holders amounting to ₹ 715.25 crore and from banks amounting to ₹ 97.20 crore where some of these lenders have not confirmed the loan balances as on the balance sheet date.

h) Interest rates: Loans availed from banks, financial institutions, NBFC's and Alternate Investment Funds carry a weighted average interest rate of 12.05% per annum (previous year: 9.44% per annum)

i) Scheduled repayments: Contractual repayments in case of loans from banks, financial institutions, NBFC's and Alternate Investment Funds are provided below:

Particulars	As at 31 March 2019	As at 31 March 2018
	₹ in crore	₹ in crore
With in one year	945.56	1,042.61
One to five years	1,980.39	1,741.13
More than five years	300.67	333.33

10 (b) Trade payables

Particulars	As at 31 March 2019 ₹ in crore	As at 31 March 2018 ₹ in crore
Trade payables:		
- Total outstanding dues to micro and small enterprises (refer note below)	0.00	0.19
- Total outstanding dues to creditors other than micro and small enterprises	133.46	120.56
Total trade payable	133.46	120.75

Note: Micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company. The Auditors have relied on the same. The required disclosures are given below:

Particulars	As at 31 March 2019 ₹ in crore	As at 31 March 2018 ₹ in crore
Principal amount due and remaining unpaid	0.00	0.19
Interest due and unpaid on the above amount	-	-
Interest paid by the Company in terms of section 16 of the Micro, Small and Medium enterprises Act, 2006	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable	-	-

10(c) Other financial liabilities

Particulars	As at 31 March 2019 ₹ in crore	As at 31 March 2018 ₹ in crore
Current maturities of long-term borrowings (including instalments overdue at the year end ₹ 863.74 (previous year ₹ 937.54) crore)	941.78	1,037.73
Security deposit from others	-	82.32
Interest accrued (including interest overdue at the year end ₹ 566.51 (previous year ₹ 467.70) crore)	586.49	486.96
Advance from customers	9.46	16.09
Total financial liabilities	1,537.73	1,623.10

11 Employee benefit obligations

Particulars	As at 31 March 2019 ₹ in crore	As at 31 March 2018 ₹ in crore
Defined benefit plans	4.95	5.77
Defined contribution schemes	0.24	0.36
Total Employee benefit obligations	5.19	6.13

11. Employee benefit obligations

I. Details of retirement benefits:

The employees of the Company are members of a state – managed retirement benefit plans namely provident fund, pension fund, gratuity fund and superannuation fund operated by the Government of India. The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the company with respect to the retirement benefit plan is to make the specified contributions.

The Company has recognised the following amounts in the Statement of Profit and Loss during the year under ‘Contribution to staff provident and other funds. (refer note 16)

Particulars	₹ in crore	
	Year ended 31 March 2019	Year ended 31 March 2018
a) Employer's contribution to gratuity fund (offshore crew staff)	0.17	0.22
b) Group accident policy premium (all employees)	-	0.01
c) Employer's contribution to pension fund (offshore crew staff)	0.19	0.32
d) Employer's contribution to provident fund (offshore crew staff)	0.16	0.28
	0.52	0.83

II. Defined benefit plans

The company operates funded gratuity, non funded gratuity and funded provident fund plan for qualifying employees. Under the plans the employees are entitled to retirement benefits depending upon the number of years of service rendered by them subject to minimum specified number of years of service. No other post retirement benefits are provided to these employees. Contribution to provident fund (office staff and offshore officers)

The actuarial valuation of plan assets and the present value of defined benefit obligation were carried out at 31 March 2019 by the certified actuarial valuer. The present value of the defined benefit obligation, related current service cost and past service cost were measured using the projected unit credit method.

(A) Changes in present value of defined benefit obligations:

Particulars	Gratuity	Gratuity	Provident fund	Gratuity	Gratuity	Provident fund
	(funded)	(non-funded)	(funded)	(funded)	(non-funded)	(funded)
	31.03.19	31.03.19	31.03.19	31.03.18	31.03.18	31.03.18
Present value of defined benefit obligations as at the beginning of the year	2.01	4.50	37.32	1.49	4.57	33.91
Current service cost	0.15	0.48	0.83	0.09	0.58	0.86
Current service contribution- employee	-	-	0.96	-	-	-
Interest cost	0.12	0.33	1.70	0.09	0.31	7.15
Other adjustments			0.09	0.52	-	1.21
Benefits paid	(0.70)	(0.14)	(6.74)	(0.38)	-	(5.81)
Actuarial (gain)/loss on obligations	(0.22)	(1.21)		0.20	(0.96)	
Present value of defined benefit obligations as at the end of the year	1.36	3.96	34.16	2.01	4.50	37.32

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

Particulars	Gratuity	Provident fund	Gratuity	Provident fund
	(funded)	(funded)	(funded)	(funded)
	31.03.19	31.03.19	31.03.18	31.03.18
Fai value of plan assets at the beginning of the year	0.74	37.32	0.89	33.91
Expected return on plan assets	-	-	-	-
Actual return on plan assets	(0.01)	-	(0.01)	-
Interest income on plan assets	0.04	1.70	0.05	7.15
Contributions by the employer/ employees	0.30	1.79	0.19	1.93

Benefits paid	(0.70)	(6.74)	(0.38)	(5.81)
Other adjustments	-	0.09	-	0.14
Fair value of plan assets as at the end of the year	0.37	34.16	0.74	37.32

(C) Amount recognised in balance sheet:

Particulars	Gratuity	Gratuity	Provident fund	Gratuity	Gratuity	Provident fund
	(funded)	(non-funded)	(funded)	(funded)	(non-funded)	(funded)
	31.03.19	31.03.19	31.03.19	31.03.18	31.03.18	31.03.18
Present value of defined benefit obligations as at the end of the year	1.36	3.96	34.16	2.01	4.50	37.32
Fair value of plan assets as at end of the year	0.37	-	34.16	0.74	-	37.32
Liability recognised in the Balance Sheet (included in provisions) (note 11)	0.99	3.96	-	1.27	4.50	-

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

Particulars	Gratuity	Gratuity	Provident fund	Gratuity	Gratuity	Provident fund
	(funded)	(non-funded)	(funded)	(funded)	(non-funded)	(funded)
	31.03.19	31.03.19	31.03.19	31.03.18	31.03.18	31.03.18
Current service cost	0.15	0.48	0.83	0.09	0.58	0.86
Past service cost- plan amendments			-	0.52		-
Net interest on net defined benefit liability/ (asset)	0.08	0.33	-	0.03	0.31	-
Net actuarial (gain)/ loss recognised in the year	-	-	-	-	-	-
Total expenses recognised in the Statement of Profit and Loss (Included in Contribution to provident and other funds (note no. 16))	0.23	0.81	0.83	0.64	1.18	0.86

(E) Amount recognised in other comprehensive income

			₹ in crore	
Particulars	31.03.19		31.03.18	
Experience adjustments	1.42		0.75	
Total	1.42		0.75	

(F) Category of plan assets:

Particulars	Gratuity	Provident fund	Gratuity	Provident fund
	(funded)	(funded)	(funded)	(funded)
	31.03.19	31.03.19	31.03.18	31.03.18
Administered by Life Insurance Corporation of India *	100%	-	100%	-
Government of India securities (Central and State)	-	28.36%	-	28.39%
Public sector bonds/ TDRs	-	71.64%	-	71.61%

*The Company is unable to obtain the details of plan assets from the Life Insurance Corporation of India and hence the disclosure there of is not made.

(G) Sensitivity analysis

Particulars	Gratuity	
	(funded)	(funded)
	31.03.19	31.03.18
DBO On base assumptions	1.36	2.02
A. Discount Rate	7.10%	7.30%
1. Effect due to 0.5% increase in discount rate	(0.03)	(0.03)
2. Effect due to 0.5% decrease in discount rate	0.03	0.03
B. Salary Escalation Rate	9.00%	9.00%
1. Effect due to 0.5% increase in salary escalation rate	0.02	0.03
2. Effect due to 0.5% decrease in salary escalation rate	(0.02)	(0.03)
C. Withdrawal Rate	8.00%	8.00%
1. Effect due to 5% increase in withdrawal rate	(0.03)	(0.03)
2. Effect due to 5% decrease in withdrawal rate	0.04	0.04

Risk exposure- asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk derivatives to minimize risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments % which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit.

(H) Actuarial assumptions

Actuarial valuations were done in respect of the aforesaid defined benefit plans based on the following assumptions:

(I) General assumptions:

Particulars	Gratuity	Gratuity	Provident fund	Gratuity	Gratuity	Provident fund
	(funded)	(non-funded)	(funded)	(funded)	(non-funded)	(funded)
	31.03.19	31.03.19	31.03.19	31.03.18	31.03.18	31.03.18
Discount rate (per annum)	7.10%	7.10%	7.10%	7.30%	7.50%	7.30%
Rate of return on plan assets (for funded scheme)	9.00%	9.00%	8.55%	9.00%	9.00%	8.60%
Withdrawal rate	8.00%	7.00%		8.00%	7.00%	8.00%
Expected returns on EPFO	-		8.65%	-	-	8.60%
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 India Assured Lives Mortality (2006-08) (modified) ULT. (Previous year Life Insurance Corporation of India (2006-08)) mortality table
- iii) Leave policy: Leave balance as at the valuation date and each subsequent year following the valuation date to the extent not availed by the employee accrued till 31 December 2014, 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 liabilities for gratuity (funded and non funded) and towards provident fund during the financial year 2019-20 amounts to ₹ 2.62 crore.
- 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) Liability on account of long term absences has been actuarially valued as per Projected Unit Credit Method.
- viii) Short term compensated absences have been provided on actual basis.

12 Other current liabilities

Particulars	As at 31 March 2019 ₹ in crore	As at 31 March 2018 ₹ in crore
Statutory and other related dues	19.40	34.76
Advance received against sale consideration	331.26	330.21
Deferred profit on sale and lease back	7.51	8.53
Unearned revenue on services	1.70	2.30
Total other current liabilities	359.87	375.80

13 Revenue from operations

Particulars	Year ended 31 March 2019 ₹ in crore	Year ended 31 March 2018 ₹ in crore
Sale of services		
Fleet operating and chartering earnings*	480.70	628.65
Other operating income		
Supervision / management fees	7.78	4.47
Profit on sale of fleet	3.44	10.29
Total	491.92	643.41

* Two vessels which could not be deployed, have significantly impacted the revenue of the Company. These vessels were back into operations during the fourth quarter.

14 Other income

Particulars	Year ended 31 March 2019 ₹ in crore	Year ended 31 March 2018 ₹ in crore
Interest income		
- from banks	0.53	0.18
- from others	4.29	45.47
Other non operating income	38.30	7.54
Gain on buy-back of equity shares by a subsidiary (refer note 28)	-	6.95
Total	43.12	60.14

15 Operating expenses

Particulars	Year ended 31 March 2019 ₹ in crore	Year ended 31 March 2018 ₹ in crore
Consumption of stores and spares	17.84	15.69
Consumption of fuel, oil and water	104.71	173.18
Direct voyage expenses	138.95	120.93
Commission, brokerage and agency fees	0.07	0.51
Standing costs	17.39	19.16
Dry docking expenses for bare boat charter vessels	-	19.23
Insurance, protection and indemnity club fees	15.15	23.50
Total	294.11	372.20

16 Employee benefits expense

Particulars	Year ended 31 March 2019 ₹ in crore	Year ended 31 March 2018 ₹ in crore
Offshore staff		
Salaries, wages and bonus	43.81	71.31
Contribution to staff provident and other funds	1.46	1.85
Staff welfare expenses	5.28	8.23
Office staff		
Salaries, wages and bonus	11.90	9.95
Contribution to staff provident and other funds	1.28	1.21
Staff welfare expenses	1.70	1.73
Total	65.43	94.28

17 Finance costs

Particulars	Year ended 31 March 2019 ₹ in crore	Year ended 31 March 2018 ₹ in crore
Interest expense		
- on bank loans	14.77	28.18
- on loans from financial Institutions	5.62	8.07
- on finance lease obligations	24.40	23.48
- on foreign currency convertible bonds	-	27.90
- on debentures	130.95	120.56
- on others	14.45	39.12
Loan commitment / processing charges, guarantee fees and other charges	15.98	17.93
Total	206.17	265.24

18 Other expenses

Particulars	Year ended 31 March 2019 ₹ in crore	Year ended 31 March 2018 ₹ in crore
Rent	1.82	1.79
Rates and taxes	0.26	0.14
Repairs and maintenance		
-buildings	0.62	0.08
-others	1.67	1.08
Legal and professional fees	13.09	8.20
Travelling and conveyance	1.29	1.94
Auditor's remuneration (refer note below)	0.36	0.35
Net loss on foreign currency translation and transaction (other than considered as finance cost)	37.02	5.79
Other establishment expenses	1.91	2.32
Total	58.04	21.69

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	₹ in crore	₹ in crore
As auditor	0.30	0.29
Reimbursement of expenses	0.01	-
For other services	0.05	0.06
Total	0.36	0.35

19 Exceptional items

Exceptional Items comprises of the following:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	₹ in crore	₹ in crore
Compensation receivable by the Company for breach of contract by a Charterer including accrued interest	-	369.81
Total	-	369.81
b) Expense		
Provision for impairment in a foreign subsidiary	-	(67.66)
Provision for impairment in value of a vessel held-for-sale	-	(77.84)
Provision for impairment in the fair value of the subsidiary based on management assessment	1,400.00	-
Total	1,400.00	(145.50)

The impairment of Company's investments in certain subsidiary companies, as per Ind AS 36 "Impairment of assets", is evaluated by the Management and the process of validating various operational assumptions impacting the estimated future cash flows from certain subsidiary companies and consequent effect on the investments. Accordingly the impairment of ₹ 1,400 crore has been considered.

During the previous year 2017-18, the Company has recognised income from an arbitration award along with interest accrued thereon amounting to ₹ 369.81 crore. The dispute in this regard has been adjudged in favour of the Company by the arbitrator. On the direction of the Supreme Court, the contractor has deposited 50% of the awarded amount with Court, pending disposal of the case. The interest on the awarded amount for the current year will be considered on final adjudication of the case. The Auditors have drawn attention to this note in their report.

20 INCOME TAXES

Income tax expense recognised in the profit and loss account comprises of:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	₹ in crore	₹ in crore
Current income taxes	1.45	3.24
Income tax expense for the year	1.45	3.24
Effective tax rate (%)	-0.09%	6.56%

The reconciliation of income tax expense applicable to accounting loss before income tax at statutory income tax rate to income tax expense at the Company's effective income tax rate for the year ended 31 March 2019 and 31 March 2018 are as follows:

Particulars	Year ended 31 March 2019 ₹ in crore	Year ended 31 March 2018 ₹ in crore
Profit / (Loss) before taxes	(1,592.04)	49.41
Effective tax rate in India: 34.608%*	-	17.10
Tax effect of adjustment for profits subject to tonnage tax regime / presumptive taxation	1.45	(13.86)
Income tax expense recognised in the profit and loss account	1.45	3.24

*Note: In case of Indian shipping companies, tax expense is computed based on the gross tonnage of the vessels for the income subject to tonnage tax. In case of income not subject to tonnage tax, the same is calculated based on the taxable profits calculated in accordance with the local tax laws.

21 FINANCIAL INSTRUMENTS

(i) Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from the previous year. The capital structure of the company consists of debt, which includes the borrowings including temporary overdrawn balance, cash and cash equivalents including short term bank deposits, equity comprising issued capital, reserves and non-controlling interests. The gearing ratio for the year is as under:

Particulars	Year ended 31 March 2019 ₹ in crore	Year ended 31 March 2018 ₹ in crore
Debt (including borrowings from related and unrelated parties and finance lease obligations)	3,203.42	3,088.98
Less: Cash and cash equivalent including short term deposits (restricted)	(7.25)	(30.44)
Net debt (A)	3,196.17	3,058.54
Total equity (B)	198.72	1,790.79
Net debt to equity ratio (A/B)	16.08	1.71

(ii) Categories of financial instruments

Particulars	As at 31 March 2019		As at 31 March 2018	
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
At amortised cost				
Cash and bank balances	7.25	7.25	30.44	30.44
Loans and other receivables	59.49	59.49	79.37	79.37
Other financial assets	465.80	465.80	371.66	371.66
Total	532.55	532.55	481.47	481.47

Financial liabilities:At amortised cost

Borrowings	2,640.08	2,640.08	2,555.27	2,555.27
Finance lease payables	563.34	563.34	533.71	533.71
Trade and other payables	133.46	133.46	120.75	120.75
<u>At fair value through profit and loss</u>				
Other financial liabilities	595.95	595.95	585.37	585.37
Total	3,932.83	3,932.83	3,795.10	3,795.10

Fair value measurements recognised in the Balance sheet:

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

-Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

-Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

-Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade and other receivables, trade and other payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities or nature of these instruments.
- The fair value of loans from banks and other financial indebtedness as well as other non current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities.
- Derivative instruments have been fair valued on the reporting date on the basis of quotes provided by the third party qualified valuer / market participants.

(iii) Financial risk management objectives:

The Company's principal financial liabilities comprise of loan from banks and financial institutions, finance lease obligations, overdrafts and trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables, cash and short term deposits, which arise directly from its operations.

The main risks arising from Company's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. The Board of Directors review and agree policies for managing each of these risks.

(iv) Foreign currency risk:

Foreign currency risk mainly arises from transactions undertaken by an operating unit denominated in currencies other than its functional currency. Exposure to foreign currency risk is partly mitigated by natural hedges of matching revenues and costs.

The carrying amounts of the Company's financial assets and financial liabilities denominated in foreign currencies at the reporting date are as follows:

Particulars	As at 31 March 2019		As at 31 March 2018	
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
United States Dollars (US\$)	30.61	754.54	43.16	1,053.43
Currencies other than INR & US\$	1.16	3.12	0.12	4.41
Total	31.77	757.66	43.28	1,057.84

The following table details the Company's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies of all the companies in the Company. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the respective functional currency strengthens by 5% against the relevant foreign currency. For a 5% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

Particulars	As at 31st March 2019 ₹ in crore	As at 31st March 2018 ₹ in crore
	Impact on profit before tax	
US\$ impact	(36.29)	(50.73)

(v) Interest rate risk:

The Company is exposed to interest rate risk as entities in the Company borrow funds at floating interest rates. The interest rate risk is managed by monitoring the Company's level of borrowings periodically and structuring its borrowings on varying maturities and interest rate terms. The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis:

The sensitivity analysis below has been determined based on the exposure to interest rates at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's loss for the year ended 31 March 2019 would increase/decrease by ₹ 0.46 crore (previous year ₹ 1.93 crore). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

(vi) Other price risk:

The Company is not exposed to any significant equity price risks arising from equity investments, as on 31 March 2019. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

Equity price sensitivity analysis:

There is no exposure to equity price risks as at the reporting date or as at the previous reporting date.

(vii) Credit risk:

The credit risk is primarily attributable to the Company's trade and other receivables and guarantees given by the Company on behalf of others. The amounts presented in this standalone statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and their assessment of the current economic environment. The maximum related party credit exposure at 31 March 2019 on account of carrying amount of advances /deposit, trade and other receivables and guarantees is disclosed in note 28 on related party transactions. Based on the creditworthiness of the related parties, financial strength of related parties and its parents and past history of recoveries from them, the credit risk is mitigated.

Cash and cash equivalents are held with reputable and credit-worthy banks.

(viii) Fair value of financial instruments:

All financial assets are initially recognised at fair value of consideration paid. Subsequently, financial assets are carried at fair value or amortized cost less impairment. Where non – derivative financial assets are carried at fair value, gains and losses on re- measurement are recognised directly in equity unless the financial assets have been designated as being held at fair value through profit or loss, in which case the gains and losses are recognised directly in the standalone statement of profit and loss. Financial assets are designated as being held at fair value through profit or loss when it is necessary to reduce measurement inconsistency for related assets and liabilities. All financial liabilities other than derivatives are initially recognised at fair value of consideration received net of transaction costs as appropriate (initial cost) and subsequently carried at amortised cost.

(ix) Liquidity risk:

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company monitors its risk of shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations, public offerings and refinancing of current borrowings.

Liquidity table:

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the Company can be required to pay:

Particulars	As at 31 March 2018			
	Within one year ₹ in crore	One to five years ₹ in crore	More than five years ₹ in crore	Total ₹ in crore
Financial instruments:				
Borrowings	1,035.52	1,547.84	-	2,583.36
Finance lease payables	25.42	174.96	333.33	533.71
Trade and other payables	120.75	-	-	120.75
Other financial liabilities	585.37	-	-	585.37
Total financial liabilities	1,767.06	1,722.80	333.33	3,823.19
Particulars	As at 31 March 2019			
	Within one year ₹ in crore	One to five years ₹ in crore	More than five years ₹ in crore	Total ₹ in crore
Financial instruments:				
Borrowings	378.45	2,261.63	-	2,640.08
Finance lease	60.21	202.46	300.67	563.34
Trade and other payables	133.46			133.46
Other financial liabilities	595.95			595.95
Total financial liabilities	1,168.07	2,464.09	300.67	3,932.83

22 LEASES

Details of leasing arrangements:

a) Finance leases : Company as a lessee

Particulars	- not later than one year ₹ in crore	- later than one year but not later than five years ₹ in crore	- later than five years ₹ in crore	Total ₹ in crore
As at 31 March 2018				
Future minimum lease payments	47.07	246.17	370.62	663.86
Unmatured finance charges	21.65	71.21	37.29	130.15
Present value of minimum lease payments	25.42	174.96	333.33	533.71
As at 31 March 2019				
Future minimum lease payments	104.86	270.07	326.62	701.55
Unmatured finance charges	44.65	67.62	25.95	138.21
Present value of minimum lease payments	60.21	202.46	300.67	563.34

b) Operating leases : Company as a lessee

The company has not entered into any non-cancellable operating lease.

23 Contingent liabilities (to the extent not provided for)

a	Claims against the company not acknowledged as debts	As at 31 March 2019 ₹ in crore	As at 31 March 2018 ₹ in crore
	Guarantee given by a bank against disputed custom duty demand of ₹ 27.40 crore by DGFT	30.00	30.00
	Income tax demand- appeal filed by the company with Commissioner of Income tax - Appeals*	169.62	89.60
	Income tax demand - appeal filed by the Income tax department in the High court of Bombay against the order of Appellate Tribunal in favour of the Company	7.29	7.29
	* The Income tax department has adjusted the refund of ₹ 35.71 crores against the above demand.		
b	Others	As at 31 March 2019 ₹ in crore	As at 31 March 2018 ₹ in crore
	Corporate guarantees on behalf of subsidiaries*	1,603.59	1,478.91
	* includes corporate guarantees issued during the year on behalf of Essar Shipping Limited DMCC for general business purposes amounting to ₹ nil (previous year ₹ 358 crore).		

24 Business segment and geographical segment**a) Business segment**

The Company has only one reportable primary business segment of fleet operating and chartering.

b) Geographical segment

The Company's fleet operations are managed on a worldwide basis from India. The revenue from operations are identified as geographical segment based on location of customers:

Revenue from operations	₹ in crore	
	As at 31 March 2019	As at 31 March 2018
India	435.86	519.91
Singapore	13.48	23.84
Cyprus	6.63	1.72
UAE	32.51	40.32
South Korea	-	1.50
Thailand	-	16.25
Bermuda	-	29.58
TOTAL	488.48	633.12

82% of the operating income of the Company was derived from a single customer based in India. The Company provides Fleet operating to the said customer.

The main operating assets represent floating fleet, which are not identifiable to any geographical location.

25 Earnings per share:

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

Particulars	₹ in crore	
	As at 31 March 2019	As at 31 March 2018
Loss for the year before exceptional items	(192.04)	(174.90)
Loss for the year after exceptional items	(1,593.49)	46.17
Equity shares at the beginning of the year (nos)	206,976,072	206,976,072
Equity shares at the end of the year (nos)	206,976,072	206,976,072
Weighted average equity shares for the purpose of calculating basic earnings per share (nos)	206,976,072	206,976,072
Weighted average equity shares for the purpose of calculating diluted earnings per share (nos)	206,976,072	206,976,072
Earning per share before exceptional items - basic (face value ₹10/- each)	(9.35)	(8.61)
Earning per share before exceptional items - diluted (face value ₹10/- each)	(9.35)	(8.61)
Earning per share after exceptional items - basic (face value ₹10/- each)	(76.99)	2.23
Earning per share after exceptional items - diluted (face value ₹10/- each)	(76.99)	2.23

Note:

Equity shares to be issued upon conversion of FCCB and exercise of Employee Stock Option Scheme have not been considered for the purpose of calculating of weighted average number of diluted equity shares, as they are anti dilutive.

26 Disclosure under Regulation 34(3) of the SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015

Particulars	₹ in crore			
	Year ended 31 March 2019		Year ended 31 March 2018	
	Amount outstanding	Maximum amount out- standing	Amount outstanding	Maximum amount out- standing
Subsidiary companies				
OGD Services Limited	19.14	22.13	22.08	28.08

27 Employee Stock Option Scheme

In the Annual general meeting held on 9 September 2011, the shareholders approved the issue of Employee Stock options under the Scheme titled “Essar Shipping Employee Stock options Scheme -2011” (hereafter named ESOS A).

The ESOS A allows the issue of options to employees and executive Directors of the Company and its subsidiaries (whether in India or abroad). Each option comprises one underlying equity share.

As per the Scheme, the Compensation Committee grants the options to the employees deemed eligible. The exercise price of each option shall be determined by the Compensation committee as per the said scheme. The options granted vest in a graded manner over a period of 5/4/3 years from the date of the grant in proportions specified in the Scheme. Options may be exercised within 7 years from the date of vesting. The Company has issued the said ESOS in two tranches on November 2, 2011 and 8 February 2012 at an exercise price of ₹ 22.30 each, the market price of the shares on the grant date of the ESOS was ₹ 22.30 per share and ₹31.30 per share respectively.

The difference between the market price of the share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense is expensed over the vesting period.

28 Related party relationships, transactions and balances: (as per Ind-AS 24)

a) Holding companies

- (i) Essar Global Fund Limited , Cayman Island, ultimate holding company
- (ii) IDH International Drilling Holdco Limited, Cyprus, intermediate holding company
- (iii) Essar Shipping Mauritius Holdings Limited , Mauritius, immediate holding company

b) Subsidiaries / Step down subsidiaries

- (i) Energy Transportation International Limited, Bermuda
- (ii) Energy II Limited, Bermuda
- (iii) Essar Oilfields Services Limited, Mauritius
- (iv) OGD Services Limited, India (formerly known as Essar Oilfield Services India Limited)
- (v) Essar Shipping DMCC, Dubai
- (vi) Essar Oilfields Middle East DMCC, Dubai
- (vii) Starbit Oilfields Services India Limited, India
- (viii) Cosmic Drilling services Limited, Mauritius (upto 15.03.2019)

c) Associates

- (i) Varada Drilling One Pte. Limited, Singapore
- (ii) Varada Drilling Two Pte. Limited, Singapore
- (iii) Arkay Logistics Limited, India , India

d) Key management personnel

- (i) Mr. Ranjit Singh
- (ii) Capt Rahul Bhargava
- (iii) Mr. P.K Srivastava (Non- Executive Director)
- (iv) Mr. N. Srinivasan (Non- Executive Director)
- (v) Capt. B. S. Kumar (Non- Executive Director)
- (vi) Ms Neelam Kapoor (Non Executive Director)
- (vii) Mr. Sandeep Akolkar (Chief financial Officer till 31.01.2019)
- (viii) Mr. Ketan Shah (Chief Financial Officer from 01.02.2019)
- (ix) Mr. Awaneesh Srivastava (Company Secretary)

e) Fellow subsidiaries where there have been transactions

- (i) Essar Ports Limited
- (ii) Essar Bulk Terminal Limited
- (iii) Essar Shipping (Cyprus) Limited
- (iv) Essar Steel India Limited
- (v) Aegis Limited

f) Trust

- (i) Essar Shipping Staff Provident Fund Trust
- (ii) Essar Shipping Employee Stock Options Trust

g) Details of transactions with related parties during the year									₹ in crore		
Nature of transactions		Holding Companies		Subsidiaries / Step down subsidiaries		Fellow subsidiaries/ Trust/associates		Managerial remuneration / Sitting fees		Total	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Revenue from operations										
	Essar Steel India Limited	-	-	-	-	396.89	471.02	-	-	396.89	471.02
	Arkay Logistics Limited	-	-	-		-	25.47	-	-	-	25.47
	Energy II Limited	-	-	-	28.44	-	-	-	-	-	28.44
	Energy Transportation International Limited	-	-	-	1.15	-	-	-	-	-	1.15
	Essar Shipping DMCC			32.51	15.47	-	-			32.51	15.47
	IDH International Drilling Holdco Limited	(1.29)	1.72	-	-		-	-	-	(1.29)	1.72
	Essar Shipping (Cyprus) Limited	-	-	-	-	7.93				7.93	-
	Essar Ports Limited	-	-	-	-		0.22	-	-	-	0.22
	Total	(1.29)	1.72	32.51	45.06	404.82	496.71	-	-	436.04	543.49
	Guarantee commission received										
	Essar Oilfields Services Limited	-	-	(0.63)	0.85	-	-	-	-	(0.63)	0.85
	Essar Shipping DMCC			38.63	6.67					38.63	6.67
	Total	-	-	38.00	7.52	-	-	-	-	38.00	7.52
	Gain on buyback of long term investment										
	Energy II Limited	-	-	-	6.95	-	-	-	-	-	6.95
	Managerial remuneration #										
	Ranjit Singh	-	-	-	-	-	-	1.28	1.19	1.28	1.19
	Capt Rahul Bhargava	-	-	-	-	-	-	0.79	0.29	0.79	0.29
	Total	-	-	-	-	-	-	2.07	1.48	2.07	1.48
	Director's Sitting Fees										
	P.K. Srivastava	-	-	-	-	-	-	0.05	0.04	0.05	0.04
	N. Srinivasan	-	-	-	-	-	-	0.08	0.07	0.08	0.07
	Captain B.S. Kumar	-	-	-	-	-	-	0.12	0.10	0.12	0.10
	Total	-	-	-	-	-	-	0.25	0.21	0.25	0.21
										₹ in crore	
Nature of transactions		Holding Companies		Subsidiaries / Step down subsidiaries		Fellow subsidiaries/ Trust/associates		Managerial remuneration / Sitting fees		Total	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Direct Voyage expenses										
	Essar Shipping (Cyprus) Limited	-	-	-	-	42.85	90.43	-	-	42.85	90.43
	Arkay Logistics Limited	-	-	-	-	0.14	0.22	-	-	0.14	0.22
	Essar Bulk Terminal Limited	-	-	-	-	0.32	0.44	-	-	0.32	0.44
	Total	-	-	-	-	43.31	91.09	-	-	43.31	91.09
	Repairs & Maintenance Charges										
	Essar Steel India Limited					0.28				0.28	-
	Contribution to staff provident fund										
	Essar Shipping Staff Provident Fund Trust	-	-	-	-	0.82	0.91	-	-	0.82	0.91
	Interest on finance lease obligations										
	Essar Shipping DMCC	-	-	23.07	22.20	-	-	-	-	23.07	22.20

Buy back of long term investment										
Energy II Limited	-	-	-	11.58	-	-	-	-	-	11.58
Investment in shares										
Essar Shipping DMCC -Dubai (equity)	-	-	-	252.57	-	-	-	-	-	252.57
Guarantees given on behalf of others										
Essar Shipping DMCC	-	-	-	282.56	-	-	-	-	-	282.56
Total	-	-	-	282.56	-	-	-	-	-	282.56
# does not include the amount payable towards gratuity and compensated absences by the Company, as the same is calculated by the Company as a whole on actuarial basis.										
h) Outstanding balances with related parties:										
Nature of transactions	Holding Companies		Subsidiaries / Step down subsidiaries		Fellow subsidiaries/ Trust/associates		Managerial remuneration / Sitting fees		Total	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Trade and other receivables										
Essar Steel India Limited	-	-	-	-	19.54	19.46	-	-	19.54	19.46
IDH International Drilling Holdco Limited	-	1.29	-	-	-	-	-	-	-	1.29
Essar Oilfield Services Limited	-	-	-	0.63	-	-	-	-	-	0.63
Essar Shipping DMCC	-	-	8.46	27.15	-	-	-	-	8.46	27.15
Essar Ports Limited	-	-	-	-	0.50	0.48	-	-	0.50	0.48
Total	-	1.29	8.46	27.78	20.04	19.94	-	-	28.50	49.01
Unbilled revenue receivable										
Essar Steel India Limited	-	-	-	-	0.14	2.58	-	-	0.14	2.58
Total	-	-	-	-	0.14	2.58	-	-	0.14	2.58
Loans and advances (including interest accrued)										
OGD Services Limited	-	-	19.14	22.08	-	-	-	-	19.14	22.08
Essar Shipping DMCC -Dubai	-	-	-	0.54	-	-	-	-	-	0.54
Energy Transportation International Limited	-	-	4.41	3.55	-	-	-	-	4.41	3.55
IDH International Drilling Holdco Limited	3.83	3.60	-	-	-	-	-	-	3.83	3.60
Essar Shipping Employees Stock Option Trust	-	-	-	-	0.41	0.81	-	-	0.41	0.81
Ranjit Singh	-	-	-	-	-	-	-	0.06	-	0.06
Total	3.83	3.60	23.54	26.17	0.41	0.81	-	0.06	27.78	30.64
Finance lease obligation										
Essar Shipping DMCC	-	-	563.34	533.70	-	-	-	-	563.34	533.70
Advance received from customer										
Arkay Logistics Limited	-	-	-	-	5.64	8.58	-	-	5.64	8.58
Advance received against sale of vessel										
Essar Shipping DMCC	-	-	331.26	330.21	-	-	-	-	331.26	330.21
Interest accrued on intercorporate deposits										

Essar Steel India Limited	-	-	-	-	13.02	13.02	-	-	13.02	13.02
Trade Payables										
Arkay Logistics Limited	-	-	-	-	-	0.63	-	-	-	0.63
Energy Transportation International Limited	-	-	-	-	-	-	-	-	-	-
Energy II Limited	-	-	2.13	6.57	-	-	-	-	2.13	6.57
Essar Shipping Staff Provident Fund	-	-	-	-	0.18	0.28	-	-	0.18	0.28
Essar Bulk Terminal Limited	-	-	-	-	3.38	4.73	-	-	3.38	4.73
Aegis Limited	-	-	-	-	-	0.04	-	-	-	0.04
Essar Shipping Cyprus Limited	-	-	-	-	25.82	1.55	-	-	25.82	1.55
Total	-	-	2.13	6.57	29.38	7.23	-	-	31.51	13.80
Interest accrued on finance lease obligation										
Essar Shipping DMCC	-	-	22.83	4.96	-	-	-	-	22.83	4.96
Guarantees given on behalf of others										
Essar Shipping DMCC	-	-	657.27	629.55	-	-	-	-	657.27	629.55
OGD Services Limited	-	-	918.66	823.34	-	-	-	-	918.66	823.34
Essar Oilfields Services Limited	-	-	27.67	26.02	-	-	-	-	27.67	26.02
Total	-	-	1,603.59	1,478.91	-	-	-	-	1,603.59	1,478.91

29 Going Concern

As at 31 March 2019, the Company's Current Liabilities exceed its Current Assets by ₹ 1,426.35 crore. The following steps are being taken to rectify this mismatch:

- 1) Loan from a public financial institution along with interest accrued thereon amounting to ₹ 1,215.32 crore classified as Current is expected to be settled.
- 2) Advance from a subsidiary for purchase of vessel amounting to ₹ 331.26 crore is to be adjusted upon sale of vessel.
- 3) Certain loans classified as current owing to covenant defaults are expected to be rescheduled such that they will not be repayable within one year.

30 Expenditure on corporate social responsibility (CSR)

In pursuance of the provisions of the Companies Act, 2013, The Company is required to spend two percent of the average net profits for the three immediately preceding financial years towards CSR activities. Due to the occurrence of net losses in the three preceding financial years, the Company is not required to spend any amount on Corporate Social Responsibility.

31 Subsequent event

Subsequent to the balance sheet date, the Company has been served with a notice by Debt Recovery Tribunal, Delhi, summoning the Company for a case filed by a lender towards corporate guarantee of ₹ 158 crore executed on behalf of a subsidiary company. The Company is defending the proceedings.

- 32 The previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and behalf of the Board

Ranjit Singh
Executive Director
& Chief Executive Officer
(DIN: 07021621)

N. Srinivasan
Director
(DIN: 00004195)

Ketan Shah
Chief Financial Officer

Awaneesh Srivastava
Company Secretary
Membership No.FCS 8513

Mumbai
30 May 2019

Independent Auditor's Report

To the Members of Essar Shipping Limited

Opinion

We have audited the accompanying consolidated Ind AS financial statements of **Essar Shipping Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates comprising of the Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated statement of Cash Flows and Consolidated Statement Of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31 March 2019 and their consolidated loss (including other comprehensive income) their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Material Uncertainty Related to Going Concern

We draw attention to Note No. 28 to the consolidated financial statements, which indicates that as on 31 March 2019 the Group's current liabilities exceeds its current assets. This indicates that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. The Group however has represented that, as mentioned in Note no. 28, necessary steps are being taken to meet liabilities as and when they become due for payment.

Our opinion on the consolidated financial statements is not modified for the above matter.

Emphasis of Matter

1. We draw attention to Note No. 19 of the consolidated financial statements wherein the Group had recognized revenue in the previous year amounting to Rs. 369.81 crore (including accrued interest upto 31 March 2018) based on compensation granted to the Group by arbitration proceedings for breach of contract terms by a charterer and the same remains outstanding as on 31 March 2019. The Group is confident of full recovery of its claims. However pending conclusion of the same, no further interest is accrued on the income.
2. In case of certain subsidiaries, the respective auditors have pointed out that the concerned financial statements have been prepared on going concern basis, in view of the representation by the management that it is confident of restructuring its borrowings to address cash flow mismatches.

Our opinion on the consolidated financial statements is not modified for the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Material Uncertainty Related to Going Concern paragraph, we have determined the matters described below to be the key audit matters to be communicated in our report:

Key Audit Matter	Auditor's Response
<u>Impairment of other certain current assets</u> Current Assets reported in the consolidated financial statements is after impairing receivables from related parties of Rs. 1,110.59 crore.	<p>Our procedures in relation to management's impairment assessment of other financial assets included:</p> <ol style="list-style-type: none"> 1. Assessing the factual position as on the reporting date based on the information updates on the proceedings in the Insolvency and Bankruptcy Code and considering the potential impact of reasonably possible downside due to adverse outcome of the proceedings; 2. Perusal of the Audited financial statements of the subsidiary companies and inquiry with the management regarding the possibility of impairment of the same; 3. Compliance with Ind AS 36 on 'Impairment of Assets'. <p>We found the key assumptions were supported by the available evidence. Based on the audit procedures performed, we found disclosures in Note No. 19 of the consolidated financial statements to be appropriate.</p>
<u>Impairment of Property, Plant and Equipment/ Capital Work-in-Progress</u> The Group had carried out a review of its business, outlook for the industry and operating plans. Following this review, the management has assessed the carrying values of plant and machinery. An impairment of Rs.620.47 crore has been recorded to reduce the carrying values of certain plant and machinery to their estimated recoverable values, which is higher of fair value less costs of disposal and value in use.	<p>Our procedures in relation to management's impairment assessment of property, plant & equipment included:</p> <ol style="list-style-type: none"> 1. Assessing the methodologies used by the external valuer to estimate resale values and by management to estimate values in use. 2. Evaluating the independent valuer's competence, capabilities and objectivity. 3. Assessing management's key assumptions used to estimate values in use. 4. Considering the potential impact of reasonably possible downside changes in these key assumptions. 5. Compliance with Ind AS 36 on 'Impairment of Assets'. <p>We found the key assumptions were supported by the available evidence. Based on the audit procedures performed, we found disclosures in Note No. 19 of the consolidated financial statements to be appropriate.</p>
<u>Uncertainty regarding amounts payable to lenders where there are defaults</u> The Group has loans of Rs. 4,795.98 crore (excluding interest) overdue to various lenders as on 31 March 2019. The management of the Parent Company/ Group plans to repay the loans within acceptable timeline to each of these lenders.	<p>Our audit included but was not limited to the following activities:</p> <ol style="list-style-type: none"> 1. Requested and obtained external confirmation of balances from each of these lenders to confirm the balance outstanding as on 31 March 2019; 2. Obtained and evaluated the Group's plans to repay these loans, (with interest) through management letters and the extent of steps taken through the minutes of the board meetings.

Information other than the consolidated financial statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises of the information included in the Annual Report including its annexures, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our independent auditor's report thereon. The Holding Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the management and those charged with governance for the consolidated financial statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Group in accordance with Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibility for the Audit of consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are not responsible for expressing our opinion on whether the company has adequate internal financial control systems in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant

deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of consolidated financial statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs.1,630.62 crore as at 31 March 2019 and total revenues of Rs.80.51 crore for the year ended 31 March 2019, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditor whose report is furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the reports of the other auditor.
- (b) The consolidated financial statements also includes unaudited figures in respect of three stepdown subsidiaries and three associates which are certified by management, whose standalone financial statements reflect total assets of Rs. 1,004.64 crore as on 31 March 2019 and total revenues of Rs.883.62 crore for the year ended on 31 March 2019. These standalone financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these two associates is based solely on such unaudited standalone financial statements. In our opinion and according to the information and explanations given to us by the Management, these unaudited standalone financial statements are not material to the Group.
- (c) Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports

of the other auditor and the unaudited financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report, to the extent applicable that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Holding company, its subsidiaries included in the group and associate companies so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes In Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with the relevant rules issued there under;
- (e) The Going Concern matter described under the Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
- (f) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019, taken on record by the Board of Directors of the Holding Company and its subsidiaries incorporated in India, none of the directors are disqualified as on 31 March 2019 from being appointed as directors in terms of Section 164 (2) of the Act;
- (g) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'. Our report is modified on the adequacy and operating effectiveness of the Group's internal financial controls with reference to consolidated financial statements.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, remuneration paid by the Group to its directors during the year is in accordance with the provisions of section 197, read with Schedule V of the Act.

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group and its associates - Refer Note 23 to the consolidated financial statements.

(ii) The Group did not have any long-term contracts including derivative contracts for which there were material foreseeable losses;

(iii) There were no amounts that were required to be transferred to the investor education protection fund by the Holding Company and its subsidiary companies incorporated in India.

For **C N K & Associates LLP**

Chartered Accountants

Firm registration number: 101961 W/W-100036

Himanshu Kishnadwala

Partner

Membership number: 37391

Place: Mumbai

Date: 30 May 2019

Annexure - A to the Independent Auditors' Report**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")****Qualified Opinion**

In conjunction with our audit of the consolidated financial statements of **Essar Shipping Limited** ("the Holding Company") for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies incorporated in India as of that date.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph below, the Holding Company and its subsidiary companies, incorporated in India have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2019, based on the internal control with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Basis for Qualified Opinion

In case of a step down subsidiary, although mitigating controls exist, the preventive controls with respect to inventory module needs to be strengthened.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary companies, incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to consolidated financial statements criteria established by the company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and

that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation

of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **C N K & Associates LLP**

Chartered Accountants

Firm registration number: 101961 W/W-100036

Himanshu Kishnadwala

Partner

Membership number: 37391

Place: Mumbai

Date: 30 May 2019

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2019

Particulars	Note No.	(₹ in crore)	
		As at 31 March, 2019	As at 31 March, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2 (a)	1,812.42	2,625.19
Capital work- in- progress	2 (a)	10.80	77.95
Goodwill on consolidation	2 (b)	1,336.31	2,627.82
Investments	3	41.98	-
Financial assets			
- Other financial assets	4 (d)	19.50	-
Other non-current assets	5	7.45	17.05
Total non-current assets		3,228.46	5,348.01
Current assets			
Investments	3	0.01	-
Inventories	6	30.01	71.95
Financial assets			
i. Trade and other receivables	4 (a)	155.63	99.16
ii. Cash and bank balances	4 (b)	24.64	55.41
iii. Loans	4 (c)	380.35	358.18
iv. Other financial assets	4 (d)	562.87	1,503.23
Other current assets	7	180.62	143.32
Asset classified as held for sale	8	-	65.38
Total current assets		1,334.13	2,296.63
TOTAL ASSETS		4,562.59	7,644.64
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9 (a)	206.98	206.98
Other Equity			
Reserves and surplus	9 (b)	(2,116.51)	1,163.02
Non-controlling Interests	9 (b)	261.80	191.77
Total equity		(1,647.73)	1,561.77
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	10 (a)	1,904.19	1,754.48
Total non-current liabilities		1,904.19	1,754.48
Current liabilities			
Financial liabilities			
i. Borrowings	10 (a)	-	445.83
ii. Trade payables	10 (b)		
- Total outstanding dues to micro and small enterprises		17.95	0.19
- Total outstanding dues to creditors other than micro and small enterprises		266.89	294.41
iii. Other financial liabilities	10 (c)	3,916.39	3,469.50
Employee benefit obligations	11	5.47	6.88
Current tax liabilities	12(a)	16.92	21.47
Other current liabilities	12(b)	82.51	90.11
Total current liabilities		4,306.13	4,328.39
Total liabilities		6,210.32	6,082.87
TOTAL EQUITY AND LIABILITIES		4,562.59	7,644.64

See accompanying notes forming part of the consolidated financial statements

As per our attached report of even date

For and on behalf of the Board

For C N K & Associates LLP
Chartered Accountants
Firm Registration No. : 101961 W/W-100036

Ranjit Singh
Executive Director
and Chief Executive Officer
(DIN: 07021621)

N. Srinivasan
Director
(DIN: 00004195)

Himanshu Kishnadwala
Partner
Membership No.37391
Mumbai
30 May 2019

Ketan Shah
Chief Financial Officer

Mumbai
30 May 2019

Awaneesh Srivastava
Company Secretary
Membership No.FCS 8513

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2019

(₹ in crore)

Particulars	Note No.	Year ended 31 March, 2019	Year ended 31 March, 2018
Income			
Revenue from operations	13	1,309.18	1,207.75
Other income	14	57.30	79.48
Total income		1,366.48	1,287.23
Expenses			
Operating expenses	15	782.71	780.22
Employee benefits expense	16	125.59	143.18
Finance costs	17	395.74	386.80
Depreciation	2 (a)	282.49	304.12
Other expenses	18	69.11	38.26
Total expenses		1,655.64	1,652.58
Loss before exceptional items and tax		(289.16)	(365.35)
Exceptional items	19		
Income		-	369.81
Expenses		(3,486.97)	(1,650.31)
		(3,486.97)	(1,280.50)
Loss before tax		(3,776.13)	(1,645.85)
Tax expense:			
Current tax	20	(1.45)	(3.24)
Loss for the year before share in loss of associates		(3,777.58)	(1,649.09)
Share in profit / (loss) of associate		6.21	(35.77)
Loss for the year after exceptional items		(3,771.37)	(1,684.86)
Attributable to:			
Shareholders of the parent		(3,775.30)	(1,664.83)
Non controlling interests		3.93	(20.03)
Loss for the year after exceptional items		(3,771.37)	(1,684.86)
Items that will not be reclassified subsequently to profit and loss account			
Actuarial gain / (loss)		1.48	0.88
Total other comprehensive gain /(loss) for the year		1.48	0.88
Total comprehensive loss for the year		(3,769.89)	(1,683.98)
Attributable to:			
Shareholders of the parent		(3,773.82)	(1,663.95)
Non controlling interests		3.93	(20.03)
Earnings per share before exceptional items (EPS)			
Basic (in ₹)	25	(13.74)	(19.54)
Diluted (in ₹)	25	(13.74)	(19.54)
Earnings per share after exceptional items (EPS)			
Basic (in ₹)	25	(182.21)	(81.40)
Diluted (in ₹)	25	(182.21)	(81.40)

See accompanying notes forming part of the consolidated financial statements

As per our attached report of even date

For C N K & Associates LLP
Chartered Accountants
Firm Registration No. : 101961 W/W-100036

Himanshu Kishnadwala
Partner
Membership No.37391
Mumbai
30 May 2019

Ranjit Singh
Executive Director
and Chief Executive Officer
(DIN: 07021621)

Ketan Shah
Chief Financial Officer
Mumbai
30 May 2019

For and on behalf of the Board

N. Srinivasan
Director
(DIN: 00004195)

Awaneesh Srivastava
Company Secretary
Membership No.FCS 8513

Consolidated Statement of Cash Flows for the year ended 31 March, 2019

(₹ in crore)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
A CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(3,776.13)	(1,645.85)
Adjustments for :		
Exceptional Items		
- Arbitration award	-	(369.81)
- Provision for diminution in value of fixed asset held for sale	687.62	77.84
- Provision for diminution in value of Goodwill (Investment)	1,688.76	-
- Provision for doubtful/impairment of receivables	1,110.59	1,518.24
- Cancellation of finance lease	-	54.23
Depreciation	282.49	304.12
Finance costs	395.74	386.80
Interest income	(26.55)	(72.91)
Loss on disposal of a subsidiary	-	-
Unrealised foreign exchange loss	(0.96)	(4.60)
Operating profit before working capital changes	361.55	248.06
Changes in working capital:		
Decrease / (Increase) in inventories	41.94	3.02
Decrease / (Increase) in trade receivables, loans and advances and other assets	(200.63)	1,652.30
(Decrease) / Increase in trade payables, other liabilities and short term provisions	(27.53)	(1,407.72)
Cash generated from operations	175.34	495.66
Income taxes refunded / (paid) net	(18.28)	(8.59)
Net cash generated from operating activities	157.06	487.07
B CASH FLOW FROM INVESTING ACTIVITIES		
Expenditure on property, plant and equipment	(26.31)	(36.99)
Proceeds from sale of property, plant and equipment	65.38	227.30
Cash relating to the disposed subsidiary	-	-
Security deposit received / (refunded)	(72.23)	115.77
Proceeds from redemption of investments in a subsidiary	-	-
Expenditure on investments	(6.21)	-
Proceeds from sale of investments	-	33.51
Fixed deposits matured for a period of more than three months	(4.19)	2.15
Fixed deposits placed for a period of more than three months	-	-
Cash infused by Non controlling Interest	-	143.10
Interest received	37.97	234.17
Net cash generated from investing activities	(5.59)	719.01
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term loans	747.99	-
Proceeds from short term loans	-	-
Proceeds from Intercompany deposits	38.58	230.89
Redemption of Preference share	-	(200.39)
Repayment of intercompany deposits	-	-
Repayment of long term loans	(151.39)	(461.31)
Repayment of short term loans	(445.83)	(349.76)
Repayment of other deposits	(82.34)	-

Repayment / cancellation of finance lease obligations	-	(120.56)
Finance costs paid	(343.23)	(287.24)
Net cash used for financing activities	(236.21)	(1,188.37)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(84.75)	17.71
Foreign currency translation reserve	69.28	-
Cash and cash equivalents at the beginning of the year	32.20	14.49
Cash and cash equivalents at the end of the year (refer note 4(b))	16.74	32.20

Note:

Reconciliation between cash and cash equivalents and cash and bank balances:

Particulars	As at 31 March, 2019	As at 31 March, 2018
Cash and cash equivalents as per cash flow statement	16.74	32.20
Add: deposits with original maturity of more than 3 months but less than 12 months	-	-
Add: margin money deposits not considered as cash and cash equivalents	7.90	23.21
Cash and bank balances (Restricted and Unrestricted)	24.64	55.41

Notes to the statement of cash flows and disclosure of non cash transactions

- 1) The statement of cash flow is prepared in accordance with the format prescribed as per Ind-AS 7.
- 2) In Part-A of Cash Flow Statement, figures in brackets indicate deductions made from the Net profit for deriving the net cash flow from operating activities. In Part-B and part-C, figures in brackets indicate cash outflows.
- 3) During the year the Group issued Preference Shares worth

See accompanying notes forming part of the consolidated financial statements

As per our attached report of even date

For C N K & Associates LLP
Chartered Accountants
Firm Registration No. : 101961 W/W-100036

Himanshu Kishnadwala
Partner
Membership No.37391
Mumbai
30 May 2019

Ranjit Singh
Executive Director
and Chief Executive Officer
(DIN: 07021621)

Ketan Shah
Chief Financial Officer

Mumbai
30 May 2019

For and on behalf of the Board

N. Srinivasan
Director
(DIN: 00004195)

Awaneesh Srivastava
Company Secretary
Membership No.FCS 8513

Consolidated Statement of Changes in Equity for the year ended 31 March, 2019

A. EQUITY SHARE CAPITAL		(₹ in crore)											
Particulars	Equity Share Capital												
Balance as on 1 April, 2017	206.98												
Additions during the year	-												
Balance as on 31 March, 2018	206.98												
Additions during the year	-												
Balance as on 31 March, 2019	206.98												
B. OTHER EQUITY		(₹ in crore)											
Particulars	Equity component of foreign currency convertible bonds	Other equity								Non-controlling interests	Total equity		
		Reserves and Surplus						Other Comprehensive Income					
		Securities Premium	Retained Earnings	Debt Redemption Reserve	Share options outstanding reserve	Tonnage tax reserve	Tonnage tax (utilised) reserve	General reserve	FCMIT-DA			Foreign Currency translation reserve	Other items of comprehensive income
Balance as on 1 April, 2017	27.70	3.36	(2,784.73)	55.00	0.61	45.00	-	4,855.22	(21.87)	247.29	0.32	-	2,427.90
Additions during the year	-	-	-	-	-	(33.00)	33.00	-	21.87	58.12	-	530.88	610.87
Amortisation during the year	-	-	-	46.17	-	-	-	(46.17)	-	-	-	-	-
Unwinding of discounted liability	(27.70)	-	27.70	-	-	-	-	-	-	-	-	-	-
Loss transferred to non-controlling interest	-	-	319.08	-	-	-	-	-	-	-	-	(319.08)	-
Loss for the year	-	-	(1,664.83)	-	-	-	-	-	-	-	0.88	(20.03)	(1,683.98)
Balance as on 31 March, 2018	-	3.36	(4,102.78)	101.17	0.61	12.00	33.00	4,809.05	-	305.41	1.20	191.77	1,354.79
Additions during the year	-	52.71	-	-	-	56.00	-	(56.00)	-	441.96	-	66.10	560.78
Share of profit of associate	-	-	6.21	-	-	-	-	-	-	-	-	-	6.21
Profit transferred to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	3.93	3.93
Loss for the year	-	-	(3,781.52)	-	-	-	-	-	-	-	1.09	-	(3,780.42)
Balance as on 31 March, 2019	-	56.07	(7,878.08)	101.17	0.61	68.00	33.00	4,753.05	-	747.37	2.29	261.80	(1,854.71)

Foreign currency monetary items translation differences account or FCMITDA

Foreign currency losses relating to monetary items denominated in foreign currencies are accumulated in the FCMITDA and amortised over the term of the related monetary liabilities. Refer note 9(b) for details on other reserves

See accompanying notes forming part of the consolidated financial statements

As per our attached report of even date

For C N K & Associates LLP
Chartered Accountants
Firm Registration No. : 101961 W/W-100036

Himanishu Kishnadwala
Partner
Membership No. 37391
Mumbai
30 May 2019

Ranjit Singh
Executive Director
and Chief Executive Officer
(DIN: 07021621)

Ketan Shah
Chief Financial Officer
Mumbai
30 May 2019

For and on behalf of the Board

N. Srinivasan
Director
(DIN: 00004195)

Awaneesh Srivastava
Company Secretary
Membership No.FCS 8513

Notes forming part of the consolidated financial statements for the year ended 31 March, 2019

Corporate information

Essar Shipping Limited (“the Company”) was incorporated in September 2010 and is listed on the Bombay Stock Exchange and National Stock Exchange in India. The Company is mainly engaged in fleet operating and chartering activities and operates in international and coastal voyages. The Company has also directly and/or through its subsidiaries and associates (hereinafter referred to as “the Group”) invested in diverse business verticals viz. Fleet operating and chartering (tankers and dry bulkers), oilfields services (land rigs and semi-submersible rig) and logistics services (trucks, trailers and tippers). The principal place of business of the Company is in Mumbai, India.

1) BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (hereinafter referred to as Ind-AS) notified under section 133 of Companies Act, 2013 read with the relevant rules issued thereunder.

The Group’s presentation currency is Indian Rupees. All amounts in these financial statements, except per share amounts and unless as stated otherwise, have been rounded off to two decimal places and have been presented in crores.

Authorization of Financial Statements: The Consolidated Financial Statements were authorized for issue in accordance with a resolution of the Board of Directors in its meeting held on May 30, 2019.

Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- Assets held for sale are measured at the lower of carrying value and fair value less costs to sell.
- Defined benefit plans where plan assets measured at fair value.

Going concern basis of accounting

These accounts have been prepared on a going concern basis.

In assessing the Group’s going concern status, the Management has taken account of:

- the financial position of the Group;
- anticipated future trading performance;
- its bank and other facilities, including facilities in default, or due to expire within the next 12 months;
- its capital investment plans;
- the likelihood of any material adverse legal judgments.

Refer Note 28 for further details.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to Essar Shipping Limited, (‘the Company’), its subsidiary companies and the Group’s share of profit / loss in its associates. The consolidated financial statements have been prepared in accordance with the requirements of Ind AS 110, ‘Consolidated Financial Statements’ on the following basis:

- 1) The financial statements of the subsidiary companies and associates used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March, 2019. These have been consolidated based on latest available financial statements.
- 2) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealized profits or losses, unless cost cannot be recovered.
- 3) The consolidated financial statements include the share of profit / loss of the associate companies which have been accounted for using equity method as per Ind-AS 28, Accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit/ loss of each of the associate companies (the loss being restricted

to the cost of investment) has been added to / deducted from the cost of investments.

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 at each balance sheet date and impairment loss, if any, is provided for. On the other hand, 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. The 'Goodwill' / 'Capital Reserve' is determined separately for each subsidiary company and such amounts are not set off between different entities.

- 4) The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the consolidated financial statements as Goodwill or Capital reserve as the case may be.
- 5) Following subsidiary companies and associates have been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				31 March, 2019	31 March, 2018
Essar Oilfields Services Limited ("EOSL")	Subsidiary	Mauritius	ESL	100%	100%
OGD Services Limited ("OGD") (fka Essar Oilfield Services India Limited)	Subsidiary	India	EOSL	100%	100%
Energy Transportation International Limited ("ETIL")	Subsidiary	Bermuda	ESL	100%	100%
Energy II Limited ("EIL")	Subsidiary	Bermuda	ESL	73%	73%
Essar Shipping DMCC ("ES DMCC")	Subsidiary	United Arab Emirates	ESL	100%	100%
Essar Oilfields Middle East DMCC (Note i)	Subsidiary	Dubai	EOSL	100%	100%
Cosmic Drilling Services Limited ("CDSL") (Note ii)	Subsidiary	Mauritius	EOSL	NA	100%
Starbit Oilfield Services India Limited ("SOSIL") (Note i & iii)	Subsidiary	India	EOSIL	100%	100%
Varada Drilling One Pte Limited (Note i)	Associate	Singapore	EOSIL	28.57%	28.57%
Varada Drilling Two Pte Limited (Note i)	Associate	Singapore	EOSIL	28.57%	28.57%
Arkay Logistics Limited ("ALL") (Note i)	Associate	India	ESL	49%	49%

Notes:

- i. The financial statements of Varada Drilling One Pte Limited, Varada Drilling Two Pte Limited, Arkay Logistics Limited, Essar Oilfields Middle East DMCC and Starbit Oilfield Services India Limited are considered for the purpose of

preparation of Consolidated Financial Statements are based on the unaudited financials certified by the respective managements.

- ii. Cosmic Drilling Services Limited was liquidated during FY 2018-19 and ceased to exist as on 31 March, 2019.
- iii. Starbit Oilfield Services India Limited (SOSIL) was a direct subsidiary of EOSL as at 31 March, 2018. However during FY 2018-19, shares were transferred to EOSIL. Hence SOSIL is a direct subsidiary of EOSIL as at 31 March, 2019.

b) Use of estimates

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Group and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Group believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/ materialised. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

Critical estimates and judgments

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgment are:

Estimation of Defined benefit obligation - refer note 11

Estimation of current tax/ deferred tax expenses and payable - refer note 20

Useful lives of property, plant and equipment- refer note 2(a)

Impairment of Goodwill - refer note 2(b)

Impairment of financial and non-financial assets- refer notes 19

Going Concern- refer note 28

c) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

All the assets and liabilities have been classified as current/non-current as per the Group's normal operating cycle and other criteria set out in Division II to Schedule III of the Companies Act, 2013.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

d) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

The cost of an item of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure including brokerage and start-up costs on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying assets up to the date the asset is ready for its intended use.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

When significant parts of PPE are required to be replaced at intervals, Group depreciates them separately based on their specific useful lives.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and changes if any are accounted in line with revisions to accounting estimates.

Capital Work in Progress:

Capital work in progress is stated at cost, net of impairment losses, if any.

Depreciation:

Depreciation on PPE is provided as per straight line method as per the useful life prescribed in Schedule II of the Companies Act, 2013 except in case of following category of PPE in whose case the life of the items of PPE has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, manufacturer's warranties and maintenance support etc.

Nature of property, plant and equipment	Useful Life
Rigs	3-18 years

Depreciation on the plant and equipment of the Group's foreign subsidiaries, and associates has been provided on straight-line method/ written down value method as per the estimated useful life of such assets as follows:

Nature of property, plant and equipment	Useful life
Plant & machinery	8-15 years
Vehicles	5 years
Computers	3 years
Furniture and fixtures	10 years
Office equipment	3 years

Assets costing less than ₹ 5,000/- are fully depreciated in the year of capitalization. Depreciation on additions/deductions to PPE 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.

The property plant and equipment acquired under finance lease is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

e) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

f) Assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.

Property, plant and equipment classified as held for sale are not depreciated.

g) Leases

Where the Group as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Group in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

h) Impairment of non-financial assets

Non-financial assets other than inventories and non-current assets held for sale are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount is higher of asset's or Cash-Generating Units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

i) Valuation of Inventory

Cost includes all charges in bringing the inventories to their present location and condition, including octroi and other levies, transit insurance and receiving charges and excluding rebated and discounts, if any. Inventories are valued at the lower of cost determined on first-in-first-out basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. Net realisable value is the estimated selling price in the ordinary course of business.

j) Revenue recognition

Fleet operating earnings represent the value of charter hire earnings, demurrage, freight earnings, fleet management fees and lighterage earnings, and are accounted on accrual basis in accordance with Ind AS 115. Freight earnings are recognised on a pro-rata basis for voyages in progress at balance sheet date after loading of the cargo is completed and Bill of lading is obtained. Revenues and related expenses for voyages where cargo has not been loaded as on the balance sheet date are deferred and recognised in the following year. Lighterage is recognised on the basis of unloading of entire cargo.

Rig operating earnings represent the value of charter hire earnings, rig operating earnings, rig mobilization & demobilization revenue and scrap sales and the same are accounted on accrual basis in accordance with Ind AS 115. Charter hire and rig operating are recognised based on contractual daily rates billed on monthly basis. Rig mobilization & demobilization revenue and scrap sales income are recognized on instance basis. Any agreed deductions from the invoices by the customer is reduced from turnover. In case those deductions are related to previous year, the same will be charged off to profit and loss account.

The Group recognises revenue from contract with customers based on a five-step model as set out in Ind AS 115:

Step 1. Identify Contracts with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the Group satisfies a performance obligation.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Supervision and Management Fees

Revenue from sale of services is recognized on accrual basis as and when the related services are rendered as per the terms of the contract with the customer.

Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR).

Dividend income

Dividend income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

Other Income

Other income is accounted for on accrual basis except where the receipt of income is uncertain in which case it is accounted for on receipt basis.

Insurance Claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

k) Operating expenses

All expenses relating to the operations including crewing, insurance, stores, bunkers, charter hire and special survey costs, rig operating expenses, mobilization and de-mobilization charges, transportation and catering are expensed under operating expenses on accrual basis. Dry-docking expenses are amortised over 30 months.

l) Employee benefits

i) 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.

ii) 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.

iii) Post employment benefit plan

The Group(employer) and the employees contribute a specified percentage of eligible employees' salary- currently 12%, to the employer established provident fund "Essar Shipping Limited Employees Provident Fund" set up as an irrevocable trust by the Parent company. In case of subsidiaries, contribution is made to the established Government Provident fund. The Group is generally liable for annual contributions and any shortfall in the fund assets and recognizes such provident fund liability, considering fund as the defined benefit plan, based on an independent actuarial valuation

carried out at every statutory year end using the Projected Unit Credit Method.

Provision for gratuity for the staff is made as under:

- (i) For offshore officers on actuarial valuation.
- (ii) For offshore crew on accrual basis as per rules of the National Maritime Board and is charged to the Statement of Profit and Loss.

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 Other Comprehensive Income, 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.

iv) Employee Options

The fair value of the options granted under the value of the Company, Employee Option Plan is recognised as employee benefits expense with the corresponding increase in equity. The total amount to be expensed is determined by the reference to the fair value of the options granted:

- including any market conditions (e.g., the entity's share price)
- excluding the impact of any service and non- market performance vesting conditions (profitability, sales growth targets and remaining an employee of the entity over the specified period), and
- including the impact of any non-vesting conditions (e.g. the requirement for the employee to save or holding shares for the specific period of time)

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimate of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with the corresponding adjustments to equity.

m) Foreign currencies

(i) Functional and presentation currency

The Group's financial statements are presented in Indian Rupee (INR), which is also the Group's functional and presentation currency.

(ii) Transaction and balances

Transactions in foreign currencies are translated into functional currency using the exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year-end exchange rates are generally recognised in Profit or loss. They are deferred in Equity if they relate to qualifying cash flow hedges. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in those foreign operations.

Foreign exchanges differences regarded as adjustments to borrowing costs are presented in the statement of Profit and loss, within finance cost. All other foreign exchange gains and losses as presented in the Statement of Profit and loss on a net basis within other gains/ (losses).

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair

value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Non-monetary items that are measured in terms of historical cost in a foreign currency, are translated using exchange rates on dates of initial recognition.

Exchange differences relating to Long term foreign currency monetary items are accounted in terms of Para D13AA of Ind-AS 101 as under:

- (i) In so far as they relate to the acquisition of a depreciable capital asset, such differences 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 Items Translation differences account” and amortised in the statement of Profit and loss over the balance useful life of the long term foreign currency monetary item.

n) Provisions and Contingencies

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements.

Contingent assets are not recognised but disclosed when the inflow of economic benefits is probable. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

o) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market which can be accessed by the Group for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

p) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets. Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, the Group classifies financial assets as subsequently measured at amortised cost, fair value through Other Comprehensive Income or fair value through profit and loss.

Debt instruments at amortised cost

Debt instruments such as trade and other receivables, security deposits and loans given are measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments excluding investments in subsidiary and associate companies. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

After initial measurement, any fair value changes including any interest income, foreign exchange gain and losses, impairment losses and other net gains and losses are recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, ESL decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit or loss.

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - a) The Group has transferred substantially all the risks and rewards of the asset, or
 - b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVPTL) are recognized in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVOCI that are recognized and accumulated in OCI are not reclassified to profit or loss on de-recognition.

Impairment of financial assets

The Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Financial assets measured at fair value through other comprehensive income.

In case of other assets, the Group determines the loss allowance based on the quantum of increase in credit risk of the financial assets since initial recognition. If the credit risks have increased significantly, an appropriate amount is recognized as a loss allowance based on the expected credit methods.

q) Financial liabilitiesInitial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Financial liabilities at amortized cost

Financial liabilities classified and measured at amortised cost such as loans and borrowings are initially recognized at fair value, net of transaction cost incurred. After initial recognition, financial liabilities are subsequently measured at amortised cost using the Effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption amount is recognised in Profit or loss over the period of the borrowing using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the drawdown occurs.

The borrowings are removed from the Balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid including any noncash asset transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability of at least 12 months after the reporting period. Where there is a breach of a material provision of a long term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statement for issue, not to demand payment as a consequence of the breach.

Foreign currency convertible bonds (FCCBs)

FCCBs are separated into liability and equity components based on the terms of the contract. On issuance of the FCCBs, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are apportioned between the liability and equity components of the FCCBs based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group, or the counterparty.

r) Taxes on income

Current tax is the amount of tax payable as per special provisions relating to income of shipping companies under the Income Tax Act, 1961 on the basis of deemed tonnage income of the Group and tax payable on other taxable income for the year determined in accordance with the applicable tax rates and provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Group.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. Deferred tax assets and deferred tax liabilities are off set, and presented as net.

Current and deferred tax relating to items directly recognised in reserves is recognised in reserves and not in the Statement of Profit and Loss.

Further, the companies are paying taxes on the basis of deemed tonnage income or as per the applicable tax laws in their country of incorporation.

s) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

t) Cash and Cash equivalents

For the purpose of presentation in statement of cash flows, cash and cash equivalents includes cash on hand, deposit held at call with financial institution, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank Overdrafts are shown within borrowings in current liabilities in Balance sheet.

u) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

v) Operating segments

The Board of Directors of each of companies is considered to be the 'Chief Operating Decision Maker' (CODM) as defined in Ind AS 108. The operating segment is the level at which discrete financial information is available. The CODM allocates resources and assesses performance at this level. The Group has identified following reportable segments:

- i. Fleet operating and chartering
- ii. Oilfields services

Geographical segments

The CODM has also identified the reportable geographical segments in presenting the segment revenue based on the various risk bearing economic environments in which the Group operates. Revenue from foreign countries has been separately disclosed based on the materiality of the amount of revenue.

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

w) Standards issued but not yet effective

On 31 March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases'.

Issue of Ind AS 116 – Leases (Effective from 1 April 2019)

Ind AS 116 will replace the existing leases standard Ind AS 17, Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to contract i.e. lessor and lessee.

Ind AS 116 Introduces of Single lessee accounting model and required a lessee to recognized assets and liabilities for all leases with term of more than 12 months, unless the underlying asset is of low value. Currently, Operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhance disclosure requirements for lessee.

The Group is in the process of evaluating the impact of Ind AS 116, but does not expect the same to be material.

2 (a) Property, plant and equipment

(₹ in crore)									
Particulars	Land	Build-ings	Fleet	Plant and equip-ment	Furni-ture and fixtures	Vehicles	Office equip-ment	Total	Capital work in progress
Gross Block									
As at 1 April,2017	0.13	2.25	1,699.53	2,424.21	0.39	5.31	0.90	4,132.72	136.51
Additions	-	-	36.97	34.60	0.08	-	0.13	71.78	-
Exchange differences	-	-	-	7.78	-	-	-	7.78	-
Transfer to asset held for sale	-	-	(206.96)	-	-	-	-	(206.96)	-
Disposals	-	-	(317.28)	-	(0.13)	-	(0.11)	(317.52)	(16.09)
Impairment	-	-	-	-	-	-	-	-	(42.47)
As at 31 March, 2018	0.13	2.25	1,212.26	2,466.59	0.34	5.31	0.92	3,687.80	77.95
Additions	-	-	25.88	-	-	0.18	0.29	26.35	-
Exchange differences	-	-	5.51	158.30	0.01	-	0.03	163.85	-
Impairment	-	-	-	-	-	-	-	-	-
As at 31 March, 2019	0.13	2.25	1,243.66	2,624.89	0.35	5.49	1.24	3,878.00	77.95
Accumulated Depreciation & Impairment									
As at 1 April,2017	-	0.96	359.29	540.40	0.15	5.12	0.51	906.43	-
Additions	-	0.46	124.48	179.03	0.05	-	0.10	304.12	-
Exchange differences	-	-	-	6.22	-	(0.07)	-	6.15	-
Transfer to asset held for sale	-	-	(63.71)	-	-	-	-	(63.71)	-
Disposals	-	-	(90.38)	-	-	-	-	(90.38)	-
As at 31 March, 2018	-	1.42	329.68	725.65	0.20	5.05	0.61	1,062.61	-
Additions	-	0.47	102.76	178.95	0.04	0.25	0.01	282.49	-
Exchange differences	-	-	-	99.98	0.01	0.02	-	100.01	-
Impairment	-	-	-	620.47	-	-	-	620.47	67.15
As at 31 March, 2019	-	1.89	432.44	1,625.06	0.25	5.32	0.62	2,065.58	67.15
Net Block									
As at 31 March, 2018	0.13	0.83	882.58	1,740.94	0.15	0.26	0.30	2,625.19	77.95
As at 31 March, 2019	0.13	0.36	811.22	999.83	0.10	0.17	0.62	1,812.42	10.80

(i) Leased assets

The lease term in respect of assets acquired under finance leases expires within 10 years. Refer Note 22 for terms of leasing arrangements and related disclosures.

(ii) Water treatment plant

Gross block of plant and equipment includes a water treatment plant of ₹ 38.84 crore (previous year: ₹ 38.84 crore) given on lease. The net book value is ₹ Nil (previous year ₹ Nil).

(iii) Assets given as security for borrowings

1. Fleet and Land owned by the Company have been given to lenders as security for various borrowing facilities.
2. Nine Mobile Rigs owned by a subsidiary have been given to its lenders as security for various borrowing facilities.
3. Six Land Rigs owned by a subsidiary have been secured against 11.35% secured non convertible debenture issued by the Company.
4. Plant & Machinery mainly includes semi submersible rig having gross amount of ₹ 1981.76 crore (previous year ₹ 1939.69 crore) which is secured against syndicated term loan of ₹ 644.38 crore (previous year ₹ 718.95 crore) and carried a second preferred mortgage against the loan availed by IDH International Drilling Holdco Limited amounting to ₹ 975.66 crore (previous year ₹ 975.66 crore)

(iv) Impairment testing

Fleet: In view of pertinent slowdown in shipping industry, the Company has assessed 'recoverable amount' of each fleet by estimating their "value in use", in terms of Ind-AS 36 "Impairment of Assets". 'Value in use' is estimated by applying appropriate discount rate to projected net cash inflows having regard to existing long term contracts, expected tariff based on past trends and costs to operate the fleet which represents the management's best estimate of the set of economic conditions that will exist over remaining useful life of each fleet. Based on the aforementioned assessment, it has been concluded that 'recoverable amount' of the fleet is higher than their respective carrying amount.

The Group has carried out the valuation of rigs including capital work in progress during the year and recognised the impairment of ₹ 687.62 crore in the books as on 31 March 2019. In case of the Rigs in operation, the Group has considered lower of fair value less costs to sale and carrying value for measuring recoverable value.

2(b) GOODWILL ON CONSOLIDATION

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in crore	₹ in crore
Opening balance	2,627.82	2609.04
Foreign currency translation difference	397.25	18.78
Less: Impairment of goodwill (refer note 19)	(1,688.76)	-
Closing balance	1,336.31	2,627.82

3 NON-CURRENT INVESTMENTS

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in crore	₹ in crore
Investment in equity shares of associates		
Unquoted fully paid up		
35,770,000 (previous year 35,770,000) Equity shares of ₹10/- each of Arkay Logistics Limited - an associate company, (including net share of profit (previous year share of loss)	41.98	-
Other Investments		
2,500 (previous year nil) Equity shares of ₹10/- each of Ultra LNG Haldia Limited (₹ 25,000/- only)	0.00	0.00
Total	41.98	-

3 CURRENT INVESTMENT

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in crore	₹ in crore
Investment in mutual fund (quoted)		
40.095 (previous year nil) Units of SBI Liquid Fund Direct Growth (NAV as on 31.03.2019 ₹ 2,928.57)	0.01	-
Total current investment	0.01	-

Information about the associates

Name of the Company	Country of Incorporation and Principal Activities	Proportion of equity interest	
		As at 31 March, 2019	As at 31 March, 2018
		%	%
Arkay Logistics Limited	India, Multi-modal transport services	49.00%	49.00%
Varada Drilling One Pte Limited	Singapore, Rig operating and chartering services	28.57%	28.57%
Varada Drilling Two Pte Limited	Singapore, Rig operating and chartering services	28.57%	28.57%

The carrying value of the Group's investment in Arkay Logistics Limited is derived as follows:

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in crore	₹ in crore
Opening balance	35.77	37.01
Share of Profit / (loss) for the year	6.21	(37.01)
Closing balance	41.98	-

4 (a) TRADE AND OTHER RECEIVABLES

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in crore	₹ in crore
Unsecured, considered good		
Trade receivables, considered good- secured	-	-
Trade receivables, considered good-unsecured	155.63	99.16
Trade receivables, considered doubtful-unsecured	129.36	133.09
Less: Loss allowances	(129.36)	(133.09)
Total receivables (Current)	155.63	99.16

Movement in allowances for doubtful debts

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in crore	₹ in crore
Opening balance	133.09	132.85
Allowances created / (reversed) during the year	(3.73)	0.24
Closing balance	129.36	133.09

4 (b) CASH AND BANK BALANCES

Particulars	As at 31 March, 2019 ₹ in crore	As at 31 March, 2018 ₹ in crore
Balances with banks in current accounts	16.74	32.20
Margin money deposits (lien marked against guarantee issued by bank)	7.90	23.21
Total Cash and bank balances	24.64	55.41

4 (c) LOANS (CURRENT)

Particulars	As at 31 March, 2019 ₹ in crore	As at 31 March, 2018 ₹ in crore
Unsecured, considered good		
Loan to related parties (refer note 27)	379.92	357.25
Loan to employees	0.43	0.93
Total Loans (Current)	380.35	358.18
Refer Note 21 for disclosures relating to financial instruments		

4 (d) OTHER FINANCIAL ASSETS (CURRENT)

Particulars	As at 31 March, 2019 ₹ in crore	As at 31 March, 2018 ₹ in crore
Insurance claim receivable	3.39	1.26
Interest accrued	0.31	11.73
Arbitration award receivable	369.81	369.81
Receivables from related parties (refer note 27)	116.56	1,119.86
Security deposits	72.80	0.57
Total other financial assets (Current)	562.87	1,503.23

OTHER FINANCIAL ASSETS (NON - CURRENT)

Particulars	As at 31 March, 2019 ₹ in crore	As at 31 March, 2018 ₹ in crore
Bank deposits held as margin money, pledged against certain bank borrowings	19.50	-
Security deposits	-	-
Total other financial assets (Non-current)	19.50	-

5 OTHER NON CURRENT ASSETS

Particulars	As at 31 March, 2019 ₹ in crore	As at 31 March, 2018 ₹ in crore
Capital advances	-	0.04
Income tax assets	7.45	17.01
Total other non-current assets	7.45	17.05

6 INVENTORIES

Particulars	As at 31 March, 2019 ₹ in crore	As at 31 March, 2018 ₹ in crore
At lower of cost and net realisable value		
Stores and spares	6.59	55.02
Fuel, oil and lubricants	23.42	16.93
Total inventories	30.01	71.95

7 OTHER CURRENT ASSETS

Particulars	As at 31 March, 2019 ₹ in crore	As at 31 March, 2018 ₹ in crore
Income taxes	63.85	39.11
Unbilled revenue	31.05	34.71
Prepayments	5.00	3.71
CENVAT credit receivable	20.88	25.99
Other advances	47.31	29.70
Security deposits	12.53	10.10
Total other current assets	180.62	143.32

8 ASSETS CLASSIFIED AS HELD FOR SALE

Particulars	As at 31 March, 2019 ₹ in crore	As at 31 March, 2018 ₹ in crore
Fleet, at net realisable value or cost, whichever is lower	-	65.38
Total asset held for sale	-	65.38

9 (a) EQUITY SHARE CAPITAL AND OTHER EQUITY

Equity Share Capital

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	No of shares	Amount (₹ in crore)	No of shares	Amount (₹ in crore)
Authorised equity share capital				
Equity shares of ₹10/- each	500,000,000	500.00	500,000,000	500.00
Issued, subscribed and fully paid up				
Equity shares of ₹10/- each	206,976,072	206.98	206,976,072	206.98

(i) Movements in equity share capital

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	No of shares	Amount (₹ in crore)	Number	Amount (₹ in crore)
Opening balance	206,976,072	206.98	206,976,072	206.98
Issued during the year	-	-	-	-
Closing balance	206,976,072	206.98	206,976,072	206.98

Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10/- per share. Each holder of the equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Shares held by holding company / ultimate holding company, their subsidiaries and associates

	As at 31 March, 2019			As at 31 March, 2018		
	No of shares	₹ in crore	%	No of shares	₹ in crore	%
a) Equity shares of ₹ 10/- each						
Essar Shipping Mauritius Holdings Limited, the immediate holding company	124,362,408	124.36	60.09%	124,362,408	124.36	60.09%
Essar Ports & Shipping Limited, Mauritius, the intermediate holding company	33	0.00	0.00%	33	0.00	0.00%
IDH International Drilling Holdco Limited, Cyprus, the intermediate holding company	21,406,365	21.41	10.34%	21,406,365	21.41	10.34%
Essar Steel India Limited, fellow subsidiary	1,273,611	1.27	0.62%	1,273,611	1.27	0.62%
	147,042,417	147.04	71.05%	147,042,417	147.04	71.05%
b) Others (if holding shares more than 5%)	-	-	-	-	-	-

There are no shareholders holding more than 5% shares in the Company (except as disclosed above)

Note:

Shares reserved for issue under options

(i) The group had reserved issuance of 3,77,463 equity shares of ₹ 10/- each for offering to eligible employees of the group under Employees Stock Options Scheme. (ESOS) (refer note 26 for details)

(ii) 2,400 Foreign Currency Convertible Bonds (FCCB) are convertible into 122,852,787 equity shares (previous year 122,852,787 equity shares) of ₹ 10/- each refer foot note (e) to note 10(a) for details.

9(b) RESERVES AND SURPLUS

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in crore	₹ in crore
Debenture redemption reserve (refer foot note below)	101.17	101.17
Share options outstanding account	0.61	0.61
Tonnage tax (utilised) reserve	33.00	33.00
Tonnage tax reserve	68.00	12.00
Securities Premium	56.07	3.36
General reserve	4,799.22	4,855.22
Retained earnings	(7,924.24)	(4,148.96)
Foreign currency translation reserve	747.37	305.42
Other comprehensive income	2.29	1.20
Total Reserves and surplus	(2,116.51)	1,163.02

Debenture Redemption Reserve

In terms of rule 18(7) of the Companies (Share Capital and Debentures) Rules 2014, the Company is required to create a Debenture Redemption Reserve (DRR) of ₹185 crore (previous year: ₹185 crore) in respect of debentures issued and outstanding as on 31 March, 2019. However, in view of continuous losses, the Company has not created such DRR.

Share options outstanding reserve

This reserve contains the intrinsic value of unvested employee stock options.

Tonnage tax (utilised) and Tonnage tax reserve

These reserves are mandatory under the Income Tax Act, 1961 for companies who opt for the Tonnage Tax scheme prescribed under the said Act. In view of losses during the year, the group has created such reserve out of General Reserve in order to comply with the provisions of the same.

Securities premium

The amount received in excess of face value of the equity shares is recognised in / securities premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as share premium.

General reserve

These were transferred to the Company at the time of its demerger from Essar Shipping Ports & Logistics Limited

Retained earnings

Retained earnings are the profits/(losses) that the company has earned / lost till date, less any transfers to general reserve, tonnage tax reserve, dividends, debenture redemption reserve or other distributions to shareholders.

Other comprehensive income

These are actuarial gains / (losses) on employee benefit obligations.

10 (a) BORROWINGS

Long - term borrowings

Particulars	Non - current		Current	
	As at 31 March, 2019	As at 31 March, 2018	As at 31 March, 2019	As at 31 March, 2018
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Secured				
(a) Debentures				
11.35%, 7,000 non convertible debentures of ₹10,00,000 each, secured by first charge on a bulk carrier of the Company, six land rigs of a subsidiary, two tugs of a fellow subsidiary, mortgage of immovable property, first charge on eight barges and pledge of 49% of investment in equity shares of an associate. [refer foot note (a)] (overdue)	-	-	700.00	700.00
13.10%, 190 non convertible debentures and 12.30%, 205 non convertible debentures of ₹10,00,000 each, secured by mortgage of immovable property, repayable in single bullet payment. [refer foot note (b) and (i)] (current portion overdue)	20.50	-	15.25	39.50
(b) Term loans				
(i) from banks				
Rupee term loans [converted into foreign currency non resident (Bank) facility] (secured by first charge on a very large crude carrier and its receivable)	-	-	-	35.47
Foreign currency term loans (secured by first charge on three bulk carriers and its receivables)	-	28.55	92.31	69.44
Foreign currency term loans (secured by first charge on a semi submersible rig and corporate guarantee by the Company and IDH International Holdco Limited)	98.24	75.50	613.33	568.89
Rupee term loan (secured by first charge on a very large crude carrier and its receivable)	-	-	35.29	-
Rupee term loan (secured by first charge on two land rigs 2nd pari passu charge on hypothecation of three Schramm rigs and receivable thereon and corporate guarantee by the Company)	27.00	39.00	20.59	18.00
Rupee term loan (secured by charge on Jack up rigs and receivable thereon and corporate guarantee by the Company)	-	-	653.50	150.58
Foreign currency term loan (secured by standby letter of credit/s and receivables from Essar Capital Holding Limited (Holding Company) and/or Peak Trading Overseas Limited & subservient charge on fixed assets of the subsidiary)	-	61.72	678.05	587.63
(ii) from financial institutions				

Rupee term loan (secured by corporate guarantee by a subsidiary)	-	-	-	75.00
Rupee term loan (secured by first pari passu charge by way of hypothecation of three mobile rigs and receivable thereon and corporate guarantee by the Company) (current portion overdue) (ii) from others	20.58	35.71	21.40	10.13
Rupee term loan (₹ 3.50 cr. overdue) (secured by first charge on one mini bulkers and four tugs of an associate company, four mini bulk carriers of an unre- lated entity and corporate guarantee of the ultimate parent company)	105.91	-	17.50	147.77
Total secured loans [A]	272.23	240.48	2,847.22	2,402.41
Unsecured				
(a) Foreign currency convertible bonds (FCCBs) (refer note (i) (e) below)	1,537.62	1,537.62	-	-
(b) Others (current portion overdue)	113.91		25.00	25.00
Total unsecured loans [B]	1,651.53	1,537.62	25.00	25.00
Total [A+B]	1,923.77	1,778.10	2,872.22	2,427.41
Less: Unamortised upfront fees	(19.57)	(23.62)	(5.23)	(7.32)
Less: Amount disclosed under the head 'other current liabilities' (refer note 10(c))	-	-	(2,866.99)	(2,420.09)
Total long - term borrowings	1,904.19	1,754.48	-	-

Foot notes:-

i) Repayment terms:

- a) Secured debentures:** 2,000 debentures issued on 25th March 2010 and 5,000 debentures issued on 22 June 2009 are re-deemable at the expiry of 10 years with put and call option exercisable after five years from their respective dates of issue. The Company has received notice from the debenture holder invoking the put option. The Company is in discussion with the debenture holder to waive the option and based on the said discussion, the management is reasonably confident that the debenture holder will waive the option and the debentures would be redeemed at the expiry of ten years from the date of their issue. However, the debentures have been classified as current liabilities till such waiver is received.
- b) Secured debentures:** (i) 205 debentures issued on 1 February 2013 are redeemable at the expiry of 10 years from the date of issue and the holder of the debentures have an option to call after 5 years from the date of issue. These debentures are overdue for payment on balance sheet date. (ii) 40 debentures issued on 12 October 2012, 50 debentures issued on 28 June 2012 and 100 debentures issued on 22 June 2012 are redeemable at the expiry of 5 years from their respective date of issue and are overdue as on 31 March 2019.
- c) Secured Rupee term loans from banks and others:** Repayable in monthly/quarterly installments starting from June, 2010 to December, 2022.
- d) Secured foreign currency term loans from banks :** Repayable in quarterly installments starting from March, 2006 to July, 2019

- e) Foreign currency convertible bonds:** FCCBs of US\$ 111,428,571 (Series B) due on 24th August, 2017 and US\$ 128,571,429 (Series A) due on 24th August, 2015 got extended to 24th August, 2019, carry interest @ 5% per annum payable semi annually. The FCCBs are convertible into 122,852,787 fully-paid equity shares of ₹ 10 each of the Company, any time upto the date of maturity, at the option of the FCCB holders at conversion price of ₹ 91.70 per share at a predetermined exchange rate of ₹ 46.94 per US\$. The FCCBs, if not converted till the maturity date, will be redeemed at par.
- f)** 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 except in case of certain non current borrowings from debenture holders amounting to ₹ 715.25 crore and from banks amounting to ₹ 750.70 crore where some of these lenders have not confirmed the loan balances as on the balance sheet date.
- g) Interest rates:** Loans availed from banks, financial institutions, NBFC's and Alternate Investment Funds carry a weighted average interest rate of 12.05% per annum (previous year: 9.22% per annum)
- h) Scheduled repayments:** Refer Liquidity Risk table at Note 21(ix).

10 (a) Short - term borrowings

Particulars	As at 31 March, 2019 ₹ in crore	As at 31 March, 2018 ₹ in crore
(a) Loans repayable on demand		
(i) from banks		
Rupee short-term loan (secured by first charge on six land rigs and receivables thereon, corporate guarantee of the Company)	-	442.28
(ii) from others		
Unsecured loans from related parties (refer note 27)	-	3.55
Total short term borrowings	-	445.83

10 (b) TRADE PAYABLE

Particulars	As at 31 March, 2019 ₹ in crore	As at 31 March, 2018 ₹ in crore
Trade payables:		
- Total outstanding dues to micro and small enterprises	17.95	0.19
- Total outstanding dues to creditors other than micro and small enterprises	266.89	294.41
Total trade payable	284.84	294.60

Note: Micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Group. This has been relied upon by the Auditors.

Particulars	As at 31 March, 2019 ₹ in crore	As at 31 March, 2018 ₹ in crore
Principal amount due and remaining unpaid	17.95	0.19
Interest due and unpaid on the above amount	-	-
Interest paid by the Company in terms of section 16 of the Micro, Small and Medium enterprises Act, 2006	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable	-	-

10(c) OTHER FINANCIAL LIABILITIES

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in crore	₹ in crore
Current maturities of long-term borrowings (including instalments overdue at the year end ₹ 2720.87 crore (previous year ₹ 1,334.10 crore))	2,866.99	2,420.09
Security deposits from others	-	82.34
Interest accrued (including interest overdue at the year end ₹ 600.22 crore (previous year ₹ 683.97))	772.60	720.09
Advance from customers	7.33	16.09
Due to related parties (refer note 27)	269.47	230.89
Total other financial liabilities (non-current)	3,916.39	3,469.50

11 EMPLOYEE BENEFITS OBLIGATIONS

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in crore	₹ in crore
Defined benefit plans	5.07	5.91
Defined contribution schemes	0.40	0.97
Total	5.47	6.88

I Details of retirement plans:

The employees of the Group are members of a state – managed retirement benefit plans namely provident fund, gratuity fund and superannuation fund operated by the Government of India. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The Group has recognised the following amounts in the Income Statement during the year under 'Contribution to staff provident and other funds (refer note 16)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Employer's contribution to gratuity fund (offshore crew staff)	0.21	0.29
Group accident policy cover (all employees)	-	0.01
Contribution to pension fund (offshore crew staff)	0.19	0.32
Contribution to pension fund (office staff)	0.47	0.36
Employer's contribution to provident fund (offshore crew staff)	1.46	1.27
Total	2.33	2.25

II. Defined benefit plans

The Group operates funded gratuity, non funded gratuity and funded provident fund plan for qualifying employees. Under the plans the employees are entitled to retirement benefits depending upon the number of years of service rendered by them subject to minimum specified number of years of service. No other post retirement benefits are provided to these employees.

The actuarial valuation of plan assets and the present value of defined benefit obligation were carried out at March 31, 2019 by the certified actuarial valuer. The present value of the defined benefit obligation, related current service cost and past service cost were measured using the projected unit credit method.

(A) Movements in present value of defined benefit obligation

Particulars	Gratuity (funded) 31.03.2019	Gratuity (non- funded) 31.03.2019	Provident fund (funded) 31.03.2019	Gratuity (funded) 31.03.2018	Gratuity (non-fund- ed) 31.03.2018	Provident fund (funded) 31.03.2018
Obligations as at beginning of the year	2.81	4.50	37.32	2.05	4.57	33.91
Current service cost	0.21	0.48	0.83	0.14	0.58	0.86
Current service contribution- employee	-	-	0.96	-	-	-
Interest cost	0.18	0.33	1.70	0.12	0.31	7.15
Transfer in	-	-	0.09	0.52	-	1.21
Benefits paid	(0.77)	(0.14)	(6.74)	(0.59)	-	(5.81)
Actuarial (gain)/loss	(0.28)	(1.21)	-	0.39	(0.96)	-
Disposal of a subsidiary	-	-	-	-	-	-
Planned Amendment	-	-	-	0.18	-	-
Present value of defined benefit obligation as at end of the year	2.14	3.96	34.16	2.81	4.50	37.32

(B) Movements in the fair value of plan assets

Particulars	Gratuity (funded) 31.03.2019	Provident fund (funded) 31.03.2019	Gratuity (funded) 31.03.2018	Provident fund (funded) 31.03.2018
Fair value of plan assets at beginning of the year	0.94	37.32	1.17	33.91
Expected return on plan assets	-	-	-	-
Actual return on plan assets	0.00	-	0.01	-
Interest income on plan assets	0.04	1.70	0.05	7.15
Actuarial gain/(loss) on plan assets	-	-	-	-
Contributions by the employer / employee	0.80	1.79	0.29	1.93
Other adjustments	-	0.09	-	0.14
Benefits paid	(0.77)	(6.74)	(0.59)	(5.81)
Disposal of a subsidiary	-	-	-	-
Total	1.01	34.16	0.93	37.32

(C) Amount recognized in the balance sheet

Particulars	Gratuity (funded) 31.03.2019	Gratuity (non- funded) 31.03.2019	Gratuity (funded) 31.03.2019	Gratuity (non-fund- ed) 31.03.2018	Gratuity (non-fund- ed) 31.03.2018	Provident fund (funded) 31.03.2018
Present value of defined benefit obligation as at end of the year	2.15	3.96	34.16	2.82	4.50	37.32
Fair value of plan assets as at end of the year	1.01	-	34.16	0.94	-	37.32
Total	1.15	3.96	-	1.88	4.50	-

(D) Amounts recognized in the Statement of Profit and Loss

Particulars	Gratuity (funded) 31.03.2019	Gratuity (non-fund- ed) 31.03.2019	Provident fund (funded) 31.03.2019	Gratuity (funded) 31.03.2018	Gratuity (non-fund- ed) 31.03.2018	Provident fund (funded) 31.03.2018
Current service cost	0.21	0.48	0.83	0.14	0.58	0.86
Interest cost	0.08	0.33	-	0.06	0.31	-
Past service cost	-	-	-	0.70	-	-
Net actuarial (gain)/loss recognized in the year	0.04	-	-	-	-	-
Total	0.33	0.81	0.83	0.90	0.89	0.86

(E) Amounts recognised in other comprehensive income

Particulars	31.03.2019	31.03.2018
Experience adjustments	1.48	0.88
Total	1.48	0.88

(F) Category of plan assets

Particulars	Gratuity (funded) 31.03.2019	Provident fund (funded) 31.03.2019	Gratuity (funded) 31.03.2018	Provident fund (funded) 31.03.2018
Administered by Life Insurance Corporation of India *	68.00%	-	68.00%	-
State bank of India	32.00%	-	32.00%	-
Government of India Securities	-	28.36%	-	28.39%
Public sector bonds / TDRs	-	71.64%	-	71.61%

*The Group is unable to obtain the details of plan assets from the Life Insurance Corporation of India and hence the disclosure thereof is not made.

(G) Sensitivity analysis

Particulars	31.03.2019	31.03.2018
DBO On base assumptions	1.36	2.02
A. Discount Rate	7.10%	7.00%
1. Effect due to 0.5% increase in discount rate	(0.03)	(0.03)
2. Effect due to 0.5% decrease in discount rate	0.03	0.03
B. Salary Escalation Rate	9.00%	9.00%
1. Effect due to 0.5% increase in salary escalation rate	0.02	0.03
2. Effect due to 0.5% decrease in salary escalation rate	(0.02)	(0.03)
C. Withdrawal Rate	8.00%	8.00%
1. Effect due to 0.5% increase in withdrawal rate	(0.03)	(0.03)
2. Effect due to 0.5% decrease in withdrawal rate	0.04	0.04

Risk Exposure - Asset Volatility**1) Interest Rate Risk**

The defined benefit obligation calculated use a discount rate based on government bond. If bond yield falls, the defined benefit obligation will tend to increase.

2) Salary Inflation Risk

Higher than expected increase in salary will increase the defined benefit obligation.

3) Demographic Risk

This is the risk of variability of result due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of this decrements on defined benefit obligation is not straight forward and depends upon combination of salary increase, discount rate and vesting criteria. It is important not to over state withdrawals because in the financial analysis the retirement benefit of a short career employee typically cost less per year as compared to a long service employee.

(H) Actuarial assumptions

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	Gratuity (funded) 31.03.2019	Gratuity (non- funded) 31.03.2019	Provident fund (funded) 31.03.2019	Gratuity (funded) 31.03.2018	Gratuity (non- funded) 31.03.2018	Provident fund (funded) 31.03.2018
Discount rate (per annum)	7.10%	7.10%	7.10%	7.30%	7.50%	7.30%
Rate of return on plan assets	9.00%	9.00%	8.55%	8% to 10%	9.00%	8.60%
Withdrawal rate	8% to 10%	7.00%	8.00%	8.00%	7.00%	8.00%
Expected returns on EPFO	-	-	8.65%	-	-	8.60%
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 India Assured Lives Mortality (2006-08) (Modified) ULT. (Previous year: Life Insurance Corporation of India (2006-08)) mortality table.
- iii) Leave policy: Leave balance as at the valuation date and each subsequent year following the valuation date to the extent not availed by the employee accumulated up to 31st December 2015 is available for encashment on separation from the Group up to a maximum of 120 days.
- iv) The contribution to be made by the Group for funding its liabilities for gratuity (funded and non funded) and towards provident fund during the financial year 2018-19 amounts to ₹ 2.62 crore and as per demand.
- 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) Liability on account of long term absences has been valued by actuaries as per Projected Unit Credit Method.
- viii) Short term compensated absences have been provided on actual basis.

12(a) CURRENT TAX LIABILITIES

Particulars	As at 31 March, 2019 ₹ in crore	As at 31 March, 2018 ₹ in crore
Statutory and other related dues	16.92	21.47
Total current tax liabilities	16.92	21.47

12(b) OTHER CURRENT LIABILITIES

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in crore	₹ in crore
Statutory and other related dues	27.44	57.89
Payable in respect of capital goods	42.48	21.39
Deferred profit on sale and lease back	7.51	8.53
Unearned revenue on services	5.09	2.30
Total other current liabilities	82.51	90.11

13 REVENUE FROM OPERATIONS

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
	₹ in crore	₹ in crore
Sale of services		
Fleet operating and chartering earnings	937.10	920.47
Rig operating and chartering earnings	361.51	273.86
Other operating income		
Profit on sale of vessel	3.44	10.29
Scarp sales	0.43	1.17
Supervision / management fees	6.70	1.96
Total	1,309.18	1,207.75

14 OTHER INCOME / (CHARGE)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
	₹ in crore	₹ in crore
Interest income		
- from banks	0.62	0.77
- from related parties on intercorporate deposits (refer note 28)	19.33	26.19
- from others	6.60	45.94
Net gain /(loss) on foreign currency translation and transactions	0.96	4.60
Other non operating income	29.79	1.98
Total	57.30	79.48

15 OPERATING EXPENSES

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
	₹ in crore	₹ in crore
Consumption of stores and spares	56.39	36.59
Consumption of fuel, oil and water	121.41	204.24
Direct voyage expenses	540.06	446.68
Commission, brokerage and agency fees	0.07	0.83
Standing costs	41.44	41.23
Dry docking expenses for BBC vessels	-	19.23
Insurance, protection and indemnity club fees	23.35	31.41
Total	782.71	780.22

16 EMPLOYEE BENEFITS EXPENSE

Particulars	Year ended 31 March, 2019 ₹ in crore	Year ended 31 March, 2018 ₹ in crore
Offshore staff		
Salaries, wages and bonus	93.86	109.64
Contribution to staff provident and other funds	2.98	3.31
Staff welfare expenses	6.91	9.94
Office staff		
Salaries, wages and bonus	17.66	16.01
Contribution to staff provident and other funds	1.67	1.62
Staff welfare expenses	2.50	2.66
Total	125.59	143.18

17 FINANCE COSTS

Particulars	Year ended 31 March, 2019 ₹ in crore	Year ended 31 March, 2018 ₹ in crore
Interest expense		
- on bank loans	188.96	78.71
- on loans from financial Institutions	11.63	20.72
- on finance lease obligations	1.33	1.27
- on foreign currency convertible bonds	-	27.90
- on debentures	130.95	120.56
- on others	39.27	117.00
Loan commitment / processing charges, guarantee fees and other charges	23.60	20.64
Total	395.74	386.80

18 OTHER EXPENSES

Particulars	Year ended 31 March, 2019 ₹ in crore	Year ended 31 March, 2018 ₹ in crore
Rent	2.35	2.26
Rates and taxes	0.26	0.14
Repairs and maintenance		
-buildings	0.62	0.08
-others	1.75	1.12
Legal and professional fees	17.22	23.07
Travelling and conveyance	1.59	2.26
Auditor's remuneration (refer note below)	0.50	0.46
Net loss on foreign currency translation and transaction (other than considered as finance cost)	38.05	5.78
Bad debts written off	3.07	-
Other establishment expenses	3.70	3.09
Total	69.11	38.26

Particulars	Year ended 31 March, 2019 ₹ in crore	Year ended 31 March, 2018 ₹ in crore
As auditor	0.42	0.39
Reimbursement of expenses for audit of subsidiaries	0.01	0.01
For other services	-	-
	0.07	0.06
Total	0.50	0.46

19 EXCEPTIONAL ITEMS

Exceptional Items comprise of the following:

Particulars	Year ended 31 March, 2019 ₹ in crore	Year ended 31 March, 2018 ₹ in crore
a) Income		
Compensation receivable by the Company for breach of contract by a charterer including accrued interest	-	369.81
Total	-	369.81
b) Expenses		
Provision for doubtful / Impairment of receivables / advances	(1,110.59)	(1,518.24)
Impairment of fixed assets /Capital work-in-progress	(687.62)	-
Provision for impairment in value of vessel held - for-sale	-	(77.84)
Cancellation of finance lease obligation	-	(54.23)
Impairment of goodwill	(1,688.76)	-
Total	(3,486.97)	(1,650.31)

Compensation receivable by the Company for breach of contract by a charterer including accrued interest

During the previous year 2017-18, the Company had recognized income from an Arbitration Award along with interest accrued thereon amounting to ₹ 369.81 crore. The dispute in this regard has been adjudged in favour of the Company by the Arbitrator. On the direction of the Supreme Court, the contractor has deposited 50% of the awarded amount with the Court, pending disposal of the case. The interest on the awarded amount for the current year will be considered on final adjudication of the case. The statutory auditors have drawn attention to this note in their report.

Provision for doubtful / impairment of receivables

- A. A subsidiary has assessed its receivables / Inter Corporate Deposit from a related party for recoverability as at 31 March 2019 and management feels these are no longer recoverable as:
 - 1) The said related party does not have sufficient assets to repay its secured loans as at 31 March 2019.
 - 2) The said related party is negotiating a one time settlement with its secured lenders subsequent to which it will be liquidated. Therefore, receivables amounting to ₹ 7.83 crore have been fully impaired as at 31 March 2019.
- B. The Group has impaired the inventories of ₹ 53.84 crore as per internal assessment by the Management as on 31 March, 2019.
- C. Corporate Insolvency Resolution Process had been initiated against ABG Shipyard Limited in previous year and the Group had submitted its claim to Resolution Professionals. However, the Group was not expecting recovery against the claim due to which the Group had classified the advance of ₹ 116 crore provided to ABG Shipyard as doubtful.
- D. ABG Shipyard is under the Insolvency Resolution Process and the completion, construction and delivery of the rigs is uncertain. Hence, the proceeds against Novation agreement under which the rigs were transferable to Varada Drilling One Pte Limited & Varada Drilling Two Pte Limited are also uncertain owing to which management of the company had provided ₹ 699.27 crore (40%) of total receivables against Novation agreement as doubtful receivables. Since there was no further improvement on receivable from Associate Companies, the balance amount of ₹ 1,048.90 crore has been provided in the books during the year.

E. Impairment of fixed assets and capital work-in-progress

The Group has carried out the valuation of rigs including capital work in progress during the year and recognised the impairment of ₹ 687.62 crore in the books as on 31 March, 2019. In case of the Rigs in operation, the Group has considered both recoverable value and value in use while ascertaining the impairment in the books.

F. Impairment of goodwill

On the basis of a report provided by an independent valuer, the Group has concluded that an investment in one of subsidiary has to be impaired by ₹ 1400 crore and the said has resulted in an impairment in Goodwill to the extent of ₹ 1,688.76 crores as on 31 March 2019.

20 INCOME TAXES

Income tax expense recognised in the profit and loss account comprises of:

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
	₹ in crore	₹ in crore
Current income taxes	(1.45)	(3.24)
Income tax expense for the year	(1.45)	(3.24)

The reconciliation of income tax expense applicable to accounting profit before income tax at statutory income tax rate to income tax expense at the Company's effective income tax rate for the year ended 31 March, 2019 and 31 March, 2018 are as follows:

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
	₹ in crore	₹ in crore
Loss before taxes	(3,776.13)	(1,645.85)
Statutory Income Tax Rate	34.60%	34.60%
Effective tax rate*	0%	0%

* Effective tax rate is Nil on account of losses during the year.

Note: In case of Indian shipping companies, tax expense is computed based on the gross tonnage of the vessels for the income subject to tonnage tax. In case of income not subject to tonnage tax, the same is calculated based on the taxable profits calculated in accordance with the local tax laws.

21 FINANCIAL INSTRUMENTS**(i) Capital management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from previous year. The capital structure of the Group consists of debt, which includes the borrowings including temporary overdrawn balance, cash and cash equivalents including short term bank deposits, equity comprising issued capital, reserves and non-controlling interests. The gearing ratio for the year is as under:

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
	₹ in crore	₹ in crore
Debt (including borrowings from related and unrelated parties and finance lease obligations)	4,771.18	4,620.40
Less: Cash and cash equivalent including short term deposits (restricted)	(24.64)	(55.41)
Net debt (A)	4,746.54	4,564.99
Total equity (B)	(1,647.73)	1,561.77
Net debt to equity ratio (A/B)	(2.88)	2.92

(ii) Categories of financial instruments

Particulars	As at 31 March 2019		As at 31 March, 2018	
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
<u>At amortised cost</u>				
Cash and cash equivalents	24.64	24.64	55.41	55.41
Loans and other receivables	535.99	535.99	457.34	457.34
Other financial assets	562.87	562.87	1,503.23	1,503.23
Total	1,123.50	1,123.50	2,015.98	2,015.98
Financial liabilities:				
<u>At amortised cost</u>				
Borrowings	4,771.18	4,771.18	4,620.40	4,620.40
Finance lease payables	-	-	-	-
Trade and other payables	-	284.84	-	294.60
<u>At fair value through profit and loss</u>				
Other financial liabilities	1,049.40	1,049.40	1,049.41	1,049.41
Total	5,820.58	6,105.42	5,669.82	5,964.42

Fair value measurements recognised in the statement of financial position:

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

-Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

-Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

-Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade and other receivables, trade and other payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities or nature of these instruments.
- The fair value of loans from banks and other financial indebtedness as well as other non current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities.
- Derivative instruments have been fair valued on the reporting date on the basis of quotes provided by the third party qualified valuer / market participants.

(iii) Financial risk management objectives:

The Group's principal financial liabilities comprise of loan from banks and financial institutions, finance lease obligations, overdrafts and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, cash and short term deposits, which arise directly from its operations.

The main risks arising from Group's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. The Board of Directors review and agree policies for managing each of these risks.

(iv) Foreign currency risk:

Foreign currency risk mainly arises from transactions undertaken by an operating unit denominated in currencies other than its functional currency. Exposure to foreign currency risk is partly mitigated by natural hedges of matching revenues and costs.

The carrying amounts of the Group's financial assets and financial liabilities denominated in foreign currencies at the reporting date are as follows:

Particulars	As at 31 March 2019		As at 31 March, 2018	
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
United States Dollars (US\$)	1,164.70	2,337.80	1,357.74	2,602.04
Currencies other than INR & US\$	1.16	8.01	0.12	8.03
Total	1,165.86	2,345.81	1,357.86	2,610.07

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies of all the companies in the Group. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the respective functional currency strengthens by 5% against the relevant foreign currency. For a 5% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

Particulars	As at 31 March, 2019 ₹ in crore	As at 31 March, 2018 ₹ in crore
	Impact on profit before tax	
US\$ impact	(59.00)	(62.61)

(v) Interest rate risk:

The Group is exposed to interest rate risk as entities in the Company borrow funds at floating interest rates. The interest rate risk is managed by monitoring the Group's level of borrowings periodically and structuring its borrowings on varying maturities and interest rate terms. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis:

The sensitivity analysis below has been determined based on the exposure to interest rates at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March, 2019 would increase/decrease by ₹15.14 crore (previous year ₹ 11.85 crore). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(vi) Other price risk:

The Group is not exposed to any significant equity price risks arising from equity investments, as on 31 March, 2019. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Equity price sensitivity analysis:

There is no exposure to equity price risks as at the reporting date or as at the previous reporting date.

(vii) Credit risk:

The credit risk is primarily attributable to the Group's trade and other receivables and guarantees given by the Group on behalf of others. The amounts presented in this consolidated statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and their assessment of the current economic environment. The maximum related party credit exposure at 31 March, 2019 on account of carrying amount of advances /deposit, trade and other receivables and guarantees are disclosed in note 27 on related party transactions. Based on the credit worthiness of the related parties, financial strength of related parties and its parents and past history of recoveries from them, the credit risk is mitigated. Credit risk relating to unrelated parties are minimised as the Group deals only with reputed parties. Cash and cash equivalents are held with reputable and credit-worthy banks.

(viii) Fair value of financial instruments:

All financial assets are initially recognised at fair value of consideration paid. Subsequently, financial assets are carried at fair value or amortized cost less impairment. Where non – derivative financial assets are carried at fair value, gains and losses on re- measurement are recognised directly in equity unless the financial assets have been designated as being held at fair value through profit or loss, in which case the gains and losses are recognised directly in the consolidated statement of profit and loss. Financial assets are designated as being held at fair value through profit or loss when it is necessary to reduce measurement inconsistency for related assets and liabilities. All financial liabilities other than derivatives are initially recognised at fair value of consideration received net of transaction costs as appropriate (initial cost) and subsequently carried at amortised cost.

(ix) Liquidity risk:

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group monitors its risk of shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations, public offerings and refinancing of current borrowings.

Liquidity table:

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the Group can be required to pay:

Particulars	As at 31 March, 2018			
	Within One Year ₹ in crore	One to five years ₹ in crore	More than five years ₹ in crore	Total ₹ in crore
Financial instruments:				
Borrowings	2,865.93	1,695.50	58.98	4,620.41
Trade and other payables	294.60	-	-	294.60
Other financial liabilities	1,049.40	-	-	1,049.40
Total financial liabilities	4,209.93	1,695.50	58.98	5,964.41

Particulars	As at 31 March, 2019			
	Within One Year ₹ in crore	One to five years ₹ in crore	More than five years ₹ in crore	Total ₹ in crore
Financial instruments:				
Borrowings	2,509.55	2,261.63		4,771.18
Trade and other payables	284.84	-	-	284.84
Other financial liabilities	1,049.40	-	-	1,049.40
Total financial liabilities	3,843.79	2,261.63	-	6,105.42

22 LEASES**Details of leasing arrangements:****a) Finance leases : Group as a lessee**

During the year, the Group has foreclosed the lease arrangement for a vessel and therefore the future minimum lease payments (MLP) together with the present value of the MLP payable by the Company are ₹ Nil.

b) Operating leases : Group as a lessee

The company has not entered into any non-cancellable operating lease.

23 CONTINGENCIES**Contingent liabilities (to the extent not provided for)**

a) Claims against the company not acknowledged as debts	As at 31 March, 2019 ₹ in crore	As at 31 March, 2018 ₹ in crore
Guarantee given by a bank against disputed custom duty demand of ₹ 27.40 crore by DGFT	30.00	30.00
Income tax demand- appeal filed by the company with Commissioner of Income tax -Appeals*	169.62	89.60
Income tax demand -appeal filed by the Income tax department in the High court of Bombay against the order of Appellate Tribunal in favour of the Company	7.29	7.29
* The Income tax department has adjusted the refund of ₹ 35.71 crores against the above demand.		
b) Others	As at 31 March, 2019 ₹ in crore	As at 31 March, 2018 ₹ in crore
Guarantees given by banks	40.41	38.18
Claims against the Group not acknowledged as debt	52.75	49.61

24 SEGMENT REPORTING**a) Basis of segmentation**

The group has the following two (previous year three) reportable segments based on the information reviewed by the group's Chief Operating Decision Maker ('CODM')

a) Fleet operating and chartering**b) Oilfields services**

Segments have been identified taking into account the organisational structure, nature of services, different risks and internal reporting system.

The Board of Directors of the company is considered to be the CODM which is responsible for allocating resources and assessing performance of the operating segments.

b) **Business segment**

Particulars	₹ in crore	
	As at 31 March, 2019	As at 31 March, 2018
Segment Revenue		
Operating Income		
Fleet operating and chartering	979.76	977.78
Rig operating and chartering	442.14	307.56
Total	1,421.90	1,285.34
Less: Inter segment revenue	(112.72)	(77.58)
Total Income from operations	1,309.18	1,207.76
Other Income - unallocated	57.30	79.48
Total Income	1,366.48	1,287.24
Segment Results		
Fleet operating and chartering	113.22	138.67
Rig operating and chartering	(6.64)	(117.22)
Total	106.58	21.45
Less: Unallocated interest and finance costs	(395.74)	(386.80)
Loss before tax	(289.15)	(365.35)
Less: Tax expense	(1.45)	(3.24)
Loss before share of profit of associates	(290.60)	(368.59)
Share of Profit or (loss) of associate	6.21	(35.77)
Loss for the year before exceptional items	(284.39)	(404.36)
Exceptional items	(3,486.97)	(1,280.50)
Loss for the year after exceptional items	(3,771.36)	(1684.86)
Segment assets		
Fleet operating and chartering	1,076.69	1216.54
Oilfields services	2,542.69	4,567.32
Unallocable	943.22	1,861.40
Total segment assets	4,562.60	7645.26
Segment liabilities		
Fleet operating and chartering	1,763.29	305.14
Oilfields services	1,770.24	437.19
Unallocable	772.60	720.75
Total segment liabilities	4,306.13	1,463.08
Add: Total borrowings	1,904.19	4,620.41
Total liabilities	6,210.32	6,083.49
Property, plant and equipment acquired during the year*		
Fleet operating and chartering	26.13	37.07
Oilfields services	0.23	34.72
Total	26.35	71.79
Depreciation		
Fleet operating and chartering	103.34	125.03
Oilfields services	179.15	179.09
Total	282.49	304.12

* Additions to the property plant and equipment shown above are excluding exchange difference, capital work in progress and expenditure during construction.

c) **Geographical segment**

The geographical information analyses the Group's revenue by the country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographical selling location.

	₹ in crore	
	As at 31 March, 2019	As at 31 March, 2018
Revenue from operations		
India	1,177.41	974.71
South Korea	-	1.50
Singapore	64.21	158.99
Cyprus	6.63	1.72
United Kingdom	3.44	10.29
United Arab Emirates	32.51	31.89
Switzerland	24.39	12.40
Canada	0.58	-
Thailand	-	16.25
Total	1,309.18	1,207.75

d) **Information about major customers**

89% of the operating income of the Group (previous year 78%) was derived from a single customer based in India. The Group provides Fleet operating services to the said customer.

The main operating assets represent floating fleet, which are not identifiable to any geographical location.

25 **EARNINGS PER SHARE**

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

	₹ in crore	
Particulars	As at 31 March, 2019	As at 31 March, 2018
Loss for the year before exceptional items	(284.40)	(404.36)
Loss for the year after exceptional items	(3,771.37)	(1,684.86)
Equity shares at the beginning of the year (nos.)	206,976,072	206,976,072
Equity shares issued during the year (nos.)	-	-
Equity shares at the end of the year (nos.)	206,976,072	206,976,072
Weighted average equity shares for the purpose of calculating basic earnings per share (nos.)	206,976,072	206,976,072
Weighted average equity shares for the purpose of calculating diluted earnings per share (nos.)	206,976,072	206,976,072
Earnings per share - basic before exceptional items (face value of ₹10/- each)	(13.74)	(19.54)
Earnings per share - diluted before exceptional items (face value of ₹10/- each)	(13.74)	(19.54)
Earnings per share - basic after exceptional items (face value of ₹10/- each)	(182.21)	(81.40)
Earnings per share - diluted after exceptional items (face value of ₹10/- each)	(182.21)	(81.40)

Note:

Equity shares to be issued upon conversion of FCCB and exercise of Employee Stock Option scheme have not been considered for the purpose of calculation of weighted average number of diluted equity shares, as they are anti dilutive.

26 **EMPLOYEES STOCK OPTION SCHEME**

In the Annual general meeting held on September 9 2011, the shareholders approved the issue of Employee Stock options under the Scheme titled "Essar Shipping Employee Stock options Scheme -2011" (hereafter named ESOS A).

The ESOS A allows the issue of options to employees and executive Directors of the Company and its subsidiaries (whether in India or abroad). Each option comprises one underlying equity share.

As per the Scheme, the Compensation Committee grants the options to the employees deemed eligible. The exercise price of each option shall be determined by the Compensation committee as per the said scheme. The options granted vest in a graded manner over a period of 5/4/3 years from the date of the grant in proportions specified in the Scheme. Options may be exercised within 7 years from the date of vesting. The Company has issued the said ESOS in two tranches on November 2 2011 and February 8 2012 at an exercise price of ₹ 22.30 each, the market price of the shares on the grant date of the ESOS was ₹ 22.30 per share and ₹31.30 per share respectively.

The difference between the market price of the share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense is expensed over the vesting period.

27 RELATED PARTY RELATIONSHIPS, TRANSACTIONS AND BALANCES

a) Holding companies :

- i) Essar Global Fund Limited , Cayman Island, ultimate holding company
- ii) IDH International Drilling Holdco Limited, Cyprus, intermediate holding company
- iii) Essar Shipping Mauritius Holdings Limited , Mauritius, immediate holding company

b) Associates

- i) Varada Drilling One Pte. Limited , Singapore
- ii) Varada Drilling Two Pte. Limited , Singapore
- iii) Arkay Logistics Limited , India

c) Key management personnel

- i) Mr. Ranjit Singh (Executive Director and Chief Executive Officer)
- ii) Capt Rahul Bhargava (Executive Director)
- iii) Mr. Rajeev Nayyar (Wholetime Director & Chief Executive Officer)
- iv) Mr. Sandeep Akolkar (Chief Financial Officer till 31.01.2019)
- v) Mr. Ketan Shah (Chief Financial Officer from 01.02.2019)
- vi) Mr. P.K Srivastava (Non- Executive Director)
- vii) Mr. N. Srinivasan (Non- Executive Director)
- viii) Capt. B. S. Kumar (Non- Executive Director)
- ix) Ms Neelam Kapoor (Non Executive Director)
- x) Mr. Dinesh Pande (Non-Executive Director)
- xi) Mr. Upendra Patro (Chief Financial Officer)
- xii) Mr. Awaneesh Srivastava (Company Secretary)
- xiii) Mr. Habib Jan (Company Secretary)
- xiv) Mr. Sushil Kumar Baid (till 13.06.2018)
- xv) Mr. Ganesh Venkitaraman Iyer (till 13.06.2018)
- xvi) Mr. Prasad Venkata Devatha (till 31.05.2017)
- xvii) Mr. Prem Subramanian Pillai (till 31.03.2019)

d) Fellow subsidiaries / Other related parties :

- i) Aegis Limited
- ii) Essar Bulk Terminal Limited
- iii) Essar Ports Limited
- iv) Essar Steel India Limited
- v) Essar Shipping (Cyprus) Limited
- vi) Essar Projects (India) Limited
- vii) Essar Capital Holdings Limited
- viii) Energy Holdco Mauritius Limited

- ix) Essar Steel Logistics Limited
- x) Essar Oil & Gas Exploration & Production Limited
- xi) Essar Capital (Mauritius) Limited
- xii) Essar Constructions Limited
- xiii) Essar Global Services Limited
- xiv) Pt. Essar Indonesia
- xv) Equiptrans Logistics Private Limited
- xvi) ACV Oil FZE

e) Trusts:

- (i) Essar Shipping Staff Provident Fund Trust
- (ii) Essar Shipping Employee Stock Options Trust

f) Details of transactions with related parties during the year

₹ in crore

Nature of transactions	Holding companies / Promoter Group		Fellow subsidiaries / Associates		Key Management Personnel		Total	
	31.03.19	31.03.18	31.03.19	31.03.18	31.03.19	31.03.18	31.03.19	31.03.18
INCOME								
Revenue from operations								
Essar Steel India Limited	-	-	803.25	643.10	-	-	803.25	643.10
IDH International Drilling Holdco Limited	(1.29)	1.72	-	-	-	-	(1.29)	1.72
Essar Shipping (Cyprus) Limited	-	-	7.93	-	-	-	7.93	-
Essar Ports Limited	-	-	-	0.22	-	-	-	0.22
Arkay Logistics Limited	-	-	-	25.47	-	-	-	25.47
Interest income								
IDH International Drilling Holdco Limited	-	16.77	-	-	-	-	-	16.77
Essar Shipping Cyprus Limited	-	-	0.25	0.04	-	-	0.25	0.04
Essar Global Fund Limited	-	0.29	-	-	-	-	-	0.29
Varada Drilling One Pte Limited	-	-	-	0.08	-	-	-	0.08
Varada Drilling Two Pte Limited	-	-	-	0.06	-	-	-	0.06
Essar Capital Holdings Limited	-	-	19.85	8.95	-	-	19.85	8.95
Essar Projects Limited	-	-	0.65	-	-	-	0.65	-
Managerial remuneration #								
Ranjit Singh	-	-	-	-	1.28	1.19	1.28	1.19
Rajeev Nayyar	-	-	-	-	1.40	1.23	1.40	1.23
Capt Rahul Bhargava	-	-	-	-	0.79	0.29	0.79	0.29
P.K. Srivastava	-	-	-	-	0.07	0.06	0.07	0.06
N.Srinivasan	-	-	-	-	0.13	0.11	0.13	0.11
Capt. B. S. Kumar	-	-	-	-	0.16	0.10	0.16	0.10
Mr. Upendra Patro (till 31.03.2019)	-	-	-	-	0.75	0.38	0.75	0.38
Mr. Dinesh Pandey	-	-	-	-	0.05	0.02	0.05	0.02
Mr. Prasad Venkata Devatha (till 31.05.2017)	-	-	-	-	-	0.44	-	0.44
Agency charges								
Essar Bulk Terminal Limited	-	-	0.32	0.44	-	-	0.32	0.44
Arkay Logistics Limited	-	-	0.14	0.22	-	-	0.14	0.22
Freight/ hire charges								
Essar Shipping (Cyprus) Limited	-	-	110.11	90.43	-	-	110.11	90.43
Rent								

Essar Oil & Gas Exploration & Production Limited	-	-	0.36	-	-	-	0.36	-
Repair and maintenance								
Essar Steel India Limited	-	-	0.28	-	-	-	0.28	-
Professional / Management fees								
Essar Capital (Mauritius) Limited	-	-	0.76	0.07	-	-	0.76	0.07
Interest expenses								
Essar Holdco Mauritius Limited	-	-	12.96	12.00	-	-	12.96	12.00
Arkay Logistics Limited	-	-	0.74	0.69	-	-	0.74	0.69
Contribution to staff provident fund								
Essar Shipping Staff Provident Fund	-	-	0.82	0.91	-	-	0.82	0.91
Loans and advances given								
Varada Drilling One Pte Limited	-	-	0.14	0.84	-	-	0.14	0.84
Varada Drilling Two Pte Limited	-	-	0.07	0.18	-	-	0.07	0.18
IDH International Drilling Holdco Limited	0.03	3.48	-	-	-	-	0.03	3.48
Essar Projects Limited	-	-	21.23	-	-	-	21.23	-
Repayment received								
Essar Capital Holdings Limited	-	-	21.23	-	-	-	21.23	-
Loans and advances received								
Energy Holdco Mauritius Limited	-	-	-	84.59	-	-	-	84.59
Essar Shipping Cyprus Limited	-	-	0.62	-	-	-	0.62	-
Issue of Preference shares								
Arkay Logistics Limited	-	-	-	5.30	-	-	-	5.30
Essar Oil & Gas Exploration & Production Limited	-	-	-	20.50	-	-	-	20.50
Provision for Doubtful Debts								
Varada Drilling One Pte Limited	-	-	-	349.63	-	-	-	349.63
Varada Drilling Two Pte Limited	-	-	-	349.63	-	-	-	349.63

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

g) Outstanding balances with related parties ₹ in crore

Nature of balances	Holding companies / Promoter Group		Fellow subsidiaries / Associates		Key Management Personnel		Total	
	31.03.19	31.03.18	31.03.19	31.03.18	31.03.19	31.03.18	31.03.19	31.03.18
Trade receivables								
Essar Steel India Limited	-	-	63.08	49.88	-	-	63.08	49.88
Arkay Logistics Limited	-	-	0.20	-	-	-	0.20	-
IDH International Drilling Holdco Limited	-	1.29	-	-	-	-	-	1.29
Essar Ports Limited	-	-	0.50	0.48	-	-	0.50	0.48
Essar Oil & Gas Exploration & Production Limited	-	-	-	1.57	-	-	-	1.57
Unbilled revenue receivable								
Essar Steel India Limited	-	-	0.14	2.58	-	-	0.14	2.58
Other receivables								
Varada Drilling One Pte Limited	-	-	-	526.37	-	-	-	526.37
Varada Drilling Two Pte Limited	-	-	-	524.45	-	-	-	524.45
Loans and advances (including interest accrued)								

Essar Global Fund Limited	4.06	3.82	-	-	-	-	4.06	3.82
IDH International Drilling Holdco Limited	3.83	3.60	-	-	-	-	3.83	3.60
Essar Shipping (Cyprus) Limited	-	-	4.20	15.28	-	-	4.20	15.28
Essar Shipping Employees Stock Option Trust	-	-	0.41	0.81	-	-	0.41	0.81
Varada Drilling One Pte Limited	-	-	1.86	1.64	-	-	1.86	1.64
Varada Drilling Two Pte Limited	-	-	1.19	1.06	-	-	1.19	1.06
Essar Capital Holdings Limited	-	-	444.49	418.62	-	-	444.49	418.62
Essar Projects Limited	-	-	21.87	-	-	-	21.87	-
Arkay Logistics Limited	-	-	0.20	-	-	-	0.20	-
Ranjit Singh	-	-	-	-	-	0.06	-	0.06
Advance received from Customer								
Arkay Logistics Limited	-	-	5.64	8.58	-	-	5.64	8.58
Trade payables								
Essar Bulk Terminal Limited	-	-	3.38	4.99	-	-	3.38	4.99
Arkay Logistics Limited	-	-	-	0.63	-	-	-	0.63
Aegis Limited	-	-	-	0.04	-	-	-	0.04
Essar Projects (India) Limited	-	-	2.01	-	-	-	2.01	-
Essar Oil & Gas Exploration & Production Limited	-	-	0.36	-	-	-	0.36	-
Essar Constructions India Limited	-	-	2.99	5.02	-	-	2.99	5.02
Essar Shipping (Cyprus) Limited	-	-	28.27	1.55	-	-	28.27	1.55
Essar Capital (Mauritius) Limited	-	-	0.86	0.38	-	-	0.86	0.38
Essar Steel Logistics Limited	-	-	0.06	0.06	-	-	0.06	0.06
Equiptrans Logistics Limited	-	-	0.21	-	-	-	0.21	-
Essar Staff Provident Fund	-	-	0.18	0.28	-	-	0.18	0.28
Loans and advances received								
Arkay Logistics Limited	-	-	19.33	17.48	-	-	19.33	17.48
Energy Holdco Mauritius Limited	-	-	251.99	223.75	-	-	251.99	223.75
Interest accrued but not due on loans (ICD)								
Essar Steel India Limited	-	-	13.02	13.02	-	-	13.02	13.02
Essar Global Fund Limited	1.79	1.39	-	-	-	-	1.79	1.39

28 GOING CONCERN

The Group's current liabilities exceed its current assets by ₹ 2,972 crore as at 31 March 2019, the following steps are being taken to rectify this mismatch:

- Loan from a public financial institution along with interest accrued thereon amounting to ₹ 1,215.32 crore classified as Current is expected to be rescheduled.
- Loan from an NBFC along with interest accrued thereon amounting to ₹ 32.28 crore will not be repaid out of the Group's current assets.
- Loans amounting to ₹ 612 crore borrowed by a subsidiary and classified as current (as per contractual maturity) are expected to be rolled forward by one more year.
- Loans amounting to ₹ 695 crore borrowed by a subsidiary and classified as current (as per contractual maturity) are expected to be settled.
- Certain loans classified as current owing to covenant defaults are expected to be rescheduled such that they will not be repayable within one year.

29 Additional Information as required under Schedule III to the Companies Act, 2013

Name of the entity in the Group	Net Asset i.e. total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of Consolidated net assets	Amount (₹ in Crores)	As a % of Consolidated Profit/(Loss)	Amount (₹ in Crores)	As a % of Consolidated Other comprehensive Income	Amount (₹ in Crores)	As a % of Consolidated Total comprehensive Income	Amount (₹ in Crores)
Parent								
Essar Shipping Limited	35.38%	(583.03)	48.34%	(1,823.10)	100%	1.48	48.40%	(1,821.62)
Subsidiaries								
Indian								
OGD Services Limited	4.42%	(72.86)	36.34%	(1,370.57)			36.42%	(1,370.57)
Starbit Oilfield Services India Limited	0.00	(3.34)	0.09%	(3.56)			0.09%	(3.56)
Foreign								
Essar Oilfield Services Limited	50.73%	(835.83)	15.83%	(597.16)			15.87%	(597.16)
Energy Transportation International Limited	0.24%	(4.02)	0.03%	(1.22)			0.03%	(1.22)
Energy II Limited	-26.99%	444.80	-0.39%	14.61			-0.39%	14.61
Essar Shipping DMCC	36.02%	(593.45)	-0.26%	9.64			-0.26%	9.64
Non controlling interests in all subsidiaries								
Indian								
OGD Services Limited	-	158.41					-	-
Foreign								
Energy II Limited	-	103.39		3.93			-	3.93
Associates								
Indian								
Arkay Logistic Limited	0.00%	-	-0.16%	6.21			-0.17%	6.21
Foreign								
Varada Drilling One Pte Limited	-	-	-	-			0.00%	-
Varada Drilling Two Pte Limited	-	-	-	-			0.00%	-

30 Subsequent event

Subsequent to the balance sheet date, the Group has been served with a notice by Debt Recovery Tribunal, Delhi, summoning the Group for a case filed by a lender towards corporate guarantee of ₹ 158 crore executed on behalf of a subsidiary company. The Group is defending the proceedings.

- 31** The previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and behalf of the Board

Ranjit Singh
Executive Director
& Chief Executive Officer
(DIN: 07021621)

N. Srinivasan
Director
(DIN: 00004195)

Ketan Shah
Chief Financial Officer

Awaneesh Srivastava
Company Secretary
Membership No.FCS 8513

Mumbai
30 May 2019

ESSAR SHIPPING LIMITED

Registered Office: EBTSL Premises, ER-2 Building (Admin. Building), Salaya, 44 KM, P.O. Box No. 7, Taluka Khambhalia, Devbhumi Dwarka, Gujarat - 361 305 **CIN:** L61200GJ2010PLC060285.

Attendance Slip

Member's Folio No.	:	_____
and/or		
DP ID No./Client ID No.*	:	_____

9th Annual General Meeting	
Time	: 10:30 a.m.
Date	: Monday, December 23, 2019
Venue	: EBTSL Premises, ER-2 Building (Admin. Building), Salaya, 44 KM, P.O. Box No. 7, Taluka Khambhalia, Devbhumi Dwarka, Gujarat - 361 305

NOTE:

- Admission restricted to Members/Proxies only.
- Shareholder / Proxy holder wishing to attend the Meeting must bring this Attendance Slip to the meeting and hand it over at the entrance

* Applicable for Investors holding share(s) in electronic form.

Please cut here and bring the above attendance slip to the meeting

Member

Proxy

I hereby record my presence at the 9th AGM of the Company

Signature of Member/Proxy

ELECTRONIC VOTING PARTICULARS

EVEN (E-voting Event Number)	USER ID	PAN/SEQUENCE NO
112623		

Note: The Voting period starts from 9:00 a.m. (IST) on December 20, 2019 and ends at 5:00 p.m. (IST) on December 22, 2019. Thereafter, the voting, module shall be disabled by NDSL. Kindly refer to the e-voting instructions in the Notice.

ESSAR SHIPPING LIMITED

Registered Office: EBTSL Premises, ER-2 Building (Admin. Building), Salaya, 44 KM, P.O. Box No. 7, Taluka Khambhalia, Devbhumi Dwarka, Gujarat - 361 305 **CIN:** L61200GJ2010PLC060285.

FORM MGT 11

Proxy Form

[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)	
Registered Address	
Email ID	
Folio No. / DP ID No. & Client ID	

I/We, being the Member(s), holding..... Shares of the above named Company, hereby appoint.

- Name Address

.....

Email id..... Signature

or failing him
- Name Address

.....

Email id..... Signature

or failing him
- Name Address

.....

Email id..... Signature

As my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 9th Annual General Meeting of the Company, to be held on

(Contd.....)

Monday, December 23, 2019 at 10:30 a.m. at the Registered Office of the Company, EBTSL Premises, ER-2 Building (Admin. Building), Salaya, 44 KM, P.O. Box No. 7, Taluka Khambhalia, Devbhumi Dwarka, Gujarat - 361 305 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution For		Type of Resolution	Optional*	
			Against		
1	a	The Audited Standalone Balance Sheet and Statement of Profit and loss Account together with the Cash Flow Statement of the Company for the financial year ended March 31, 2019, the reports of the Board of Directors and Auditors thereon; and	Ordinary		
	b	The Audited Consolidated Balance Sheet and Statement of Profit and loss Account together with the Cash Flow Statement of the Company for the financial year ended March 31, 2019 and report of Auditors thereon.	Ordinary		
2	To consider the retirement of Ms. Neelam Kapoor (DIN: 07895198), who is liable to retire by rotation pursuant to section 152 of the Companies Act, 2013.		Ordinary		
3	To approve the Related party Transactions of the Company		Ordinary		
4	To approve Alteration of Memorandum of Association		Special		
5	To approve Alteration of Articles of Association.		Special		
6.	Any other additional special business		Ordinary/ Special		

Signed this.....day of 2019

Signature of the Member

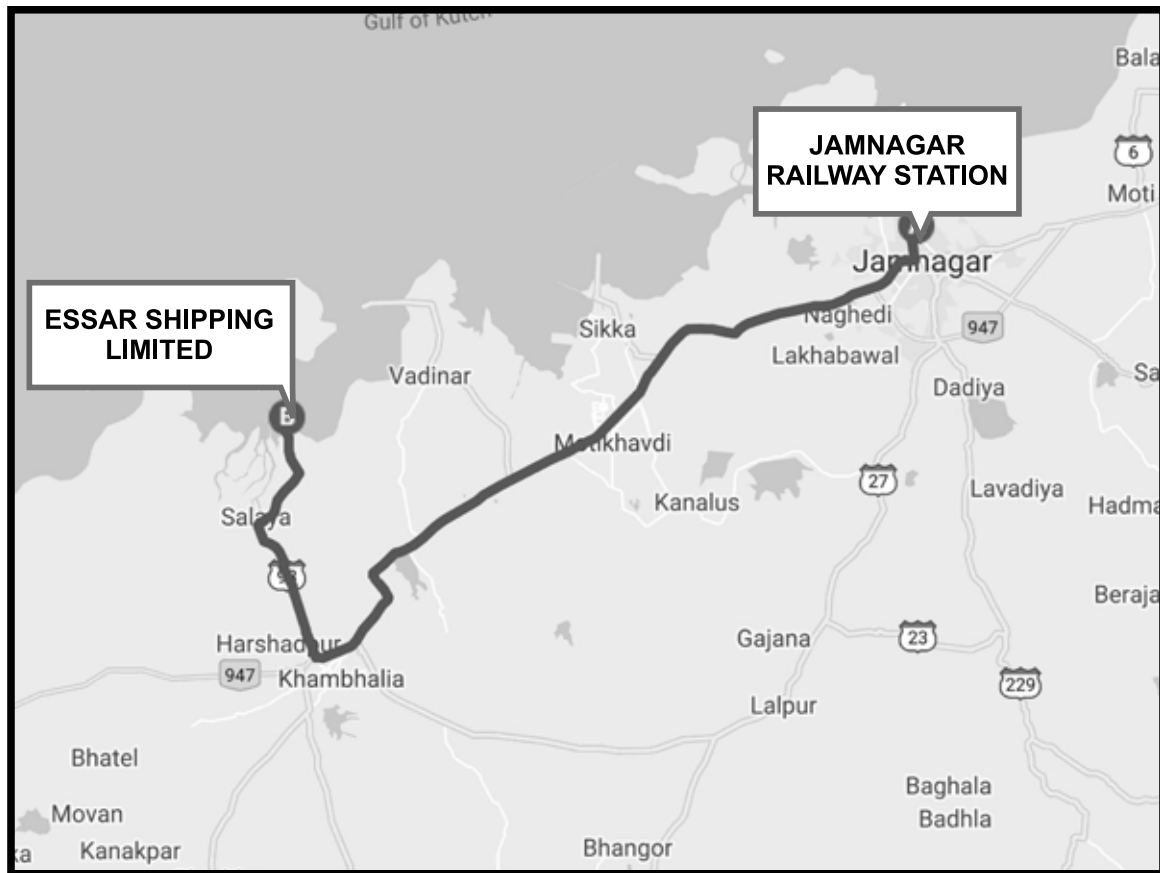
Signature of the Proxy Holder.....

Affix ₹ 1
Revenue
Stamp

Notes:

- * This is only optional. Please put 'X' in the Box in the appropriate column against the respective resolution. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting

ESSAR SHIPPING LIMITED
Ninth Annual General Meeting Venue- Route Map



Notes

[illegible]

If undelivered, please return to:

Data Software Research Company Private Limited

Unit: Essar Shipping Limited

19, Pycroft Garden Road,

Off Haddows Road,

Nungambakkam, Chennai - 600 006.

Tel.: (044) 2821 3738 / 2821 4487

Fax : (044) 2821 4636

Email : essar.shipping@dsrc-cid.in