ESSAR
SHIPPING

Annual Report 2017-18
Essar Shipping Limited

BOARD OF DIRECTORS

Mr. P. K. Srivastava
Non - Executive Chairman

Mr. Ranjit Singh
Executive Director and CEO

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

* *Appointed w.e.f. July 31, 2017 (in the place of Ms. S. Gayathri who ceased to act as Director w.e.f. May 24, 2017) and regularized as Non-Executive Director at 7th AGM of the Company held on December 29, 2017.*

** *Appointed w.e.f. November 14, 2017 and regularized as Executive Director at 7th AGM of the Company held on December 29, 2017.*

COMPANY SECRETARY
Mr. Awaneesh Srivastava

AUDITORS
C N K & Associates LLP, Chartered Accountants
(Firm Registration No. 101961 W/W - 100036)
Add.: Mistry Bhavan, 3rd Floor, Dinshaw Vachha Road, Churchgate, Mumbai - 400 020.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE
Mr. N. Srinivasan (Chairman)
Captain Bhupinder Singh Kumar
Ms. Neelam Kapoor

STAKEHOLDERS RELATIONSHIP COMMITTEE
Captain Bhupinder Singh Kumar (Chairman)
Mr. Ranjit Singh

NOMINATION & REMUNERATION COMMITTEE
Mr. N. Srinivasan (Chairman)
Captain Bhupinder Singh Kumar
Mr. P. K. Srivastava

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE
Captain Bhupinder Singh Kumar (Chairman)
Mr. Ranjit Singh
Ms. Neelam Kapoor

RISK MANAGEMENT COMMITTEE
Captain Bhupinder Singh Kumar (Chairman)
Mr. Ranjit Singh
Mr. Sandeep Akolkar (in place of Mr. Vikarm Gupta who ceased to hold office w.e.f December 22, 2017.)

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@essar.com

REGISTRAR & TRANSFER AGENT
Data Software Research Company Pvt. Limited
19, Pycroft Garden Road, Off Haddows Road,
Nungambakkam, Chennai - 600 006
Ph.No.044-28213738 / 28214487
Fax No.044-28214636
email.: essar.shipping@dsrc-cid.in

CONTENTS

	Page No.
Board of Directors	01
Notice to Members	02
Director's Report	06
Report on Corporate Governance	31
Auditor's Report on Standalone Financial Statements	38
Balance Sheet	44
Standalone Statement of Profit and Loss	45
Standalone Statement of Cash Flows	46
Standalone Statement of Changes in Equity	48

	Page No.
Notes forming part of the Standalone Financial Statements	49
Auditors' Report on Consolidated Financial Statements	83
Consolidated Balance Sheet	86
Consolidated Statement of Profit and Loss	87
Consolidated Statement of Cash Flows	88
Consolidated Statement of Changes in Equity	90
Notes forming part of the Consolidated Financial Statements	92
E-mail registration	133
Attendance Slip / Proxy Form	135

NOTICE FOR ANNUAL GENERAL MEETING

Notice is hereby given that the Eighth Annual General Meeting (the Meeting) of the members of Essar Shipping Limited (the Company) will be held on Wednesday, September 26, 2018 at 3:00 p.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, 2018, 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, 2018 and report of Auditors thereon.

2. To appoint a Director in place of Mr. P. K. Srivastava (DIN: 00843258), who retires by rotation and being eligible offers himself for re-appointment.

3. To ratify the appointment of Auditors.

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

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, consent of members be and is hereby given to ratify the appointment of M/s C N K & Associates LLP, Chartered Accountants (Registration No. 101961 W/W - 100036), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of 10th Annual General Meeting of the Company, to be held in year 2020, to examine and audit the accounts of the Company at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS

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

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

Sr. No.	Name of Related Party	Nature of Transaction(s)	Amount (₹ In crores)		
			2017-18	2018-19	From April 01, 2019 till the date of 9th Annual General Meeting to be held in Calendar Year 2019
1	Essar Shipping (Cyprus) Limited	Direct Voyage Expenses	90.43	100.00	40.00
2	Essar Steel India Limited	Fleet operating and chartering services on Contract(s) of Affreightment and Spot fixture basis	471.02	700.00	300.00
3	Arkay Logistics Limited	Chartering Services	25.47	100.00	50.00

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

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

By Order of the Board

Sd/-
Awaneesh Srivastava
Company Secretary

Mumbai, May 30, 2018

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

Notes:

1. **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.

2. **The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means.** Instructions and other information relating to e-voting are given in this Notice under Note No. 14. 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.

3. 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.

4. In terms of Section 152 of the Companies Act, 2013, Mr. P.K. Srivastava (DIN: 00843258), Director, retires by rotation at the Meeting and being eligible, offers himself for reappointment. The Board of Directors of the Company recommends his re-appointment. Brief resume of the Director proposed to be re-appointed, nature of his expertise in specific functional areas, names of companies in which he hold Directorships and memberships / Chairmanships of Board Committees, shareholding and relationships between Directors inter-se as stipulated under SEBI (LODR) Regulation, 2015 , are provided in the Corporate Governance Report forming part of the Annual Report.

5. 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.

6. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.

7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

8. 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.

9. The Register of Members and Share Transfer Books of the Company shall remain closed from, September 19, 2018 to September 26, 2018 (both days inclusive) for the purpose of this Annual General Meeting.

10. 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.

11. The shares of the Company are under compulsory Demat trading. Members holding shares in physical form are requested to convert their shares into dematerialized form in their own interest and convenience purpose.

12. The members can attend the Meeting on September 26, 2018, at 3:00 p.m., in person or through proxy to vote on the resolutions set forth in the notice, if they are not able to exercise their votes through e-voting. The Scrutinizer shall submit the report for both physical and e-voting to the Board of Directors which shall be published on the website of the Company within 48 hours.

13. Considering the recent amendment in the Regulation 40 of SEBI (LODR) Regulations, 2015, all the shareholders who continue to hold shares in physical form are advised to get the shares dematerialized by December 05, 2018 as it is mandated that transfer of securities would be carried out in dematerilised form only. The shareholders are requested to contact the Registrar and Share Transfer Agents in order to complete the process.

14. **Voting through electronic means:**

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

    The Members, whose names appear in the Register of Members / list of Beneficial Owners as on September 18, 2018 (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, Saturday, September 22, 2018 and will end at 5.00 p.m. on September 25 2018. The Company has appointed M/s. Martinho Ferrao & Associates, Practicing Company Secretary, (in their absence M/s. Santosh Singh & Associates) 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 Central Depository Services (India) Limited (CDSL) for facilitating e-voting for AGM. Members are requested to carefully read the instructions for e-voting before casting their vote.

The instructions for shareholders voting electronically are as under:

(i) The voting period begins on September 22, 2018 at 9:00 a.m. and ends on September 25, 2018 at 5:00 p.m. (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 18, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders / Members

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If a Demat account holder has forgotten the changed login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same..

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@ cdslindia.com.

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

Item No. 4

The Company is an integrated logistics services provider engaged 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, logistics services and oilfields services to Essar Steel India Limited (ESIL) and Arkay Logistics Limited (ALL). They are companies engaged into manufacturing and Logisitics 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) for its business purposes.

ESIL, ALL and ESCL are Related Parties of the Company within the meaning of Section 2(76) of the Companies Act, 2013 and Clause 49(VII) of the Listing Agreement/Regulation 23 of the SEBI (LODR) Regulations, 2015. Current and future transactions with ESIL, ALL and ESCL are/will be deemed to be 'material' in nature as defined in Clause 49(VII) of the Listing 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. 4 of the accompanying notice for your approval.

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

Mr. P K Srivastava

Mr. P. K. Srivastava was appointed as Director at Annual General Meeting held on December 29, 2017 who shall retire by rotation under the provisions of section 152 has offered himself for re-appointment.

Mr. P. K. Srivastava, age 73 years, has around 50 years of experience in Shipping Industry and has also served as Chairman and Managing Director of Government owned undertaking, Shipping Corporation of India. He was group advisor (Trading & Shipping Division) of Emirates Trading Agency L.L.C., Dubai, UAE.

Mr. P. K. Srivastava is also Director on the Board of various Indian Public Limited Companies, viz., Essar Bulk Terminal Limited, Essar Ports Limited, Essar Oilfield Services India Limited, Essar Bulk Terminal Paradip Limited, Essar Bulk Terminals (Salaya) Limited, Vadinar Ports and Terminal Limited, Hazira Cargo Terminal Limited and Essar Vizag Terminals Limited.

Mr. P. K. Srivastava does not hold any shares in the Company.

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

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

None of the Directors other than Mr. P K. Srivastava is concerned or interested in the resolution at Item No. 2 of the accompanying Notice.

DIRECTORS' REPORT

To the Members of Essar Shipping Limited

Your Directors are pleased to present the Eighth Annual Report and Audited Financial Statements of the Company for the financial year ended March 31, 2018.

FINANCIAL RESULTS:

The Company's financial performance, for the year ended March 31, 2018 is summarized below:.

₹ in Crore

Particulars	Consolidated		Standalone	
	For the year ended 31-03-2018	For the Year ended 31-03-2017	For the year ended 31-03-2018	For the Year ended 31-03-2017
Total Income	1,287.23	2,125.38	703.55	790.66
Total Expenditure	961.66	1814.73	488.69	438.86
EBITDA	**325.57**	**310.65**	**214.86**	**351.80**
Less: Interest & Finance charges	386.80	466.98	265.24	352.63
Less: Provision for Depreciation	304.12	390.50	125.04	137.14
Profit / (Loss) before Tax	**(365.35)**	**(546.83)**	**(175.42)**	**(137.97)**
Less: Provision for Tax	(3.24)	(37.85)	(3.24)	(2.65)
Profit / (Loss) for the year before share of profit of associate	**(368.59)**	**(584.68)**	**(178.66)**	**(140.62)**
Add: Exceptional item	(1,280.50)	-	224.31	-
Add: Share of profit of associate	(35.77)	1.24	-	-
Add: Other Compre-hensive Income/loss	0.88	(0.38)	0.75	(0.38)
Profit / (Loss) for the year	**(1,683.98)**	**(583.82)**	**46.40**	**(141.00)**

DIVIDEND

Due to inadequate operating profit, the Board of Directors has not recommended any dividend for the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of the World Economy & Shipping Industry

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 continues 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.

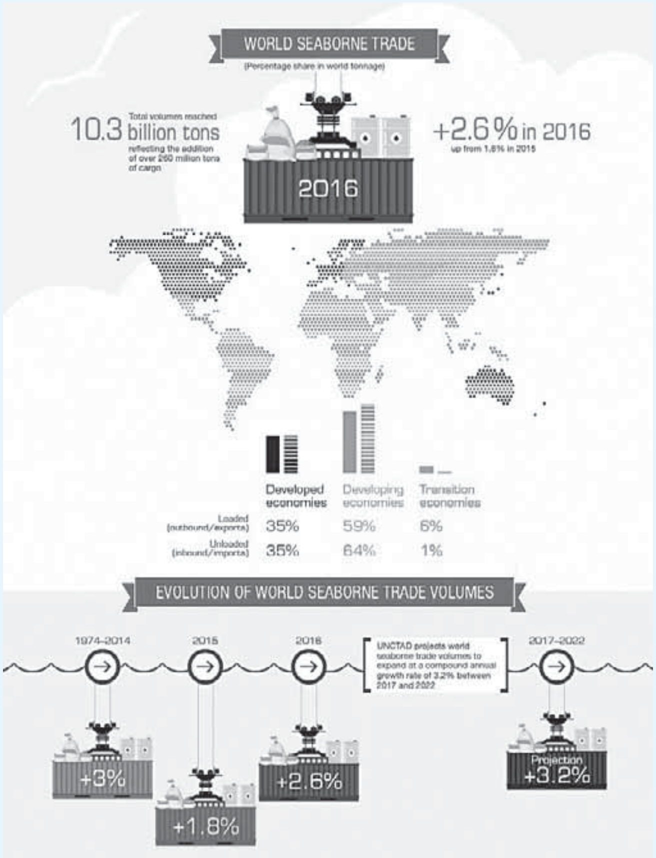
Strong import demand in China in 2016 continued to support world maritime seaborne trade, although overall growth was offset by limited expansion in the import demand of other developing regions.

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.

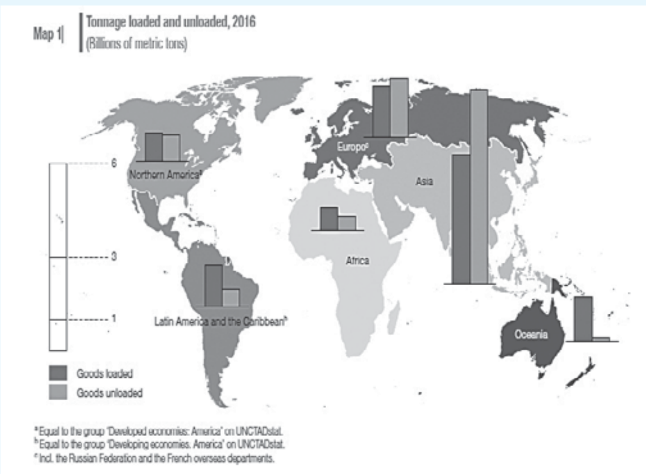
Seaborne dry cargo shipments totalled 7.23 billion tons in 2016, reflecting an increase of 2 per cent over the previous year .The share of the major bulk commodities (coal, iron ore, grain and bauxite/

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)

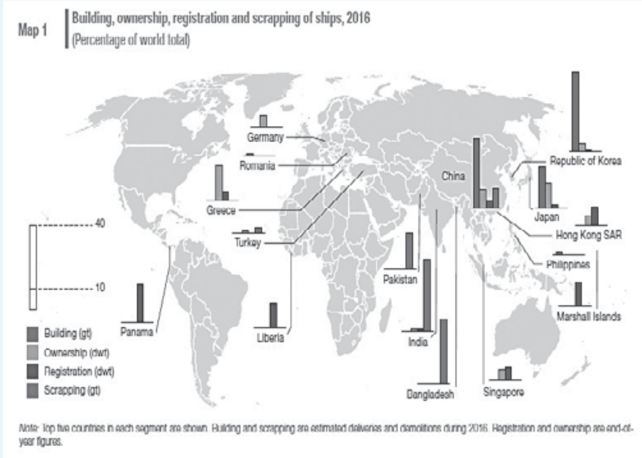
In 2016, developing economies grew by 3.7 per cent. However, there were considerable regional variations.



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

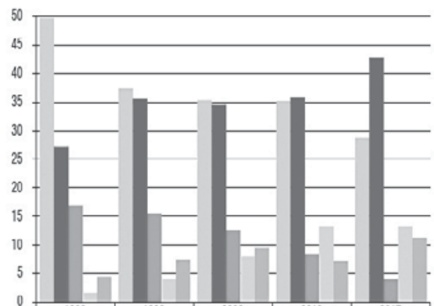


Structure of the world fleet



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)



	1980	1990	2000	2010	2017
Oil tankers	49.7	37.4	35.4	35.3	28.7
Dry bulk carriers	27.2	35.6	34.6	35.8	42.8
General cargo ships	17.0	15.6	12.7	8.5	4.0
Container ships	1.6	3.9	8.0	13.3	13.2
Other	4.5	7.5	9.4	7.2	11.3

Sources: UNCTAD secretariat calculations, based on data from Clarksons 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 fixed and mobile platforms and barges (with the exception of floating production, storage and offloading units, and drillships); beginning-of-year figures.

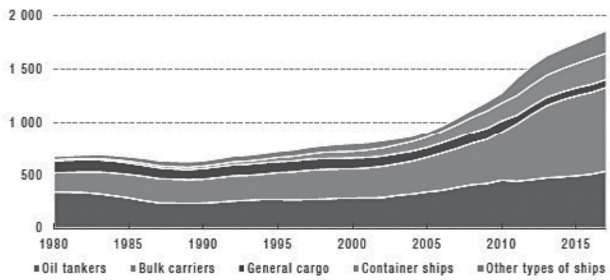
In 2017, the world fleet reached 1.9 billion dwt, twice the size as it had 12 years ago. Today, bulk carriers account for 43 percent of the fleet, followed by oil tankers (29 per cent) and container ships (13 per cent). The top five ship owners at the end of 2016 were Greece, Japan, China, Germany and 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.

Figure 1 World fleet by principal vessel type (Millions of dead-weight tons)



Sources: UNCTADstat (UNCTAD, 2017a); Clarksons Research.

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.

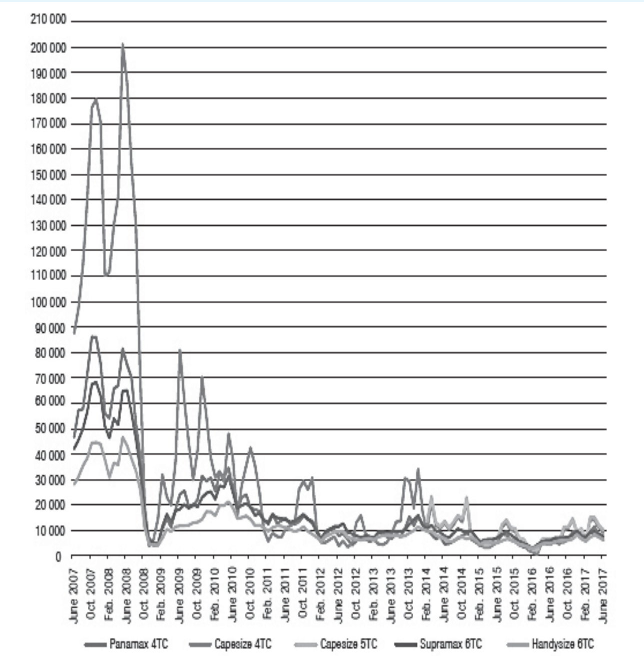
Imports into China increased by over 7 per cent, reflecting the country's steel output growth, falling domestic iron ore production, growing stockpiling activity and access to affordable, high-quality iron ore from Australia and Brazil.

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).

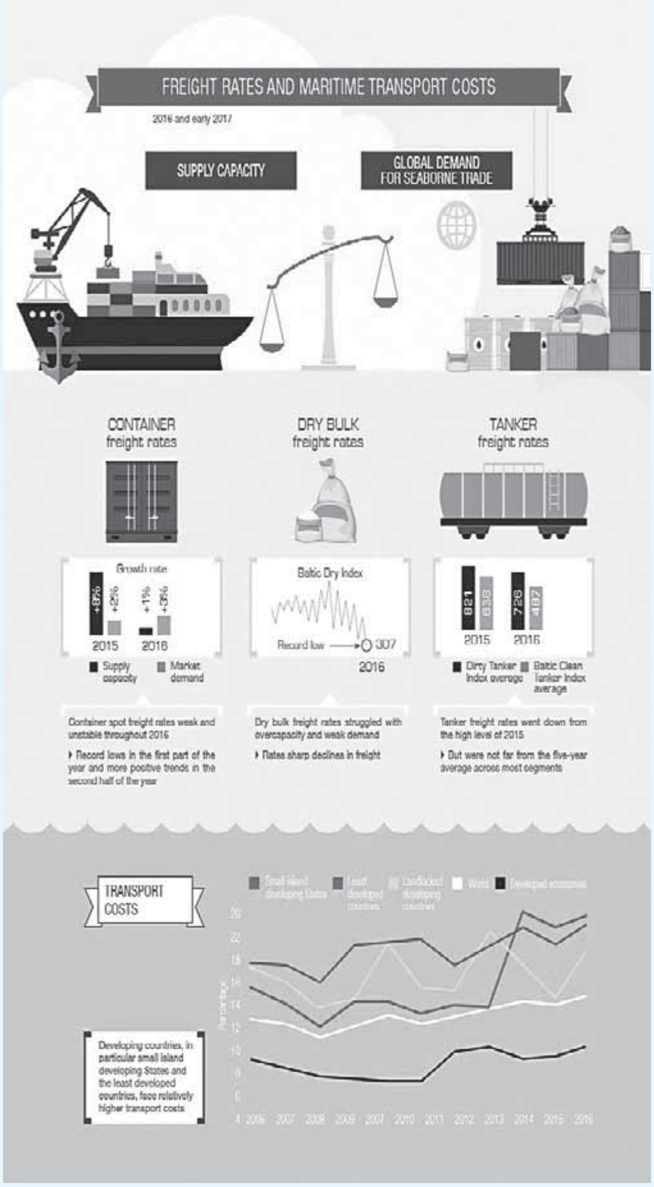
Daily earnings of bulk carrier vessels, 2007-2017. (Dollars per day)



Source: UNCTAD secretariat calculations, based on data from Clarksons 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 opportunites 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

As on March 31, 2018, your Company has four direct subsidiaries and four indirect subsidiaries. Essar Oilfields Services Limited, Mauritius; Energy Transportation International Limited, Bermuda; Energy II Limited, Bermuda; and Essar Shipping DMCC are direct subsidiaries of the Company. Essar Oilfield Services India Limited, India, StarBit Oilfields Services India Limited, Essar Oilfield Middle East DMCC, Dubai UAE, and Cosmic Drilling Services Limited 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.

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 employees 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

In accordance with the provisions of the Companies Act, 2013 and the Article of Association of the Company, Mr. P K Srivastava retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. The Company has received requisite notice in writing from a member proposing Mr. P K Srivastava for appointment as Director.

The brief resume of the Director being re-appointed, the nature of his expertise in specific functional areas, names of companies in which he hold directorships, committee memberships/ chairmanships, their shareholding etc., are provided in the Notes to the Notice of the ensuing Annual General Meeting. Your Directors recommend his re-appointment at the ensuing Annual General Meeting.

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 2017-18. 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 mMembers. NRC reviewed the performance of individual Directors, separate meetings of the 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, 2018, Seven (7) meetings of the Board were held on May 26, 2017, July 31, 2017, September 15, 2017, November 14, 2017, January 19, 2018, February 14, 2018 and March 28, 2018.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

(a) in the preparation of the annual accounts for the year ended March 31, 2018, 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, 2018 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. The auditors have expressed an emphasis of matter on Going Concern in their Consolidated Audit Report relating to a stepdown subsidiary.

(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 2017-18 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 an 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

The Corporate Social Responsibility Committee comprises Captain B. S. Kumar – Chairman; Mr. Ranjit Singh; and Ms. Neelam Kapoor. Since the Company has incurred losses in proceeding three financial years hence it is not required to spend on CSR Activities.

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, 2018 are provided in the Annexure - B to this Report.

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 2010. subject to the ratification by the Members at every AGM held thereafter.

Section 139 of the Act has been amended vide the Companies (Amendment) Act, 2017 by the Ministry of Corporate Affairs on May 7, 2018 and has done away with the requirement of seeking the ratification of Members for appointment of auditors at Every AGM.

The Board of Directors of the Company recommend M/s C N K & Associates LLP, Chartered Accountants, Mumbai, (Registration No. 101961 W/W - 100036) for ratification of appointment as Statutory Auditors of the Company by the Members at the ensuing Annual General Meeting for their remaining tenure. The Company has received letter from M/s C N K & Associates, Chartered Accountants, Mumbai to the effect that if their appointment is made , would be within the prescribed limits laid down under Section 141 (3)(g) of the Companies Act, 2013 and they are not disqualified for such appointments/ 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 ₹ 1,506.51 crores as at 31st March 2018. The following steps are be taken to rectify this mismatch:

1) Loan from public financial institution along with interest accrued thereon amounting to ₹ 1,087 crores is not payble within one year .

2) Advance from a subsidiary for purchase of vessel amounting to ₹ 330 crores is not payable within one year.

3) Loan from Alternate Investment Fund along with interest accrued thereon amounting to ₹ 196 crores is not payable within one year

4) Loan from NBFC along with interest accrued thereon amounting to ₹ 43 crores will not be repaid out of Company's Currents Assets.

5) Certain loans classified as current owing to covenant defaults are expected to be 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 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018 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.

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.) : ₹ 184.52 Crore

Foreign Exchanged Used (including cost of acquisition of ships, loan repayments, interest, Operating expenses, etc.) : ₹ 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 thank 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

Ranjit Singh
Executive Director & C.E.O
(DIN :07021621)

P.K. Srivastava
Chairman
(DIN:00843258)

Mumbai
May 30, 2018

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 (Appointed w.e.f. July 31, 2017 in the place of Ms. S. Gayathri**.)

   ***Ms. S. Gayathri ceased to be Director of the Company w.e.f. May 24, 2017.*

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: Not Applicable

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.

Ranjit Singh
Executive Director & CEO
(DIN: 07021621)

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

Mumbai, May 30, 2018

ANNEXURE - B

DISCLOSURES WITH RESPECT TO EMPLOYEES STOCK OPTION SCHEME OF THE COMPANY

Sr. No.	Particulars	Information
(a)	Options Granted	40,68,819
(b)	Exercise price	₹ 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	(i) Senior managerial personnel: Mr. Rajeev Nayyer – 1,03,187 Mr. Ranjit Singh – 89,948 (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 (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
(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: (i) Risk-free interest rate (ii) Expected life (iii) Expected volatility (iv) Expected dividends and (v) The price of the underlying share in market at the time of option grant	The same has been appropriately disclosed in note 34 of the financial statement. 8.36 58 44.5% - 58.60% Nil ₹ 22.30

For and on behalf of the Board

Ranjit Singh
Executive Director & CEO
(DIN : 07021621)

P. K. Srivastava
Chairman
(DIN : 00843258)

Mumbai, May 30, 2018

ANNEXURE - C

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[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, 2018**, 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, 2018** 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. Seamen's Provident Fund Act, 1966,

   3. Multimodal Transportation of Goods Act, 1993,

   4. Coasting Vessel Act, 1838,

   5. Inland Vessels Act, 1917,

   6. The Territorial Waters, Continental Shelf, Exclusive Economic Zone And Other Maritime Zones Act, 1976,

7. The Environment Protection Act, 1986,

8. The Indian Carriage of Goods by Sea Act, 1925,

9. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules thereunder

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 shareholders in the AGM held on 29th December, 2017;

1. Company had taken approval of the shareholders through Special Resolution in the Annual General Meeting of the Company held on 29th December, 2017, 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.

2. The Company had taken approval of the shareholders through Special Resolution in the Annual General Meeting of the Company held on 29th December, 2017, for appointment of Mr. N. Srinivasan and Capt. Bhupinder Singh Kumar as Independent Director for the consecutive period of 5 years.

3. The Company had taken approval of the shareholders through Special Resolution in the Annual General Meeting of the Company held on 29th December, 2017,for appointment of Mr. Ranjit Singh as Executive Director for the consecutive period of 3 years or upto the date of Superannuation whichever is earlier on the terms and conditions.

4. The Company had taken approval of the shareholders through Special Resolution in the Annual General Meeting of the Company held on 29th December, 2017, for appointment of Ms. Neelam Kapoor as Director under Non-Executive Category who was appointed as Additional Director on July 31, 2017.

5. The Company had taken approval of the shareholders through Special Resolution in the Annual General Meeting of the Company held on 29th December, 2017,for appointment of Captain Rahul Bhargava as Executive Director for the consecutive period of 3 years or upto the date of Superannuation whichever is earlier on the terms and conditions.

For **Martinho Ferrao & Associates**
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Place : Mumbai
Dated : 18th May, 2018

ANNEXURE - A

To,

The Members,

Essar Shipping Limited

EBTSL Premises, ER-2 Building (Admin Building),
44 K M, P. O. Box No. 7, Taluka Khambhalia,
Devbhumi Dwarka, Jamnagar, Gujrat - 361305

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

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Place : Mumbai
Dated : 18th May, 2018

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.

1. Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 and percentage increase in the remuneration of each Director and Key Managerial Personnel (KMP) during the financial year 2017 -18 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	Executive Director & 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	Ms. S. Gayathri@	Non-Executive Director	N.A	N.A
7	Captain Rahul Bhargava*	Executive Director	4.40:1	Nil
8	Mr. Sandeep Akolkar#	Chief Financial Officer	3.18:1	Nil
9	Mr. Vikram Gupta#	Chief Financial Officer	6.22:1	-
10	Mr. Awaneesh Srivastava	Company Secretary	1.99:1	N.A.

@ Appointed as Additional Director under Non-Executive Category on July 31, 2017 (in place of Ms. S.Gayathri who ceased to hold act as Director w.e.f May 24, 2017) and regularized as Non-Executive Director at 7th Annual General Meeting held on December 29, 2017.

* Appointed w.e.f. November 14, 2017 and regularized as Executive Director at 7th AGM of the Company held on December 29, 2017.

#Appointed as Chief Financial Officer w.e.f January 19, 2018 (in place of Mr. Vikram Gupta who ceased to hold office w.e.f December 22, 2017).

1. During the year no remuneration was paid to Mr. P. K. Srivastava, Mr. N. Srinivasan, Captain Bhupinder Singh Kumar, Ms. S. Gayathri (ceased to hold Directorship w.e.f May 24, 2017) and 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.S. Gayathri and 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.
2. The percentage increase in the median remuneration of employees in the financial year 2017-18 was 7.7%.
3. The Company had 54 employees excluding off-shore employees on the rolls of the Company as on March 31, 2018.
4. 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 2017-18.

   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.

   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% during the financial year 2017- 18.
6. The Market Capitalization of the Company as on March 31, 2018 was 473.90 crore as compared to 579.53 crore as on March 31, 2017. The market price of the equity shares of the Company as on March 31, 2018 (closing) was Rs. 22.80 per share on Bombay Stock Exchange and was Rs. 22.90 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

Ranjit Singh
(DIN : 07021621)
Executive Director & CEO

P. K. Srivastava
(DIN : 00843258)
Chairman

Mumbai, May 30, 2018

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	58	Class I (Motor)	Executive Director & CEO	02-May-2008	31	1,19,37,159	Qatar Shipping Co.
Mr. Vikram Vinod Gupta*	40	B.COM.;MMS	Chief Financial Officer (ceased office on 22/12/2017)	03-June-2002	15	87,25,357	N.A.
Capt. Rahul Bhargava**	58	Master Mariner	Director – Commercial and Operations	11-Sep-2012	37	84,60,000	JSW Steel Limited
Mr Arun Kumar Bhardwaj	57	Masters' Equivalent.	Head- Q&S and DPA	04-March-1998	19	48,31,176	Ind-Aust Maritime Pvt. Ltd.
Mr. Jagannathan Raghavan	64	BCOM	Head- Accounts	21-Jan-1976	43	45,96,516	N.A.
Mr. Rajesh Kasaragod	50	BE Mechanical	Head- Technical & QHSE	24-June-1991	25	40,93,452	Anglo Eastern
Harinder Pal Singh Sandhu	42	M.E.O Class-I	Chief Engineer	01-Nov-2012	19	39,39,000	N.A.
Mr. Sandeep Phadke	48	Master FG,; BSc Nautical Science	General Manager	01-Aug-2007	28	39,36,528	Tolani Shipping Ltd.
Mr. Awaneesh Srivastava	39	CS, LLB, MFC(Finance), PGDBM, B.Sc	Company Secretary	10-Aug-2015	15	38,43,000	Mantri Realty Limited
Subra Kanta Khuntia	46	Master Mariner	Master	04-April-2011	22	38,22,000	N.A.
Mr. Rahul Tipnis	42	M.E.O Class - I	Chief Engineer	01-Nov-2012	18	38,22,000	N.A.

* Mr. Vikram Gupta ceased to hold the office w.e.f December 22, 2017.

** Appointed as Additional Director w.e.f. November 14, 2017 and regularized as Executive / Whole Time Director at 7th AGM of the Company held on December 29, 2017. (Remuneration is taken for entire year)

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

Ranjit Singh
Executive Director & CEO
(DIN : 07021621)

P. K. Srivastava
Chairman
(DIN : 00843258)

Mumbai, May 30, 2018

ANNEXURE – F

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 arms 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 undue first provisio 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 (₹ In crore)	Date(s) of approval by the Board, if any	Amount paid as advances, if any (₹ 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

Mr. Ranjit Singh
Executive Director & CEO
(DIN : 07021621)

P. K. Srivastava
Chairman
(DIN : 00843258)

Mumbai, May 30, 2018

ANNEXURE – G

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018

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:

1.	CIN	L61200GJ2010PLC060285
2.	Registration Date	April 16, 2010
3.	Name of the Company	Essar Shipping Limited
4.	Category/Sub-category of the Company	Company Limited by Shares / Indian Non- Government Company
5.	Address of the Registered office & contact details	EBTSL Premises, ER-2 Building (Admn. Building), Salaya, 44 KM, P.O. Box No. 7, Taluka Khambhalia, Devbhumi Dwarka, Gujarat – 361305.
6.	Whether listed company	Yes
7.	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)

Sr. 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, 1st Floor, PC 3095, Limassol, Cyprus	N.A.	Holding	10.34	2(46)
3	Imperial Consultants & Securities Limited Address: Chennai House, 5th 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	U63000MH2004PLC149214	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)

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
7	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 Oilfield Services India Limited **Address:** Essar House, 11, K. K. Marg, Mahalaxmi, Mumbai - 400 034.	U11200MH2016PLC280188	Subsidiary	100	2(87)(ii)

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

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% 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)	**153920826**	**0.00**	**153920826**	**74.37**	**153920826**	**0.00**	**153920826**	**74.37**	**0.00**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	1657	16028	17685	0.01	88657	16028	104685	0.05	4.92
b) Banks / FI	1354	24426	25780	0.01	47517	24426	71943	0.03	1.79
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	120092	16	120108	0.06	120092	16	120108	0.06	0.00
g) FIIs	8509450	6152	8515602	4.11	11944450	6152	11950602	5.77	40.34
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
Sub-total (B)(1):-	**8632553**	**46622**	**8679175**	**4.19**	**12200716**	**46622**	**12247338**	**5.92**	41.11
2. Non-Institutions									
a) Bodies Corp.	23385976	45126	23431102	11.32	25401484	45126	25446610	12.29	8.60
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	8107280	2288887	10396167	5.02	8446731	2243926	10690657	5.17	2.83
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	8155800	0	8155800	3.94	3687394	0	3687394	1.78	5.48
c) Others (specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non Resident Indians	719388	63517	782905	0.38	739027	62340	801367	0.39	2.36
Sub-total (B)(2):-	**40368444**	**2397530**	**42765974**	**20.66**	**38274636**	**2351392**	**40626028**	**19.63**	5.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**49000997**	**2444152**	**51445149**	**24.86**	**50475352**	**2398014**	**52873366**	**25.55**	**2.78**
C. Shares held by Non-Promoter – Non – Public Shareholder	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
a) Custodian/DR Holder	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Employee Benefit Trust [under SEBI (Share based Employee Benefit) Regulations, 2014	1610097	0.00	1610097	0.78	181880	0.00	181880	0.09	88.70
Total Non-Promoter – Non – Public Shareholding (C)	**1610097**	**0.00**	**1610097**	**0.78**	**181880**	**0.00**	**181880**	**0.09**	**88.70**
Grand Total (A+B+C)	**204531920**	**2444152**	**206976072**	**100.00**	**204578058**	**2398014**	**206976072**	**100.00**	

B) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding 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	100.00
2	Essar Steel India Limited	12,73,611	0.62	100.00	12,73,611	0.62	0.00	0.00
3	Imperial Consultants & Securities Private Limited	68,78,409	3.32	99.01	68,78,409	3.32	0.00	0.00
4	IDH International Drilling Holdco Limited (earlier known as Essar Shipping & Logistics Limited)	2,14,06,365	10.34	100.00	2,14,06,365	10.34	98.30	0.00
5	Essar Ports & Shipping Limited	33	0,00	0.00	33	0,00	0.00	100.00
	Total	**15,39,20,826**	**74.37**	**99.96**	**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 2017-18

Sr. No.	Particulars	Shareholding at the beginning of the year (As on March 31, 2017)		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, 2018)		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	IDH International Drilling Holdco Limited (earlier known as Essar Shipping & Logistics Limited)	2,14,06,365	10.34	No Change		2,14,06.365	10.34	2,14,06.365	10.34
3	Essar Ports & Shipping Limited	33	0.00	No Change		33	0.00	33	0.00

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year(1-04-2017)/end of the year (31-03-2018)				Date wise Increase/ Decrease in Shareholding during the year	Reasons for increase/ decrease(e.g. allotment/ transfer/ bonus/ sweat equity etc):	Cumulative Shareholding during the Year	
		No. of shares as on April 01, 2017	% of total shares of the company as on April 01, 2017	No. of Shares as on March 31, 2018	% of total shares of the company, as on March 31, 2018			No. of shares	% of total shares of the company
1	India opportunities Growth fund Ltd-Pine wood strategy	6427119	3.11	6427119	3.11	967331	Purchase	7394450	3.57
2	Puran Associates Pvt Ltd	2849002	1.38	2849002	1.38	0.00	0.00	2849002	1.38
3	VIC Enterprises Pvt Ltd	2848999	1.38	2848999	1.38	0.00	-	2848999	1.38
4	M B Finmart Pvt Ltd	2843999	1.37	2843999	1.37	0.00	-	2843999	1.37
5	Kredence Multi Trading Limited	2675179	1.29	2675179	1.29	0.00	-	2675179	1.29
6	Leena V Modi	3537000	1.71	3537000	1.71	3537000	Sale	0.00	0.00
7	Corum Securities Pvt Ltd	1500000	0.72	1500000	0.72	191000	Sale	2909000	1.41
						1000000	Purchase		
						600000	Purchase		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year(1-04-2017)/end of the year (31-03-2018)				Date wise Increase/ Decrease in Shareholding during the year	Reasons for increase/ decrease(e.g. allotment/ transfer/ bonus/ sweat equity etc):	Cumulative Shareholding during the Year	
		No. of shares as on April 01, 2017	% of total shares of the company as on April 01, 2017	No. of Shares as on March 31, 2018	% of total shares of the company, as on March 31, 2018			No. of shares	% of total shares of the company
8	Vistra itcl india limited	1610097	0.78	1610097	0.78	880633	Sale	181880	0.09
						367688	Sale		
						179896	Sale		
9	India Capital Markets Pvt Ltd	2750000	1.33	2750000	1.33	1000000	Sale	0.00	0.00
						1750000	Sale		
10	Globe Capital Market Ltd	1527345	0.74	1527345	0.74	254382	Sale	2484364	1.20
						193675	Purchase		
						225727	Purchase		
						145097	Purchase		
						32430	Purchase		
						177778	Purchase		
						61630	Sale		
						15154	Purchase		
						448753	Sale		
						578644	Purchase		
						353279	Purchase		

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 ₹ in crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,467.59	2388.86	-	3,856.45
ii) Interest due but not paid	296.31	60.76	-	357.07
iii) Interest accrued but not due	65.64	2.77	-	68.41
Total (i+ii+iii)	**1,829.54**	**2,452.39**	**-**	**4,281.93**
Change in Indebtedness during the financial year				
* Addition	102.15	8.47	-	110.62
*Exchange difference	(2.44)	(26.04)	-	(28.48)
* Reduction	(535.27)	(252.86)	-	(788.13)
Net Change	**(435.56)**	**(270.43)**	**-**	**(705.99)**
Indebtedness at the end 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**

G. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

Sr. No..	Particulars of Remuneration	Name of MD/WTD/ED/Manager				Total Amount
		Ranjit Singh	Capt. Rahul Bhargava*	-	-	
1	Gross salary	1,19,37,159	29,71,822	-	-	1,49,08,981
	(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)	**1,19,37,159**	**29,71,822**	**-**	**-**	**1,49,08,981**
	Ceiling as per the Act					

*Appointed as Director w.e.f November 4, 2017. Hence, Remuneration is calculated only for part of the year.i.e. from the date of appointment till March 31,2018

ii. Remuneration to other directors

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
1.	Independent Directors		Mr. N. Srinivasan	Capt. B. S. Kumar			
	Fee for attending board committee meetings		9,50,000	10,70,000	-	-	20,20,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	-	9,50,000	10,70,000	-	-	20,20,000
2.	Other Non-Executive Directors	Mr. P. K. Srivastava			Ms. S. Gayathri*	Ms. Neelam Kapoor*	
	Fee for attending board committee meetings	5,10,000	-	-	-	-	5,10,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	5,10,000	-	-	-	-	5,10,000
	Total (B)=(1+2)	5,10,000	9,50,000	10,70,000	-		25,30,000
	Total Managerial Remuneration						
	Overall Ceiling as per the Act	Only Sitting fees is paid to the Independent Directors					

*Ms. Neelam Kapoor was appointed as Director effect from July 31, 2017 in place of Ms. S. Gayathri who ceased to hold office as Director w.e.f. May 24,2017

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		MD/CEO*	CS	CFO	Total
1	Gross salary	1,19,37,159	38,43,000	12,07,539	1,69,87,698
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,19,37,159	38,43,000	12,07,539	1,69,87,698
	(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	**1,19,37,159**	**38,43,000**	**12,07,539**	**1,69,87,698**

** Appointed as Chief Financial Officer w.e.f January 19, 2018 in place of Mr. Vikram Gupta who drew remuneration of ₹ 87,25,357 for the period beginning from 01 April 2017 till the cessation of term of his office,.ie, December 22, 2017. Remuneration for Mr. Sandeep Akolkar is taken for the period beginning from the date of his appointment (i.e. January 19, 2018) till March 31, 2018.*

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
Executive Director & CEO
(DIN : 07021621)

P. K. Srivastava
Chairman
(DIN : 00843258)

Mumbai, May 30, 2018

ANNEXURE – H

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 2018 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
Reporting period for the subsidiary	**31st March, 2018**	**31st March, 2018**	**31st March, 2018**	**31st March, 2018**	**31st March, 2018**
Reporting currency	**US$**	**US$**	**US$**	**INR**	**US$**
Exchange rate as on the last date of the Financial year	**65.044**	**65.044**	**65.044**		**65.044**
Share capital (including share application money pending allotment)	84.24	347.44	1,094.68	1,985.31	242.90
Reserves & Surplus	(202.73)	59.57	(1,970.93)	(1,551.79)	40.65
Total assets	1.51	412.74	2,195.04	1,503.63	966.90
Total liabilities	1.51	412.74	2,195.04	1,503.63	966.90
Turnover	22.87	206.41	34.23	274.80	107.69
Profit / (loss) before taxation	(72.97)	(96.14)	(753.15)	(899.04)	20.36
Provision for taxation	-	-	-	-	-
Profit / (loss) after taxation	(72.97)	(96.14)	(753.15)	(899.04)	20.36
% of shareholding	100%	73%	100%	100%	100%

* Starbit Oilfields Services India Limited, Essar Oilfields Middle East DMCC & Cosmic Drilling Services Limited have not been operational during the year, thus no financial statements have been prepared for these companies.

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2017 - 18

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 2017-18 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, 2018 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	-	-
Mr. Ranjit Singh	Non-Promoter Executive	1	-	-
Mr. N. Srinivasan	Independent Non-Executive	7	3	3
Captain Bhupinder Singh Kumar	Independent Non-Executive	9	4	2
Ms. Neelam Kapoor*	Non-Promoter Non-Executive	2	-	-
Capt. Rahul Bhargava**	Non-Promoter Executive	-	-	-

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.

** Appointed as Additional Director w.e.f. July 31, 2017 and regularised as Non-Executive Director at 7th Annual General Meeting of the Company held on December 29, 2017.

**. Appointed as Additional Director w.e.f. November 14, 2017 and regularised as -Executive Director at 7th Annual General Meeting of the Company held on December 29, 2017.

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

During the year ended on March 31, 2018, seven (7) meetings of the Board were held on May 26, 2017, June 31, 2017, September 15, 2017 , November 14, 2017, January 19,2018, February 14, 2018 and March 28, 2018. The last Annual General Meeting (AGM) was held on December 29, 2017. 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	Yes
Mr. Ranjit Singh (DIN : 07021621)	7	6	Yes
Mr. N. Srinivasan (DIN: 00004195)	7	7	Yes
Captain Bhupinder Singh Kumar (DIN : 00284649)	7	7	No
Ms. Neelam Kapoor* (DIN : 07895198)	5	4	Yes
Capt. Rahul Bhargava** (DIN : 07618915)	3	3	Yes

*Appointed w.e.f July 31, 2017

** Appointed w.e.f November 14, 2017

Separate Meeting of Independent Directors

During the Financial Year ended March 31, 2018, the Independent Directors met on February 14, 2018 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, 2018. A declaration to this effect, duly signed by the Executive Director & CEO is annexed hereto.

Brief Resumes of Directors seeking Re-appointment at the Eighth Annual General Meeting of the Company in pursuance of Regulation 36(3)(a) of the SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015.

Mr. P. K. Srivastava

Please refer the profile given in detail annexed with the Notice for Annual General Meeting.

Mr. P. K. Srivastava does not hold any shares in the Company.

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 26,2017	July 31, 2017	November 14, 2017	January 19, 2018	February 14, 2018	March 28, 2018
Mr. N. Srinivasan – Chairman	Yes	Yes	Yes	Yes	Yes	Yes
Captain Bhupinder Singh Kumar – Member	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Neelam Kapoor-Member*	N/A	N/A	No	Yes.	Yes	Yes
Ms. S. Gayathri - Member**	N/A	N/A	N/A	N/A	N/A	N/A

**appointed as Member of Audit Committee w.e.f. July 31, 2017.*

***Ceased to be Member of Audit Committe w.e.f. May 24, 2017.*

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, 2018 are as follow:

Composition	Meeting Dates and Attendance			
	July 24, 2017	July 31, 2017	November 14, 2017	January 19, 2018
Mr. N. Srinivasan – Chairman	Yes	Yes	Yes	Yes
Captain Bhupinder Singh Kumar – Member	Yes	Yes	Yes	Yes
Mr. P. K. Srivastava – Member	Yes	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	-	-	-	5,10,000	5,10,000
Mr. Ranjit Singh	31,50,000	3,78,000	84,09,159	-	1,19,37,159
Capt. Rahul Bhargava*	13,70,000	1,64,120	14,37,762	-	29,71,882
Mr. N. Srinivasan	-	-	-	9,50,000	9,50,000
Captain Bhupinder Singh Kumar	-	-	-	10,70,000	10,70,000
Ms. Neelam Kapoor**	-	-	-	-	-
Ms. S. Gayathri ***	-	-	-	-	-

** Appointed as Director w.e.f November 14, 2017.*

*** Appointed as Director w.e.f July 31, 2017.*

*** Ceased to act as Director w.e.f May 24, 2017.*

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 - Participation in meetings and contribution by director
- Commitment including guidance provided to senior management executives outsite 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 and Mr. Ranjit Singh.

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, 2018, four (4) meetings of the Committee were held on May 26, 2017, July 31, 2017, November 14, 2017 and February 14, 2018. The Company received a total of 128 complaints during the year 2017-18. All the complaints received during the year were redressed and no complaint was outstanding as on March 31, 2018.

6. GENERAL BODY MEETING

Details of last three Annual General Meetings

Financial Year	Meeting, Financial Year, Date and Time	Location and Nature of Transaction
2016-17	7th AGM on December 29, 2017 at 2:00 pm	Registered office of the Company, Devbhumi Dwarka, Gujarat Special Resolution passed in respect of following matters: - 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	Registered office of the Company, Jamnagar, Gujarat Special Resolution passed in respect of following matters: - 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

2014 - 15	5th AGM, on September 23, 2015 (3:00 p.m.)	Registered office of the Company, Jamnagar, Gujarat Special Resolution passed in respect of following matters: - Approval for Related Party Transactions of the Company - Approval for appointment of Ms. S. Gayathri (DIN: 07115908) as a Non – Executive Director

7. 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, strictures 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 Executive Director & 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, 2018.

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:

a) Mr. N. Srinivasan & Captain B. S. Kumar, Independent Directors of Essar Shipping Limited are on the Board of Essar Oilfields Services India Limited, a material non-listed Indian subsidiary;

b) 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;

c) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board; and

d) 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, 2017
Second Quarter Results	On or before November 14, 2017
Third Quarter Results	On or before February 14, 2018
Annual Results for the Year	On or before May 30, 2018

9. GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting details

Date	September 26, 2018
Venue	EBTSL Premises, ER-2 Building (Admn. Building), Salaya, 44 Km, P.O. Box No. 7, Taluka Khambhalia, Devbhumi Dwarka, Gujarat - 361305
Time	3:00 p.m.
Book Closure Dates	September 19, 2018 to September 26, 2018 (Both days inclusive)

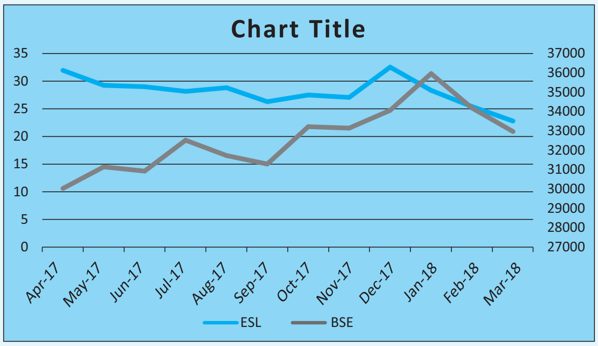
Financial year: 1st April to 31st March

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:

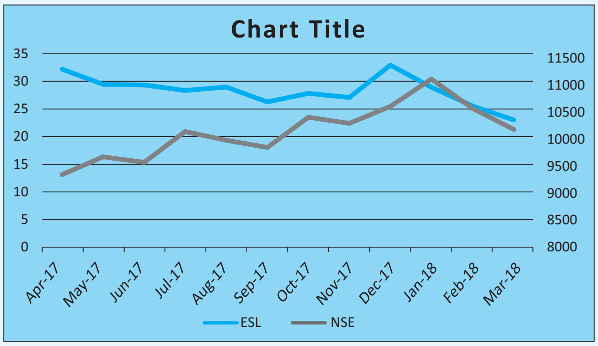
National Stock Exchange of India Ltd.
Exchange Plaza,
Bandra Kurla Complex, Bandra East
Mumbai – 400 051
Code: ESSARSHPNG

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 2017-18

BSE Limited			National Stock Exchange of India Limited		
Month	**Highest**	**Lowest**	**Month**	**Highest**	**Lowest**
April 2017	35.20	26.05	April 2017	32.40	30.50
May 2017	35.00	28.10	May 2017	29.80	29.20
June 2017	31.50	28.80	June 2017	29.30	28.80
July 2017	31.80	27.00	July 2017	29.45	28.00
August 2017	32.40	23.15	August 2017	30.25	28.70
September 2017	30.25	25.50	September 2017	26.70	26.00
October 2017	29.40	24.85	October 2017	27.95	27.10
November 2017	30.70	26.00	November 2017	27.80	26.65
December 2017	35.85	25.80	December 2017	28.00	25.85
January 2018	33.55	27.20	January 2018	28.90	28.40
February 2018	29.20	23.95	February 2018	25.85	25.00
March 2018	26.00	22.55	March 2018	24.50	22.25
Scrip Code: 533704			**Scrip Code: ESSARSHPNG**		

Registrars and Share Transfer Agents

Data Software Research Company Private Limited
19, Pycrofts Garden Road,
Off. Haddows Road, Nungambakkam,
Chennai - 600 006
Ph.No.+91-44-28213738/28214487
Fax No.+91-44-28214636
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, 2018

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, 2018

Mode	No. of Shares	No. of Folio	%
Physical	23,98,014	48342	1.16
Demat	20,45,78,058	39263	98.84
TOTAL	**20,69,76,072**	**87,605**	**100.00**

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

As on March 31, 2018, 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, 2017. (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 already received from Reserve Bank of India). These FCCBs are convertible into 122,852,787 equity shares of ₹10 each of the Company at a conversion rate of ₹91.70 per equity share at a fixed exchange rate of ₹46.94.

Compliance Officer : **Company Secretary**

Designated Email ID for Investors/Members : esl.secretarial@essar.com

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@essar.com

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 from 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 2017-18. The Secretarial Audit Report 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 Executive Director & 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) Ranjit Singh, Executive Director and CEO

b) Mr. Sandeep Akolkar*, Chief Financial Officer

c) Mr. Awaneesh Srivastava, Company Secretary

*appointed w.e.f January 19, 2018 in the place of Mr. Vikram Gupta who ceased to act as Chief Financial Officer of the Company on December 22, 2017.

Reporting of Internal Auditor

The Internal auditor reports directly to the Audit Committee.

Independent Auditors' Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Members of

Essar Shipping Limited

1. This Certificate is issued in accordance with the terms of our engagement letter dated January 15, 2018.
2. We have examined the compliance of conditions of Corporate Governance by Essar Shipping Limited ("the Company"), for the year ended March 31, 2018, 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 ("the Listing Regulations").

Management's Responsibility for compliance with the conditions of 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 and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in 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 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 Listing Regulations for the year ended March 31, 2018.
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 and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.
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 on Use

11. This certificate is issued to the members of the company solely for the purpose to enable the company to comply with the requirement of the aforesaid regulation 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's Registration No. 101961 W / W-100036

Himanshu Kishnadwala
Partner
Membership No. 37391

Place: Mumbai
Date: 30th May, 2018

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 the 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, 2018.

Ranjit Singh

Executive Director & C.E.O

Place: Mumbai

Date: 30th May, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of
Essar Shipping Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Essar Shipping Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2018, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flows and the Standalone Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 as amended under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the state of affairs of the Company as at March 31, 2018 and its profit (financial position including other comprehensive income), its cash flows and the changes in Equity for the year ended on that date.

Material Uncertainty Related to Going Concern

We draw attention to Note 30 in the financial statements, which indicates that the Company has accumulated losses as on March 31, 2018 and, as of that date, the Company's current liabilities exceeded its current assets. As stated in Note 30, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The Company has, however, represented that, as mentioned in the said note, necessary steps are being taken to remedy the said mismatch.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

1. Attention is invited to Note 19 of the standalone financial statements wherein the company has recognized revenue amounting to Rs. 369.81 crores (including accrued interest upto March 31, 2018) as Exceptional Item based on compensation granted to the company by arbitration proceedings for breach of contract terms by a charterer.

2. Managerial Remuneration paid to the director of the Company for the year ended March 31, 2018, to the extent of 1.41 crores exceeds the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013. We have been informed by the management that the approval has already been sought for the same and is currently awaited.

Our opinion is not modified in respect of the above.

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 of India in terms of sub-section (11) of section 143 of the Act, we give in the '**Annexure A'**, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143 (3) of the Act, we report 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.

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

   (e) The matters described in the 'Material Uncertainty Related to Going Concern' paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;

   (f) On the basis of the written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2018 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 financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in **'Annexure B'**; and

   (h) 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 Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer note 23 to the standalone Ind AS financial statements.

      (ii) The Company does not have any material foreseeable losses for which a provision may be necessary.

      (iii) There were no amounts that were required to be transferred to the investor education protection fund by the Company.

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

Himanshu Kishnadwala
Partner
Membership number: 37391

Mumbai, May 30, 2018

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

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

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets;

(b) During the year, the fixed assets were physically verified by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification;

(c) The title deeds of immovable properties are held in the name of the company;

(ii) As 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 Companies Act 2013. 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, with respect to the loans, Investments, guarantees and security;

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the rules framed there under to the extent notified;

(vi) According to the information and explanations given to us, the Company is not required to maintain cost records pursuant to the Companies (Cost Records and Audit) Amendment Rules, 2016, and prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act 2013;

(vii) (a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including provident fund, duty of customs and value added tax and other material statutory dues as applicable with appropriate authorities. However delays in deposits of tax deducted at source, Provident Fund, professional tax, Service tax and Goods and Services Tax were observed ranging from 1 to 1096 days. The extent of arrears of tax deducted at source tax (including interest levied thereon), provident Fund and service tax (including interest levied thereon) outstanding as at March 31, 2018 for a period of more than six months from the date the same became payable is Rs. 17.76 crores, Rs. 2.20 crores and Rs. 19.35 crores respectively.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax and duty of customs at March 31, 2018 which have not been deposited on account of a dispute, are as follows:

(Amounts in crores)

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	1993-94	The High Court of Bombay
Income Tax Act, 1961	Income Tax	28.00	2012-13	CIT-Appeals
Income Tax Act, 1961	Income Tax	34.76	2013-14	ITAT(A) filed
Income Tax Act, 1961	Income Tax	26.84	2014-15	CIT-Appeals
Foreign Trade (Development and Regulation Act, 1992)	Custom Duty	27.40	2006-07	The High Court of Bombay

(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 or borrowings to any Financial Institution, Bank, Government or dues to Debenture Holders as at the balance sheet date;

(Amounts in crores)

Lender Name	Amount of Default as at the balance sheet date	Period of Default
Debenture Holders		
Life Insurance Corporation	1087.22	1 to 1379 days
Chattisgarh State Electricity Board Gratuity and Pension fund Trust	14.91	1 to 117 days
MTNL- Employees Provident Fund Trust	5.16	1 to 15 days
Rajasthan Rajya Vidyut Prasaran Nigam Limited	22.88	59 to 335 days
Banks		
State Bank of Patiala	36.03	1 to 397 days
Syndicate Bank	34.71	1 to 885 days
Indian Overseas Bank	2.70	1 to 66 days
Others		
IGOF	221.12	1 to 975 days
Total	**1424.73**	

(ix) According to the records of the Company examined by us and the information and explanation given to us, the Company has not raised money by way of initial public offer, further public offer (including debt instruments) or term loans during the year;

(x) According to the information and explanations given 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) According to the records of the Company examined by us and the information and explanations given to us except as mentioned in Note 29 of the Standalone Financial Statements, the company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013;

(xii) The Company is not a Nidhi company and therefore 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 given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details thereof have been disclosed in the Financial Statements etc., as required by the applicable 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. Therefore clause 3(xiv) is not applicable to the Company;

(xv) According to the information and explanations given 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 him. Accordingly, clause 3(xv) of the Order is not applicable to the Company;

(xvi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934..

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

Himanshu Kishnadwala
Partner
Membership number: 37391

Mumbai, May 30, 2018

ANNEXURE - B TO THE 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")

We have audited the internal financial controls with reference to financial statements of Essar Shipping Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is 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 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 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.

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 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 applicable to an audit of Internal Financial Controls and, 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 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 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 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 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 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.

Opinion

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 March 31, 2018, 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.

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

Himanshu Kishnadwala
Partner
Membership number: 37391

Mumbai, May 30, 2018

ESSAR SHIPPING

BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in crore)

	Note No.	As at 31st March, 2018	As at 31st March, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2	**914.17**	1,175.90
Investments	3	**4,417.37**	3,611.58
Financial assets			
- Other financial assets	4 (d)	**-**	9.34
Other non-current assets	5	**17.01**	8.92
		5,348.55	4,805.74
Current assets			
Inventories	6	**13.93**	12.49
Investments	3	**-**	759.00
Financial assets			
i. Trade and other receivables	4 (a)	**56.36**	275.90
ii. Cash and cash equivalents	4 (b)	**30.44**	28.77
iii. Loans	4 (c)	**23.01**	25.68
iv. Other financial assets	4 (d)	**371.66**	46.91
Other current assets	7	**58.49**	342.26
Assets classified as held for sale	8	**65.38**	-
		619.27	1,491.01
TOTAL ASSETS		**5,967.82**	6,296.75
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9 (a)	**206.98**	206.98
Other equity			
Equity component of foreign currency convertible bonds		**-**	27.70
Reserves and surplus	9 (b)	**1,583.81**	1,487.32
Total equity		**1,790.79**	1,722.00
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
i. Borrowings	10 (a)	**2,051.25**	906.58
Total non-current liabilities		**2,051.25**	906.58
Current liabilities			
Financial liabilities			
i. Borrowings	10 (a)	**-**	324.76
ii. Trade payables	10 (b)	**120.75**	196.90
iii. Other financial liabilities	10 (c)	**1,623.10**	3,070.49
Employee benefit obligations	11	**6.13**	5.66
Other current liabilities	12	**375.80**	70.36
Total current liabilities		**2,125.78**	3,668.17
Total liabilities		**4,177.03**	4,574.75
Total equity and liabilities		**5,967.82**	6,296.75

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, 30th May, 2018

For and on behalf of the Board

Ranjit Singh
Executive Director & CEO
(DIN: 07021621)

N. Srinivasan
Director
(DIN: 00004195)

Sandeep Akolkar
Chief Financial Officer

Awaneesh Srivastava
Company Secretary
Membership No.: FCS 8513

Mumbai, 30th May, 2018

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in crore)

Particulars	Note no.	Year ended 31st March, 2018	Year ended 31st March, 2017
INCOME			
Revenue from operations	13	**643.41**	657.74
Other income	14	**60.14**	132.92
Total income		**703.55**	**790.66**
Expenses:			
Operating expenses	15	**372.20**	322.64
Employee benefits expenses	16	**94.28**	103.29
Finance costs	17	**265.24**	352.63
Depreciation	2	**125.04**	137.14
Other expenses	18	**21.69**	12.93
Total expenses		**878.45**	**928.63**
Loss before exceptional items and tax		**(174.90)**	(137.97)
Exceptional items	19		
Income		**369.81**	-
Expenses		**(145.50)**	-
Profit / (Loss) after exceptional items and before tax		**49.41**	(137.97)
Current tax	20	**(3.24)**	(2.65)
Profit /(loss) for the year after exceptional items		**46.17**	(140.62)
Items that will not be reclassified subsequently to profit and loss account			
Actuarial gain / (loss)		**0.75**	(0.38)
Total other comprehensive gain / (loss) for the year		**0.75**	(0.38)
Total comprehensive loss for the year		**46.92**	(141.00)
Earnings per share before exceptional items (EPS) (not annualised)			
(a) Basic (in ₹)	25	**(8.61)**	(6.79)
(b) Diluted (in ₹)		**(8.61)**	(6.79)
Earnings per share after exceptional items (EPS) (not annualised)			
(a) Basic (in ₹)	25	**2.23**	(6.79)
(b) Diluted (in ₹)		**2.23**	(6.79)

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, 30th May, 2018

For and on behalf of the Board

Ranjit Singh
Executive Director & CEO
(DIN: 07021621)

N. Srinivasan
Director
(DIN: 00004195)

Sandeep Akolkar
Chief Financial Officer

Awaneesh Srivastava
Company Secretary
Membership No.: FCS 8513

Mumbai, 30th May, 2018

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2018

(₹ in crore)

	Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit / (Loss) before tax	**49.41**	(137.97)
	Adjustments for :		
	Exceptional Items		
	- Arbitration award	**(369.81)**	-
	- Impairment of Investment in subsidiary	**67.66**	-
	- Impairment of Asset held for sale	**77.84**	-
	Depreciation	**125.04**	137.14
	Finance costs	**265.24**	352.63
	Interest income	**(45.65)**	(1.42)
	Gain on sale of investment in a subsidiary	**-**	(117.77)
	(Gain) / loss on sale of other assets	**-**	2.33
	Profit/ (loss) on assets sold / disposed off	**(10.29)**	-
	Gain on buy-back of equity shares by a subsidiary	**(6.95)**	-
	Unrealised foreign exchange gain	**5.79**	(11.16)
	Operating profit before working capital changes	**158.28**	**223.79**
	Changes in working capital:		
	(Increase) / Decrease in inventories	**(1.44)**	4.92
	(Increase) / Decrease in trade receivables, loans and advances and other assets	**51.39**	79.52
	Increase / (Decrease) in trade payables, other liabilities and short term provisions	**(92.26)**	(91.51)
	Cash generated from operations	**115.96**	**216.73**
	Income taxes refunded / (paid), net	**(4.88)**	(9.93)
	Net cash generated from operating activities	**111.08**	**206.80**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Expenditure on property, plant and equipment	**(33.80)**	(18.33)
	Proceeds from sale of property, plant and equipment	**227.30**	443.89
	Advance received / (refunded) against asset held for sale	**-**	(32.65)
	Advance received / (refunded) against asset sale	**330.21**	-
	Security deposit received	**130.00**	-
	Security deposit refunded	**(14.23)**	-
	Changes in Bank deposits	**8.56**	-
	Proceeds from redemption of investments in a subsidiary	**148.53**	-
	Proceeds from sale of investments	**30.32**	-
	Fixed deposits placed / Matured for a period of more than three months	**2.46**	(4.56)
	Interest received	**0.18**	1.42
	Net cash (used in) / generated from investing activities	**829.53**	389.78
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from short-term loans	**-**	18.57
	Proceeds from intercorporate deposits	**-**	279.90
	Repayment of intercorporate deposits	**(271.00)**	(277.19)
	Repayment of long-term loans	**(396.32)**	(380.21)
	Repayment of short-term loans	**(53.76)**	(19.24)
	Repayment of finance lease obligations	**(11.63)**	(26.54)

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2018

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Finance costs paid	**(203.77)**	(191.23)
Net cash used in financing activities	**(936.48)**	**(595.94)**
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**4.13**	**0.64**
Unrealised foreign currency loss on cash and cash equivalents	**-**	0.94
Cash and cash equivalents at the beginning of the year	**5.26**	3.68
Cash and cash equivalents at the end of the year (refer note 4(d))	**9.39**	**5.26**

Note:

Reconciliation between cash and cash equivalents and cash and bank balances.

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents as per cash flow statement	**9.39**	5.26
Add: margin money deposits not considered as cash and cash equivalents as per IND AS-7	**21.05**	23.51
Cash and bank balances (Restricted and Unrestricted)	**30.44**	**28.77**

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

1) The statement of cashflow is prepared in accordance with he 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.
3) Change in liability arising from financing activities:

	As at 1st April 2017	Cash flow*	As at 1st April 2018
Borrowing- Non Current	906.58	1,144.67	**2,051.25**
Borrowing- Current	2,949.87	(1,912.14)	**1,037.73**
	3,856.45	**(767.47)**	**3,088.98**

*Note : Includes an amount of ₹ 4.72 crores which relates to foreign exchange movement Further, it also includes the impact of certain borrowings which have been reclassified from current to non-current and vice versa.

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, 30th May, 2018

For and on behalf of the Board

Ranjit Singh
Executive Director & CEO
(DIN: 07021621)

N. Srinivasan
Director
(DIN: 00004195)

Sandeep Akolkar
Chief Financial Officer

Awaneesh Srivastava
Company Secretary
Membership No.: FCS 8513

Mumbai, 30th May, 2018

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

A. EQUITY SHARE CAPITAL

(₹ in crore)

Particulars	Equity Share Capital
Balance as on 1st April, 2016	206.98
Additions during the year	-
Balance as on 31st March, 2017	206.98
Additions during the year	-
Balance as on 31st March, 2018	**206.98**

B. OTHER EQUITY

(₹ in crore)

Particulars	Equity component of foreign currency convertible bonds	Other equity										Total equity
		Reserves and Surplus								Other Comprehensive Income		
		Securities Premium	Retained Earnings	Debenture Redemption Reserve	Share options outstanding reserve	Tonnage tax (utilised) reserve	Tonnage tax reserve	General reserve	FCMITDA	Cash flow hedge reserve	Other items of other comprehensive income	
Balance as on 1st April, 2016	96.37	3.36	(3,378.38)	55.00	0.61	20.00	45.00	4,835.22	(13.30)	(22.11)	0.70	1,642.47
Additions during the year	-	-	-	-	-	(20.00)		20.00	2.52	22.11	(0.38)	24.25
Amortisation during the year	-	-			-				(11.09)			(11.09)
Unwinding of discounted liability	(68.67)	-	68.67	-	-							-
Loss for the year	-	-	(140.61)	-	-							(140.61)
Balance as on 31st March, 2017	**27.70**	**3.36**	**(3,450.32)**	**55.00**	**0.61**	**-**	**45.00**	**4,855.22**	**(21.87)**	**-**	**0.32**	**1,515.02**
Additions during the year	-	-	(46.17)	46.17		33.00	(33.00)	-	21.87	-	-	21.87
Unwinding of discounted liability	(27.70)	-	27.70	-	-	-	-	-		-	-	-
Profit for the year	-	-	46.17	-	-	-	-	-		-	0.75	46.92
Balance as on 31st March, 2018	**-**	**3.36**	**3,422.62)**	**101.17**	**0.61**	**33.00**	**12.00**	**4,855.22**	**-**	**-**	**1.07**	**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 crores (previous year: ₹ 185 crores) in respect of debentures issued and outstanding as on 31st March, 2018. However, in view of insufficient profit, 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.

General reserve

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

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

Cash flow hedge reserve

This records the movement in the value of cash flow hedges

Other items of other comprehensive income

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

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, 30th May, 2018

For and on behalf of the Board

Ranjit Singh
Executive Director & CEO
(DIN: 07021621)

Sandeep Akolkar
Chief Financial Officer

Mumbai, 30th May, 2018

N. Srinivasan
Director
(DIN: 00004195)

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 except the following:

Change in accounting policy for financial guarantee obligations

During the year, the Company changed its policy for accounting of financial guarantee obligations (FGO). Hitherto, income from FGO was being recognized in the standalone statement of profit and loss at fair value as mandated by Ind AS 109. Going forward, FGO will be accounted as per Ind AS 104 with the liability to pay being recognized only when a claim arises against the FGO. Prior year comparatives have been restated to give effect to the said change in accounting policy with consequent impacts on reported figures for investments in subsidiaries and opening retained earnings. However, as the impact of the change is not material, the restated standalone balance sheet as at 31st March, 2016 is not being included as part of these financial statements.

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 30th May, 2018.

<u>Historical cost convention</u>

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.

<u>Going concern basis of accounting</u>

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 30 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 30

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.

On transition to Ind AS, the Company had elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1st April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

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 ₹ 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. 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. 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.

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.

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 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 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 entity'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 atleast 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 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) Standards Issued but not Effective

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contract with Customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from 1st April, 2018.

<u>Issue of Ind AS 115 - Revenue from Contracts with Customers</u>

Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

<u>Amendment to Existing issued Ind AS</u>

The MCA has also carried out amendments of the following accounting standards:

i. Ind AS 21 - The Effects of Changes in Foreign Exchange Rates
ii. Ind AS 40 - Investment Property
iii. Ind AS 12 - Income Taxes
iv. Ind AS 28 - Investments in Associates and Joint Ventures and
v. Ind AS 112 - Disclosure of Interests in Other Entities

Application of above standards are not expected to have any significant impact on the Company's Financial Statements.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

2. PROPERTY, PLANT AND EQUIPMENT

(₹ in crore)

Particulars	Land	Buildings	Fleet	Fleet (taken on lease)	Furniture and fixtures	Vehicles	Office equipment	Total
Gross Block								
As at 01.04.2016	0.13	2.26	1,432.19	-	0.11	0.03	0.14	1,434.86
Additions	-	-	11.78	570.21			0.08	582.07
Exchange differences	-	-	(3.79)					(3.79)
Disposals	-	-	(579.41)					(579.41)
As at 31.03.2017	**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 asset 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**
Accumulated Depreciation								
As at 01.04.2016	-	0.47	139.52	-	0.05	0.03	0.07	140.14
Additions	-	0.48	115.91	20.66	0.04		0.05	137.14
Disposals	-	-	(19.45)		-	-	-	(19.45)
As at 31.03.2017	**-**	**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
Transfer 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**
Net Block								
As at 31.03.2017	**0.13**	**1.31**	**624.79**	**549.55**	**0.02**	**-**	**0.10**	**1,175.90**
As at 31.03.2018	**0.13**	**0.84**	**404.32**	**508.74**	**0.01**	**-**	**0.13**	**914.17**

(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 crores (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

(₹ in crore)

	Particulars	As at 31st March, 2018	As at 31st March, 2017
a)	**Investments in equity shares of subsidiaries (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 diminution)	-	67.66
	39,037,276 (previous year 40,845,026) Equity shares of US$ 1 each of Energy II Limited	**175.36**	183.48
	137,122 (previous year 50) Equity shares of AED 1,000/- each of Essar Shipping DMCC, Dubai*	**252.66**	0.09
	246,600,001 (previous year 246,600,001) Equity shares of US$1/- each of Essar Oilfields Services Limited (net of provision for diminution of ₹ 1,564 crore and impairment in investment of ₹ 1,186 crore)	**1,997.78**	1,997.78
	Total (a)	**2,425.80**	**2,249.01**
b)	**Investments in equity shares of associate (unquoted, fully paid up)**		
	35,770,000 (previous year 35,770,000) Equity shares of ₹10/- each of Arkay Logistics Limited **	**35.77**	35.77
c)	**Investments in equity shares - others (unquoted, fully paid up)**		
	2,500 (previous year Nil) Equity shares of ₹10/- each of Ultra LNG Haldia Limited (₹ 25,000/- only)	**0.00**	-
d)	**Investments in preference shares of subsidiaries (unquoted, fully paid up)**		
	19,873,227, (previous year 19,873,227) 7% cumulative non convertible redeemable preference shares of US$ 10 each of Essar Oilfields Services Limited	**1,288.55**	1,288.55
	850,000, (previous year 850,000) 7% cumulative compulsorily convertible preference shares of US$ 10 each of Essar Oilfields Services Limited	**38.25**	38.25
	629,000,000 (previous year 759,000,000) 0.01% compulsory convertible preference shares of ₹10 each of Essar Oilfield Services India Limited***	**629.00**	759.00
	Total (d)	**1,955.80**	**2,085.80**
	Total (a+b+c+d)	**4,417.37**	**4,370.58**
	Aggregate amount of unquoted non - current investments	**4,417.37**	**3,611.58**
	Aggregate amount of unquoted current investment	**-**	**759.00**
	Aggregate amount of provision for diminution other than temporary in value of investments	**2,817.66**	**2,750.00**

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 have 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 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 31st March, 2018.

3. CURRENT INVESTMENTS

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current portion of long term investment	-	759.00
Aggregate amount of unquoted current investment	**-**	759.00

4(a) TRADE AND OTHER RECEIVABLES

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured, considered good		
Trade receivables	**7.35**	7.15
Receivables from related parties (refer note 27)	**49.01**	268.75
Total receivables (Current)	**56.36**	**275.90**

4(b) CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balances with banks in current accounts	**9.39**	5.26
Margin money deposits (lien marked against guarantee issued by bank)	**21.05**	23.51
Total Cash and cash equivalents	**30.44**	**28.77**

4(c) LOANS (CURRENT)

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Loan to a subsidiary (including interest accrued thereon)	**22.08**	22.04
Loans to employees	**0.93**	3.64
Total loans (Current)	**23.01**	**25.68**

4(d) OTHER FINANCIAL ASSETS (CURRENT)

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Insurance claim receivable	**1.26**	8.62
Interest accrued on fixed deposits	**0.02**	1.73
Arbitration award receivable	**369.81**	30.31
Security deposits	**0.57**	6.25
Total other financial assets (current)	**371.66**	**46.91**

OTHER FINANCIAL ASSETS (NON-CURRENT)

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Bank deposits held as margin money, pledged against certain bank borrowings	**-**	8.56
Security deposits	**-**	0.78
Total other financial assets (Non current)	**-**	**9.34**

5. OTHER NON-CURRENT ASSETS

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Income tax assets	**17.01**	8.89
Prepayments	**-**	0.03
Total other non-current assets	**17.01**	**8.92**

6. INVENTORIES

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
At lower of cost and net realisable value		
Fuel, oil and lubricants	**13.93**	12.49
Total inventories	**13.93**	**12.49**

7. OTHER CURRENT ASSETS

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Income taxes	**33.43**	33.42
Unbilled revenue	**2.58**	25.78
Prepayments	**1.46**	2.53
CENVAT credit receivable	**8.47**	8.50
Advance towards equity	**-**	252.57
Advance for capital expenditure	**-**	3.20
Other advances	**12.55**	16.26
Total other current assets	**58.49**	**342.26**

8. ASSETS CLASSFIED AS HELD FOR SALE

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
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 31st March, 2018		As at 31st March, 2017	
	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 paid-up capital				
Equity shares of ₹ 10/- each	**206,976,072**	**206.98**	206,976,072	206.98
	206,976,072	**206.98**	**206,976,072**	**206.98**

(i) Movements in equity share capital

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Number	₹ in crore	Number	₹ 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

	Particulars	As at 31st March, 2018			As at 31st March, 2017		
		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 immediate holding company	**33**	**0.00**	**0.00%**	33	0.00	0.00%
	IDH International Drilling Holdco Limited (formerly known as Essar Shipping & Logistics 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 28 for details)

(ii) 2,800 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

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Debenture redemption reserve (refer foot note below)	**101.17**	55.00
Share options outstanding account	**0.61**	0.61
Tonnage tax (utilised) reserve	**33.00**	-
Tonnage tax reserve	**12.00**	45.00
Securities Premium	**3.36**	3.36
General reserve	**4,855.22**	4,855.22
Foreign Currency Monetary Items Translation Difference Account (FCMITDA)	**-**	(21.87)
Retained earnings	**(3,422.62)**	(3,450.32)
Other Comprehensive Income	**1.07**	0.32
Total reserves and surplus	**1,583.81**	**1,487.32**

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 crores (previous year: ₹ 185 crores) in respect of debentures issued and outstanding as on 31st March, 2018. 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.

General reserve

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

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.

Other items of comprehensive income

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

10(a) BORROWINGS

Long term borrowings

(₹ in crore)

Particulars	Non - current		Current	
	As at 31st March 2018	**As at 31st March 2017**	**As at 31st March 2018**	**As at 31st March 2017**
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)](overdue)	**-**	-	**39.50**	39.50
(b) Term loans				
(i) from banks				
Rupee term loans [converted into foreign currency non resident (Bank) facility](overdue) (secured by first charge on a very large crude carrier and its receivable)	**-**	130.29	**35.47**	25.76
Foreign currency term loans (secured by first charge on three bulk carriers and its receivables)	**28.55**	-	**69.44**	118.14

(₹ in crore)

Particulars	Non - current As at 31st March 2018	Non - current As at 31st March 2017	Current As at 31st March 2018	Current As at 31st March 2017
Rupee term loan (secured by first charge on a very large crude carrier and its receivable)	-	92.46	-	17.70
Rupee term loan (secured by six tugs and two barges of an associate company)	-	**130.00**	-	-
(ii) from others				
Rupee term loan (overdue) (secured by first charge on one mini bulk carrier and four tugs of an associate company, four mini bulk carriers of an unrelated entity and corporate guarantee of the ultimate parent company)	-	**53.90**	**147.78**	114.10
Total secured loans [A]	**28.55**	**406.65**	**992.19**	**1,015.20**
Unsecured				
(a) Foreign currency convertible bonds (FCCBs) (refer note(f) below)	**1,537.62**	-		1,528.43
(b) Finance lease obligations [refer note 22 (a)]	**508.29**	**528.05**	**25.42**	15.62
(c) Others (overdue)	-	-	**25.00**	70.76
Total unsecured loans [B]	**2,045.91**	**528.05**	**50.42**	**1,614.81**
Total [A+B]	**2,074.46**	**934.70**	**1,042.61**	**2,630.01**
Less: Unamortised upfront fees	**(23.21)**	**(28.12)**	**(4.88)**	(4.90)
Less: Amount disclosed under the head 'other financial liabilities' (refer note 10(c))	-	-	**(1,037.73)**	(2,625.11)
Total Long term Borrowings	**2,051.25**	**906.58**	-	-

Foot notes:-

i) Repayment terms:

a) **Secured debentures:** 2,000 debentures issued on 25th March 2010 and 5,000 debentures issued on 22nd 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 1st 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.

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 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.

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 ₹ 739.50 crore and from banks amounting to ₹ 58.21 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 9.44% per annum (previous year: 8.06% per annum)

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

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Between one to three years	**2,688.63**	2,982.46
Between three to five years	**95.11**	660.98
Over five years	**333.33**	273.41

Short - term borrowings

(₹ in crore)

Particulars		As at 31st March, 2018	As at 31st March, 2017
Secured			
(a) Loans repayable on demand			
(i) from banks		**-**	53.76
Cash credit facility from bank			
(secured by first parri passu charge on a very large crude carrier)			
	(A)	**-**	**53.76**
Unsecured			
Loan from others		-	271.00
	(B)	**-**	**271.00**
Total short term borrowings (A+B)		**-**	**324.76**

10(b) Trade payables

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Trade payables:		
- Dues to micro and small enterprises (refer note below)	**0.19**	0.16
- Other than micro and small enterprises	**120.56**	196.74
Total trade payable	**120.75**	**196.90**

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 and the required disclosures are given below:

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Principal amount due and remaining unpaid	0.19	0.16
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

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current maturities of long-term borrowings (including instalments overdue at the year end ₹ 937.54 crore (previous year ₹ 842.49) crore)	**1,037.73**	2,625.11
Security deposits from related party	**-**	1.50
Security deposits from others	**82.32**	12.00
Interest accrued (including interest overdue at the year end `467.70 (previous year ₹ 356.44) crore)	**486.96**	425.49
Advance from customers	**16.09**	6.39
Total other financial liabilities (current)	**1,623.10**	**3,070.49**

11. EMPLOYEE BENEFIT OBLIGATIONS

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Defined benefit plans	5.77	5.17
Defined contribution schemes	0.36	0.49
Total Employee benefit obligations	**6.13**	**5.66**

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)

(₹ in crore)

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
a) Employer's contribution to gratuity fund (offshore crew staff)	0.22	0.21
b) Group accident policy premium (all employees)	0.01	0.01
c) Employer's contribution to pension fund (offshore crew staff)	0.32	0.32
d) Employer's contribution to provident fund (offshore crew staff)	0.28	0.26
Total Employee benefit obligations	**0.83**	**0.80**

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 March 31, 2018 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 (funded) 31.03.18	Gratuity (non-funded) 31.03.18	Provident fund (funded) 31.03.18	Gratuity (funded) 31.03.17	Gratuity (non-funded) 31.03.17	Provident fund (funded) 31.03.17
Present value of defined benefit obligations as at the beginning of the year	1.49	4.57	33.91	1.67	3.74	36.74
Current service cost	0.09	0.58	0.86	0.09	0.50	0.83
Current service contribution- employee	-	-	-	-	-	1.00
Interest cost	0.09	0.31	7.15	0.11	0.29	1.84
Other adjustments	0.52	-	1.21	-	-	0.33
Benefits paid	(0.38)	-	(5.81)	(0.41)	-	(6.83)
Actuarial (gain)/loss on obligations	0.20	(0.96)		0.03	0.04	-
Present value of defined benefit obligations as at the end of the year	2.01	4.50	37.32	1.49	4.57	33.91

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

Particulars	Gratuity (funded) 31.03.18	Provident fund (funded) 31.03.18	Gratuity (funded) 31.03.17	Provident fund (funded) 31.03.17
Fair value of plan assets at the beginning of the year	**0.89**	**33.91**	**1.19**	36.74
Expected return on plan assets	-	-	(0.02)	-
Actual return on plan assets	(0.01)	-	-	-
Interest income on plan assets	0.05	7.15	0.08	1.84
Contributions by the employer/ employees	0.19	1.93	0.05	1.83
Benefits paid	(0.38)	(5.81)	(0.41)	(6.83)
Other adjustments	-	0.14	-	0.33
Fair value of plan assets as at the end of the year	**0.74**	**37.32**	**0.89**	**33.91**

(C) **Amount recognised in balance sheet:**

Particulars	Gratuity (funded) 31.03.18	Gratuity (non-funded) 31.03.18	Provident fund (funded) 31.03.18	Gratuity (funded) 31.03.17	Gratuity (non-funded) 31.03.17	Provident fund (funded) 31.03.17
Present value of defined benefit obligations as at the end of the year	2.01	4.50	37.32	1.49	4.57	33.91
Fair value of plan assets as at end of the year	0.74	-	37.32	0.89	-	33.91
Liability recognised in the Balance Sheet (included in provisions) (note 11)	1.27	4.50	-	0.60	4.57	-

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

Particulars	Gratuity (funded) 31.03.18	Gratuity (non-funded) 31.03.18	Provident fund (funded) 31.03.18	Gratuity (funded) 31.03.17	Gratuity (non-funded) 31.03.17	Provident fund (funded) 31.03.17
Current service cost	0.09	0.58	0.86	0.09	0.50	0.83
Past service cost- plan amendments	0.52		-			-
Net interest on net defined benefit liability/ (asset)	0.03	0.31	-	0.03	0.29	-
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)	**0.64**	**0.89**	**0.86**	**0.12**	**1.08**	**0.83**

(E) **Amount recongnised in other comprehensive income**

₹ in crore

Particulars	**31.03.18**	**31.03.17**
Experience adjustments	0.75	(0.38)
Total	**0.75**	**(0.38)**

(F) **Category of plan assets:**

Particulars	Gratuity (funded) 31.03.18	Provident fund (funded) 31.03.18	Gratuity (funded) 31.03.17	Provident fund (funded) 31.03.17
Administered by Life Insurance Corporation of India *	100%	-	100%	-
Government of India securities (Central and State)	-	28.39%	-	52.19%
Public sector bonds/ TDRs	-	71.61%	-	47.81%
*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

₹ in crore

Particulars	Gratuity (funded) 31.03.18	Gratuity (funded) 31.03.17
DBO On base assumptions	2.02	1.49
A. Discount Rate	0.07	0.07
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	0.09	0.09
1. Effect due to 0.5% increase in salary escalation rate	0.03	(0.02)
2. Effect due to 0.5% decrease in salary escalation rate	(0.03)	0.02
C. Withdrawal Rate	0.08	0.08
1. Effect due to 5% increase in withdrawal rate	(0.03)	0.01
2. Effect due to 5% decrease in withdrawal rate	0.04	(0.02)

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 (funded) 31.03.18	Gratuity (non-funded) 31.03.18	Provident fund (funded) 31.03.18	Gratuity (funded) 31.03.17	Gratuity (non-funded) 31.03.17	Provident fund (funded) 31.03.17
Discount rate (per annum)	7.30%	7.50%	7.30%	6.80%	6.80%	6.80%
Rate of return on plan assets (for funded scheme)	9.00%	9.00%	8.60%	8.50%	8.50%	8.60%
Withdrawal rate	8.00%	7.00%	8.00%	8.00%	7.00%	8.00%
Expected returns on EPFO	-	-	8.60%	-	-	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 31st 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 2018-19 amounts to ₹ 2.72 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.

(I) The weighted average duration of the defined benefit obligation is 6 years.

12. OTHER CURRENT LIABILITIES

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Statutory and other related dues	**34.76**	59.99
Advance received against sale consideration	**330.21**	-
Deferred profit on sale and lease back	**8.53**	9.56
Unearned revenue on services	**2.30**	0.81
Total other current liabilities	**375.80**	**70.36**

13. REVENUE FROM OPERATIONS

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Sale of services		
Fleet operating and chartering earnings	**628.65**	653.17
Other operating income		
Supervision / management fees	**4.47**	4.57
Profit on sale of fleet	**10.29**	-
Total	**643.41**	**657.74**

14. OTHER INCOME

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest income		
- from banks	**0.18**	1.42
- from others	**45.47**	-
Other non operating income	**7.54**	4.91
Gain on sale of stake in a subsidiary	**-**	117.77
Net (loss) /gain on foreign currency translation and transaction (other than considered as finance cost)	**-**	11.16
Gain on buy-back of equity shares by a subsidiary	**6.95**	-
Loss on sale of fleet	**-**	(2.34)
Total	**60.14**	**132.92**

15. OPERATING EXPENSES

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Consumption of stores and spares	**15.69**	14.55
Consumption of fuel, oil and water	**173.18**	127.95
Direct voyage expenses	**120.93**	124.62
Commission, brokerage and agency fees	**0.51**	0.88
Standing costs	**19.16**	20.02
Dry docking expenses for bare boat charter vessels	**19.23**	-
Insurance, protection and indemnity club fees	**23.50**	34.62
Total	**372.20**	**322.64**

16. EMPLOYEE BENEFITS EXPENSE

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Offshore staff		
Salaries, wages and bonus	**71.31**	79.69
Contribution to staff provident and other funds	**1.85**	1.71
Staff welfare expenses	**8.23**	8.49
Office staff		
Salaries, wages and bonus	**9.95**	11.18
Contribution to staff provident and other funds	**1.21**	0.49
Staff welfare expenses	**1.73**	1.63
Employee Stock Option Scheme (refer note 26)	**-**	0.10
Total	**94.28**	**103.29**

17. FINANCE COSTS

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest expense		
- on bank loans	**28.18**	61.95
- on loans from financial Institutions	**8.07**	34.59
- on finance lease obligations	**23.48**	5.49
- on foreign currency convertible bonds	**27.90**	56.39
- on debentures	**120.56**	106.38
- on others	**39.12**	77.01
Loan commitment / processing charges, guarantee fees and other charges	**17.93**	10.82
Total	**265.24**	**352.63**

18. OTHER EXPENSES

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Rent	**1.79**	2.73
Rates and taxes	**0.14**	0.02
Repairs and maintenance		
-buildings	**0.08**	0.09
-others	**1.08**	4.03
Legal and professional fees	**8.20**	2.77
Travelling and conveyance	**1.94**	1.44
Auditor's remuneration (refer note below)	**0.35**	0.33
Net loss on foreign currency translation and transaction (other than considered as finance cost)	**5.79**	-
Other establishment expenses	**2.32**	1.52
Total	**21.69**	**12.93**

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
As auditor	0.29	0.28
Reimbursement of expenses	-	0.01
For other services	0.06	0.04
Total	**0.35**	**0.33**

19. EXCEPTIONAL ITEMS

Exceptional Items comprise of the following: (₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
a) Income		
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)**	-
Total	**(145.50)**	-

During the year, the Company has recognized income from an Arbitration Award alongwith interest accrued thereon amounting to ₹ 369.8 crore. This award relates to a claim for breach of contract against a charterer. The dispute in this regard has been adjudged in favour of the Company by the Arbitrator. Although the Charterer has appealed the Award in the Delhi High Court, management is confident of a positive result from the same.

Energy Transportation International Limited, Bermuda, (ETIL), a wholly owned subsidiary of the Company has been incurring losses such that its net worth has eroded fully. It was operating a VLCC which was on Time Charter from a German company. However, on 10th January 2018, the Time Charter for the said VLCC was terminated by the German company leaving ETIL with no vessels to operate. In this scenario, the Company has created a provision for diminution other than temporary in respect of its investment in ETIL on 31st March 2018 amounting to ₹ 67.66 crores.

Subsequent to balance sheet date, the Company sold a capesize vessel for scrapping as it neared the end of its useful life. The book value of the vessel was ₹ 143 crore and the sale proceeds in respect of the same were ₹ 65 crores, thereby resulting in a loss on sale of ₹ 78 crores. As at 31st March 2018, the said vessel has been classified as an asset held for sale and has been disclosed in the balance sheet at its market value (net of costs to sell) and the resultant diminution in value has been included as an Exceptional expense in the standalone statement of profit and loss.

20. INCOME TAXES

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

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Current income taxes	**3.24**	2.65
Income tax expense for the year	**3.24**	2.65
Effective tax rate (%)	**6.56%**	-1.92%

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 31st March, 2018 and 31st March, 2017 are as follows:

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Profit / (Loss) before taxes	**49.41**	(137.97)
Effective tax rate in India: 34.608% *	**17.10**	-
Tax effect of adjustment for profits subject to tonnage tax regime / presumptive taxation	**(13.86)**	(2.65)
Income tax expense recognised in the profit and loss account	**3.24**	(2.65)

* 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 it 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 previous years. 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 and reserves. The gearing ratio for the year is as under:

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Debt (including borrowings from related and unrelated parties and finance lease obligations)	**3,088.98**	3,856.46
Less: Cash and cash equivalent including short term deposits (restricted)	**(30.44)**	(28.77)
Net debt (A)	**3,058.54**	**3,827.69**
Total equity (B)	**1,790.79**	**1,722.00**
Net debt to equity ratio (A/B)	**1.71**	**2.22**

(ii) Categories of financial instruments

(₹ in crore)

Particulars	As at 31st March 2018		As at 31st March 2017	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
At amortised cost				
Cash and cash equivalents	30.44	30.44	28.77	28.77
Loans and other receivables	79.37	79.37	301.58	301.58
Other financial assets	371.66	371.66	56.25	56.25
Total	**481.47**	**481.47**	**386.60**	**386.60**
Financial liabilities:				
At amortised cost				
Borrowings	2,555.27	2,555.27	3,312.79	3,312.79
Finance lease payables	533.71	533.71	543.67	543.67
Trade and other payables	120.75	120.75	196.90	196.90
At fair value through profit and loss				
Other financial liabilities	585.37	585.37	445.37	445.37
Total	**3,795.10**	**3,795.10**	**4,498.73**	**4,498.73**

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:

a) 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.

b) 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.

c) Derivative instruments have been fair valued on the reporting date on the basis of quotes provided by third party qualified valuers / 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 the Company 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:

(₹ in crore)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Financial assets	**Financial liabilities**	**Financial assets**	**Financial liabilities**
United States Dollars (US$)	**43.16**	**2,591.05**	246.72	2,446.71
Currencies other than INR & US$	**0.12**	**4.41**	-	5.82
Total	**43.28**	**2,595.46**	**246.72**	**2,452.53**

The following table details the Company's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currency. 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 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.

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
	Impact on profit before tax	
US$ impact	(50.73)	(110.00)

(v) Interest rate risk:

The Company is exposed to interest rate risk as it borrows 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 profit for the year ended March 31, 2018 would decline by ₹ 0.94 crore (previous year ₹ 3.87 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 31st March 2018. Equity investments are held for strategic purposes 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 March 31, 2018 on account of carrying amount of advances /deposit, trade and other receivables and guarantees is disclosed in the note 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 details 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:

(₹ in crore)

Particulars	As at 31st March, 2017			
	Within One Year	**One to five years**	**More than five years**	**Total**
Financial instruments:				
Borrowings	2,939.15	406.66	-	3,345.81
Finance lease payables	15.62	147.39	380.66	543.67
Trade and other payables	196.90	-	-	196.90
Other financial liabilities	445.37	-	-	445.37
Total financial liabilities	**3,597.04**	**554.05**	**380.66**	**4,531.75**

(₹ in crore)

Particulars	As at 31st March, 2018			
	Within One Year	**One to five years**	**More than five years**	**Total**
Financial instruments:				
Borrowings	1,035.52	1,547.84	-	2,583.36
Finance lease	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	**1,767.05**	**1,722.80**	**333.33**	**3,823.18**

22. LEASES

Details of leasing arrangements:

Finance leases : Company as a lessee (₹ in crore)

Particulars	**- not later than one year**	**- later than one year but not later than five years**	**- later than five years**	**Total**
As at 31st March, 2017				
Future minimum lease payments	42.91	225.05	432.74	700.70
Unmatured finance charges	27.29	77.66	52.08	157.03
Present value of minimum lease payments	**15.62**	**147.39**	**380.66**	**543.67**

Particulars	- not later than one year	- later than one year but not later than five years	- later than five years	Total
As at 31st 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**

Operating leases : Company as a lessee

The Company has not entered into any non-cancellable operating leases.

23. CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

(₹ in crore)

a Claims against the Company not acknowledged as debts	As at 31st March, 2018	As at 31st March, 2017
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	89.60	54.84
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

(₹ in crore)

b Others	As at 31st March, 2018	As at 31st March, 2017
Corporate guarantees on behalf of subsidiaries	1,478.91	1,144.20

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:

(₹ in crore)

Revenue from operations	As at 31st March, 2018	As at 31st March, 2017
India	519.91	473.23
East Africa	-	4.64
Singapore	23.84	17.62
Cyprus	1.72	1.77
UAE	40.32	40.84
South Korea	1.50	5.90
Thailand	16.25	-
Bermuda	29.58	113.74
TOTAL	**633.12**	**657.74**

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 31st March, 2018	As at 31st March, 2017
Loss for the year before exceptional items	(174.90)	(140.62)
Profit / (Loss) for the year after exceptional items	46.17	(140.62)
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)	(8.61)	(6.79)
Earning per share before exceptional items - diluted (face value ₹ 10/- each)	(8.61)	(6.79)
Earning per share after exceptional items - basic (face value ₹10/- each)	2.23	(6.79)
Earning per share after exceptional items - diluted (face value ₹10/- each)	2.23	(6.79)

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

(₹ in crore)

Particulars	Year ended 31st March, 2018		Year ended 31st March, 2017	
	Amount outstanding	Maximum amount outstanding	Amount outstanding	Maximum amount outstanding
Subsidiary companies				
Essar Oilfields Services India Limited	22.08	22.08	22.04	28.23

27 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, (formerly known as Essar Shipping & Logistics Limited) Cyprus, intermediate holding company
   - iii) Essar Ports & Shipping Limited, Mauritius, immediate holding company (up to 20th October 2016)
   - iv) Essar Shipping Mauritius Holdings Limited , Mauritius, immediate holding company

b) **Subsidiaries**
   - i) Energy Transportation International Limited, Bermuda
   - ii) Energy II Limited, Bermuda
   - iii) Essar Oilfields Services Limited, Mauritius
   - iv) Essar Oilfield Services India Limited, India
   - v) Essar Shipping DMCC, Dubai
   - vi) Essar Oilfields Middle East DMCC, Dubai
   - vii) Cosmic Drilling Services Limited, Mauritius
   - viii) Starbit Oilfield Services India Limited, India

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

d) Key management personnel

i) Capt Anoop Kumar sharma (Managing Director upto 09.09.2016)
ii) Mr. Ranjit Singh (Executive Director and Chief Executive Officer)
iii) Capt Rahul Bhargava (Executive Director from 19.11.2017)
iv) Mr. P.K Srivastava (Non- Executive Director)
v) Mr. N. Srinivasan (Non- Executive Director)
vi) Capt. B. S. Kumar (Non- Executive Director)
vii) Ms S. Gayathri (Non executive Director till 24.05.2017)
viii) Ms Neelam Kapoor (Non Executive Director from 31.07.2017)
ix) Mr. Vikram Gupta (Chief Financial Officer till 22.12.2017)
x) Mr. Sandeep Akolkar (Chief financial Officer from 19.01.2018)
xi) Mr. Awaneesh Srivastava (Company Secretary)

e) Fellow subsidiaries where there have been transactions

i) Aegis Limited
ii) Essar Bulk Terminal Limited
iii) Essar Ports Limited
iv) Essar Shipping (Cyprus) Limited
v) Essar Steel India Limited
vi) Vadinar Ports and Terminal Limited
vii) Vadinar Power Company Limited
viii) Essar Oil Limited

f) Trusts

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		Fellow subsidiaries/Trust/ associates		Managerial remuneration / Sitting fees		Total	
	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
Revenue from operations										
Essar Steel India Limited	-	-	-	-	471.02	387.08	-	-	471.02	387.08
Arkay Logistics Limited	-	-	-	-	25.47	72.64	-	-	25.47	72.64
Energy II Limited	-	-	28.44	112.18	-	-	-	-	28.44	112.18
Energy Transportation International Limited	-	-	1.15	1.57	-	-	-	-	1.15	1.57
Essar Shipping DMCC	-	-	15.47	-	-	-	-	-	15.47	-
IDH International Drilling Holdco Limited	1.72	1.77	-	-	-	-	-	-	1.72	1.77
Essar Ports Limited	-	-	-	-	0.22	0.24	-	-	0.22	0.24
Total	**1.72**	**1.77**	**45.06**	**113.75**	**496.71**	**459.96**	**-**	**-**	**543.49**	**575.48**
Guarantee commission received										
Essar Oilfields Services Limited	-	-	0.85	0.87	-	-	-	-	0.85	0.87
Essar Shipping DMCC	-	-	6.67		-	-	-	-	6.67	-
Total	**-**	**-**	**7.52**	**0.87**	**-**	**-**	**-**	**-**	**7.52**	**0.87**

(₹ in crore)

Nature of transactions	Holding Companies		Subsidiaries		Fellow subsidiaries/Trust/ associates		Managerial remuneration / Sitting fees		Total	
	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
Gain on buyback of long term investment										
Energy II Limited	-	-	6.95		-	-	-	-	6.95	-
Managerial remuneration #										
Ranjit Singh	-	-	-	-	-	-	1.19	0.49	1.19	0.49
Capt Anoop Kumar Sharma							-	1.26	-	1.26
Capt Rahul Bhargava (from 19.11.2017)	-	-	-	-	-	-	0.29	-	0.29	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**1.48**	**1.75**	**1.48**	**1.75**
Director's Sitting Fees										
P.K. Srivastava	-	-	-	-	-	-	0.04	0.04	0.04	0.04
N. Srinivasan	-	-	-	-	-	-	0.07	0.06	0.07	0.06
Captain B.S. Kumar	-	-	-	-	-	-	0.10	0.10	0.10	0.10
Total	**-**	**-**	**-**	**-**	**-**	**-**	**0.21**	**0.20**	**0.21**	**0.20**
Direct Voyage expenses										
Essar Shipping (Cyprus) Limited	-	-	-	-	90.43	88.61	-	-	90.43	88.61
Essar Oil Limited	-	-	-	-	-	4.96	-	-	-	4.96
Arkay Logistics Limited	-	-	-	-	0.22	0.20	-	-	0.22	0.20
Essar Bulk Terminal Limited	-	-	-	-	0.44	0.26	-	-	0.44	0.26
Total	**-**	**-**	**-**	**-**	**91.09**	**94.03**	**-**	**-**	**91.09**	**94.03**
Contribution to staff provident fund										
Essar Shipping Staff Provident Fund Trust	-	-	-	-	0.91	0.95	-	-	0.91	0.95
Interest on finance lease obligations										
Essar Shipping DMCC	-	-	22.20	5.19	-	-	-	-	22.20	5.19
Interest on intercorporate deposits										
Vadinar Ports & Terminals Limited	-	-	-	-	-	5.70	-	-	-	5.70
Essar Steel India Limited	-	-	-	-	-	13.98	-	-	-	13.98
Vadinar Power Company Limited	-	-	-	-	-	4.17	-	-	-	4.17
Essar Oil Limited	-	-	-	-	-	35.23	-	-	-	35.23
Total	**-**	**-**	**-**	**-**	**-**	**59.09**	**-**	**-**	**-**	**59.09**

(₹ in crore)

Nature of transactions	Holding Companies		Subsidiaries		Fellow subsidiaries/Trust/ associates		Managerial remuneration / Sitting fees		Total	
	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
Buy back of long term investment										
Energy II Limited	-	-	11.58	-	-	-	-	-	11.58	-
Sale and leaseback of vessels										
Essar Shipping DMCC	-	-	-	570.21	-	-	-	-	-	570.21
Loans and advances received										
Vadinar Power Company Limited	-	-	-	-	-	2.71	-	-	-	2.71
Total	**-**	**-**	**-**	**-**	**-**	**2.71**	**-**	**-**	**-**	**2.71**
Investment in shares										
Essar Shipping DMCC -Dubai (equity)	-	-	252.57	-	-	-	-	-	252.57	-
Guarantees given on behalf of others										
Essar Shipping DMCC	-	-	282.56	358.00	-	-	-	-	282.56	358.00
Essar Oilfield Services India Limited	-	-	-	-	-	-	-	-	-	-
Essar Oilfield Services Limited	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**282.56**	**358.00**	**-**	**-**	**-**	**-**	**282.56**	**358.00**

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.

h) Outstanding balances with related parties:

(₹ in crore)

Nature of transactions	Holding Companies		Subsidiary companies		Fellow subsidiaries/ Trust/associates		Managerial remuneration / Sitting fees		Total	
	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
Trade and other receivables										
Essar Steel India Limited	-	-	-	-	19.46	-	-	-	19.46	-
Arkay Logistics Limited	-	-	-	-	-	33.18	-	-	-	33.18
IDH International Drilling Holdco Limited	1.29	2.15	-	-	-	-	-	-	1.29	2.15
Essar Oilfield Services Limited	-	-	0.63	1.03	-	-	-	-	0.63	1.03
Essar Shipping DMCC	-	-	27.15	203.76	-	-	-	-	27.15	203.76
Energy II Limited	-	-		28.46	-	-	-	-	-	28.46
Essar Ports Limited	-	-	-	-	0.48	0.17	-	-	0.48	0.17
Total	**1.29**	**2.15**	**27.78**	**233.25**	**19.94**	**33.35**	**-**	**-**	**49.01**	**268.75**
Unbilled revenue receivable										
Essar Steel India Limited	-	-	-	-	2.58	23.07	-	-	2.58	23.07
Arkay Logistics Limited	-	-	-	-	-	1.33	-	-	-	1.33
Total	**-**	**-**	**-**	**-**	**2.58**	**24.40**	**-**	**-**	**2.58**	**24.40**

(₹ in crore)

Nature of transactions	Holding Companies		Subsidiary companies		Fellow subsidiaries/ Trust/associates		Managerial remuneration / Sitting fees		Total	
	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
Advance for allotment of shares										
Essar Shipping DMCC -Dubai	-	-	-	252.57	-	-	-	-	-	252.57
Loans and advances (including interest accrued)										
Essar Oilfield Services India Limited	-	-	22.08	22.04	-	-	-	-	22.08	22.04
Essar Shipping DMCC -Dubai	-	-	0.54	0.11	-	-	-	-	0.54	0.11
Energy Transportation International Limited	-	-	3.55	-	-	-	-	-	3.55	-
IDH International Drilling Holdco Limited	3.60	3.53	-	-	-	-	-	-	3.60	3.53
Essar Shipping Employees Stock Option Trust	-	-	-	-	0.81	3.64	-	-	0.81	3.64
Ranjit Singh	-	-	-	-	-	-	0.06	-	0.06	-
Total	**3.60**	**3.53**	**26.17**	**22.15**	**0.81**	**3.64**	**0.06**	**-**	**30.64**	**29.32**
Finance lease obligation										
Essar Shipping DMCC	-	-	533.70	543.67	-	-	-	-	533.70	543.67
Advance received from customer									-	-
Arkay Logistics Limited	-	-	-	-	8.58	-	-	-	8.58	-
Advance received against sale of vessel										
Essar Shipping DMCC	-	-	330.21	-	-	-	-	-	330.21	-
Interest accrued on intercorporate deposits										
Essar Steel India Limited	-	-	-	-	13.02	12.86	-	-	13.02	12.86
Trade Payables										
Arkay Logistics Limited	-	-	-	-	0.63	-	-	-	0.63	-
Energy Transportation International Limited	-	-	-	3.26	-	-	-	-	-	3.26
Energy II Limited	-	-	6.57	-	-	-	-	-	6.57	-
Essar Shipping Staff Provident Fund	-	-	-	-	0.28	0.13	-	-	0.28	0.13
Essar Bulk Terminal Limited	-	-	-	-	4.73	3.22	-	-	4.73	3.22
Aegis Limited	-	-	-	-	0.04	-	-	-	0.04	-
Essar Shipping Cyprus Limited	-	-	-	-	1.55	0.04	-	-	1.55	0.04
Essar Steel India Limited	-	-	-	-	-	17.48	-	-	-	17.48
Total		**-**	**6.57**	**3.26**	**7.23**	**20.87**	**-**	**-**	**13.80**	**24.13**
Interest accrued on finance lease obligation										
Essar Shipping DMCC	-	-	4.96	1.00	-	-	-	-	4.96	1.00
Security deposit received	-									
Essar Bulk Terminal Limited	-	-	-	-	-	1.50	-	-	-	1.50
Total	**-**	**-**	**-**	**-**	**-**	**1.50**	**-**	**-**	**-**	**1.50**
Guarantees given on behalf of others										
Essar Shipping DMCC	-	-	629.55	348.00	-	-	-	-	629.55	348.00
Essar Oilfield Services India Limited	-	-	823.34	753.08	-	-	-	-	823.34	753.08
Essar Oilfields Services Limited	-	-	26.02	43.12	-	-	-	-	26.02	43.12
Total	**-**	**-**	**1,478.91**	**1,144.20**	**-**	**-**	**-**	**-**	**1,478.91**	**1,144.20**

28. EMPLOYEE STOCK OPTION SCHEME

a) 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.

b) Employee stock options details for ESOS as on the Balance Sheet date are as follows:

Particulars	Year ended 31st March, 2018		Year ended 31st March, 2017	
	Options (Numbers)	Weighted average exercise price per option (₹)	Options (Numbers)	Weighted average exercise price per option (₹)
Option outstanding at the beginning of the year	-	-	377,463	22.30
Granted during the year	-	-	-	22.30
Vested during the year	-	-	193,135	22.30
Exercised during the year	-	-	-	22.30
Lapsed during the year	-	-	184,328	22.30
Options outstanding at the end of the year	**-**	**-**	**-**	**22.30**

c) **The impact on Statement of profit and loss and Earnings per Share if the ‘fair value’ of the options (on the date of the grant) were considered instead of the ‘intrinsic value’ is as under:**

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Net Profit / (loss) (as reported)	NA	(140.62)
Add / (Less): stock based employee compensation (intrinsic value) (refer note 11)	NA	0.21
Net profit / (loss) (proforma)	**-**	**(140.41)**
Basic earnings per share (as reported) (refer note 25)	(8.61)	(6.79)
Basic earnings per share (proforma)	-	(6.78)
Diluted earnings per share (as reported) (refer note 25)	(8.61)	(6.79)
Diluted earnings per share (proforma)	-	(6.78)

d) The fair value of the options granted is estimated on the date of grant using Black Scholes options pricing model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for calculating fair value:

Assumptions		
Risk free interest rate	N/A	8.36%
Expected life	N/A	58
Expected annual volatility of shares	N/A	44.5% - 58.60%
Expected dividend yield	N/A	0.00%

29. MANAGERIAL REMUNERATION

The appointment of and remuneration to the two Whole-time Directors have been approved by the shareholders at the last AGM of the Company and applications to the Central Government has been made for approval of their remuneration.

30. GOING CONCERN

As at 31st March, 2018, the Company's Current Liabilities exceed its Current Assets by ₹1,506.51 crore as at 31st March, 2018. The following steps are being taken to rectify this mismatch.

1) Loan from a public financial institution along with interest accrued thereon amounting to ₹1,087 crore classified as Current is expected to be rescheduled.

2) Advance from a subsidiary for purchase of vessel amounting to ₹330 crores is not payable within one year.

3) Loan from an Alternate Investment Fund along with interest accrued thereon amounting to ₹196 crore is not payable within one year.

4) Loan from an NBFC along with interest accrued thereon amounting to ₹43 crore will not be repaid out of the Company's current assets.

5) Certain loans classified as current owing to covenant defaults are expected to be rescheduled such that they will not be repayable within one year.

31. SUBSEQUENT EVENT

Subsequent to the 31st March, 2018, the Company has entered into a Memorandum of agreement for sale of a capsize dry bulk carrier of 175,048 DWT

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

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, 30th May, 2018

For and on behalf of the Board

Ranjit Singh
Executive Director & CEO
(DIN: 07021621)

N. Srinivasan
Director
(DIN: 00004195)

Sandeep Akolkar
Chief Financial Officer

Awaneesh Srivastava
Company Secretary
Membership No.: FCS 8513

Mumbai, 30th May, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of
Essar Shipping Limited

Report on the Consolidated Ind-AS Financial Statements

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 Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income) , the Consolidated Cash Flow Statement 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").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with the relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable pronouncements issued by Institute of Chartered Accountants Of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind-AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that except for the matter described in Basis for Qualified opinion paragraph, the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

We draw attention to Note 2(a)(iv) of the Consolidated Financial Statements regarding management's ongoing assessment of the possible impairment of certain Rigs with carrying amount of Rs. 347.69 crores (Including capital work in progress of Rs. 79.15 crores) as at March 31, 2018, some of which have not been deployed for extended period of time, in terms of Indian Accounting Standard (Ind AS) 36, Impairment of Assets. We have been informed that the Management of the company has not concluded the process of validating various operational assumptions impacting the recoverable amounts of the aforesaid Rigs. Pending conclusion of the said assessment, we are unable to comment on the provision for impairment which may be required in respect of the carrying amount of the aforesaid Rigs.

Qualified Opinion

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 above read with Note 2(a)(iv) of the Consolidated Financial Statements, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2018 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.

Material Uncertainty Related to Going Concern

a) We draw attention to Note 30 of the consolidated financial statements wherein in view of the fact that current liabilities exceed the current assets, there is an indication of material uncertainty on the group's ability to continue as a going concern. The group has, however, represented that, as mentioned in the said note, necessary steps are being taken to remedy the said mismatch.

b) 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 made by the management that it is confident of rolling over its short term borrowings to address cash flow mismatches.

Our opinion is not modified in respect of these Matters.

Emphasis of matter

a) Attention is invited to Note 20 of the consolidated financial statements wherein the company has recognized revenue amounting to Rs. 369.81 crores (including accrued interest upto March 31, 2018) as Exceptional Items based on compensation granted to the company by arbitration proceedings for breach of contract terms by a charterer.

b) We draw attention to Note 29 of the consolidated financial statements which state that the company has applied to the Central Government for approval of excess remuneration of Rs. 1.41 crores to the whole time directors over and above allowed as per section 197 of the Companies Act 2013.

Our opinion is not modified in respect of the above.

Other Matters

a) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs 2,190.78 crores as at March 31, 2018 and total revenues of Rs 32.84 crores for the year ended March 31,2018, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditor whose reports 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 this subsidiary, is based solely on the reports of the other auditor. The consolidated financial statements also includes unaudited figures in respect of three step-down subsidiaries and three associates which are certified by management, whose financial statements reflect total assets of Rs. 3,929.93 crores as on March 31,2018 and total revenue of Rs. 1,102.85 crores for the year ended on March 31,2018. These 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 financial statements. In our opinion and according to the information and explanations given to us by the Management, these unaudited financial statements are not material to the Group.

b) 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

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

(a) We have sought and, except for the possible effects of the matter described in Basis for Qualified Opinion paragraph above, 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, except for the possible effects of the matter described in Basis for Qualified Opinion paragraph above, 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 accounts maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, except for the possible effects of the matter described in Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the relevant rules issued there under;

(e) The matter described in the Basis for Qualified Opinion 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 March 31, 2018, 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 March 31, 2018 from being appointed as directors in terms of Section 164 (2) of the Act.

(g) The qualification relating to the maintenance of accounts and other matters connected therewith is as stated in the Basis for Qualified Opinion paragraph above.

(h) With respect to the adequacy of the internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in **'Annexure A'**; and

(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 March 31, 2018 on the consolidated financial position of the Group and its associates – Refer note 24 to the consolidated financial statements.

(ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material forseeable losses, if any, on long term contracts– Refer note 11 to the consolidated financial statements.

(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's registration number: 101961 W/W - 100036

Himanshu Kishnadwala
Partner
Membership number: 37391

Mumbai
May 30, 2018

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")

In conjunction with our audit of the consolidated financial statements of **Essar Shipping Limited** ("the Holding Company') for the year ended March 31, 2018, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India as of that date.

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 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 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 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 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 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 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 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.

Basis for Qualified Opinion

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

Qualified Opinion

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 above, the Holding Company and its subsidiary companies, incorporated in India have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, 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.

For **C N K & Associates LLP**
Chartered Accountants
Firm's registration number: 101961 W/W - 100036

Himanshu Kishnadwala
Partner
Membership number: 37391

Mumbai
May 30, 2018

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in crore)

Particulars	Notes	As at 31st March, 2018	As at 31st March, 2017
ASSETS			
Non-current assets			
Property, plant and equipments	2 (a)	**2,625.19**	3,226.28
Capital work- in- progress	2 (a)	**77.95**	136.51
Goodwill on consolidation	2 (b)	**2,627.82**	2,609.04
Investments	3 (a)	**-**	37.01
Financial assets			
- Other financial assets	4 (d)	**-**	9.33
Other non-current assets	5	**17.05**	125.14
Total non-current assets		**5,348.01**	**6,143.31**
Current assets			
Inventories	6	**71.95**	74.97
Financial assets			
i. Trade and other receivables	4 (a)	**99.16**	119.69
ii. Cash and cash equivalents	4 (b)	**55.41**	39.85
iii. Loans	4 (c)	**358.18**	987.26
iv. Other financial assets	4 (d)	**1,503.23**	2,043.78
Other current assets	7	**143.32**	87.29
Asset classified as held for sale	8	**65.38**	-
Total current assets		**2,296.63**	**3,352.84**
Total assets		**7,644.64**	**9,496.15**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9 (a)	**206.98**	206.98
Other equity			
Equity component of foreign currency convertible bonds		**-**	27.70
Reserves and surplus	9 (b)	**1,163.02**	2,400.20
Non-controlling interests		**191.77**	-
Total equity		**1,561.77**	**2,634.88**
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	10 (a)	**1,754.48**	793.65
ii. Derivative liability	11	**-**	1.88
Total non-current liabilities		**1,754.48**	**795.53**
Current liabilities			
Financial liabilities			
i. Borrowings	10 (a)	**445.83**	1,088.67
ii. Trade payables	10 (b)	**294.60**	414.30
iii. Other financial liabilities	10 (c)	**3,469.51**	4,403.88
Employee benefit obligations	12	**6.88**	6.12
Current tax liabilities		**21.47**	22.23
Other current liabilities	13	**90.11**	130.54
Total current liabilities		**4,328.39**	**6,065.74**
Total liabilities		**6,082.67**	**6,861.27**
Total equity and liabilities		**7,644.64**	**9,496.15**

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, 30th May, 2018

For and on behalf of the Board

Ranjit Singh
Executive Director & CEO
(DIN: 07021621)

N Srinivasan
Director
(DIN: 00004195)

Sandeep Akolkar
Chief Financial Officer

Awaneesh Srivastava
Company Secretary
Membership No.: FCS 8513

Mumbai, 30th May, 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in crore)

Particulars	Note No.	Year ended 31st March, 2018	Year ended 31st March, 2017
INCOME			
Revenue from operations	14	**1,207.75**	2,193.98
Other income	15	**79.48**	(68.60)
Total income		**1,287.23**	**2,125.38**
Expenses			
Operating expenses	16	**780.22**	1,556.40
Employee benefits expense	17	**143.18**	212.66
Finance costs	18	**386.80**	466.98
Depreciation	2 (a)	**304.12**	390.50
Other expenses	19	**38.26**	45.67
Total expenses		**1,652.58**	**2,672.21**
Loss before exceptional items and tax		**(365.35)**	**(546.83)**
Exceptional items	20		
Income		369.81	-
Expenses		(1,650.31)	-
		(1,280.50)	-
Loss before tax		**(1,645.85)**	(546.83)
Tax expense:			
Current tax	21	**(3.24)**	(38.63)
Deferred Tax		**-**	0.78
Loss for the year before share in loss of associates		**(1,649.09)**	**(584.68)**
Share in loss of associate		**(35.77)**	1.24
Loss for the year after exceptional items		**(1,684.86)**	**(583.44)**
Attributable to:			
Shareholders of the parent		(1,664.83)	
Non controlling interests		(20.03)	
Loss for the year after exceptional items		**(1,684.86)**	-
Items that will not be reclassified subsequently to profit and loss account			
Actuarial gain / (loss)		**0.88**	(0.38)
Total other comprehensive gain /(loss) for the year		**0.88**	**(0.38)**
Total comprehensive loss for the year		**(1,683.98)**	**(583.82)**
Attributable to:		**(1,663.95)**	**-**
Shareholders of the parent		**(20.03)**	**-**
Non controlling interests			
Earning per share before exceptional items (EPS) (not annualised)			
Basic (in ₹)	26	**(19.54)**	(28.19)
Diluted (in ₹)	26	**(19.54)**	(28.19)
Earning per share after exceptional items (EPS) (not annualised)			
Basic (in ₹)	26	**(81.40)**	(28.19)
Diluted (in ₹)	26	**(81.40)**	(28.19)

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, 30th May, 2018

For and on behalf of the Board

Ranjit Singh
Executive Director & CEO
(DIN: 07021621)

N Srinivasan
Director
(DIN: 00004195)

Sandeep Akolkar
Chief Financial Officer

Awaneesh Srivastava
Company Secretary
Membership No.: FCS 8513

Mumbai, 30th May, 2018

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in crore)

	Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Loss before tax	**(1,645.85)**	(546.83)
	Adjustments for :		
	Exceptional Items		
	- Arbitration award	**(369.81)**	-
	- Provision for diminution in value of fixed asset held for sale	**77.84**	-
	- Provision for doubtful/impairment of receivables	**1,518.24**	-
	- Cancellation of finance lease	**54.23**	-
	Depreciation	**304.12**	390.50
	Finance costs	**386.80**	466.98
	Interest income	**(72.91)**	(79.06)
	Loss on disposal of a subsidiary	**-**	143.25
	Unrealised foreign exchange loss	**(4.60)**	(6.78)
	Operating profit before working capital changes	**248.06**	**368.06**
	Changes in working capital:		
	Decrease / (Increase) in inventories	**3.02**	(10.40)
	Decrease / (Increase) in trade receivables, loans and advances and other assets	**1,652.30**	(55.42)
	(Decrease) / Increase in trade payables, other liabilities and short term provisions	**(1,407.72)**	(16.13)
	Cash generated from operations	**495.66**	286.11
	Income taxes refunded/(paid) net	**(8.59)**	(12.09)
	Net cash generated from operating activities	**487.07**	**274.02**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Expenditure on property, plant and equipment	**(36.99)**	(38.96)
	Proceeds from sale of property, plant and equipment	**227.30**	70.69
	Cash relating to the disposed subsidiary	**-**	(37.59)
	Security deposit received	**115.77**	-
	Proceeds from sale of investments	**33.51**	-
	Fixed deposits matured for a period of more than three months	**2.15**	-
	Fixed deposits placed for a period of more than three months	**-**	(35.20)
	Cash infused by Non controlling Interest	**143.10**	-
	Interest received	**234.17**	53.62
	Net cash generated from investing activities	**719.01**	12.56

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term loans	**-**	343.08
Proceeds from short term loans	**-**	18.57
Proceeds from Intercorporate deposits	**230.89**	279.90
Redemption of Preference share	**(200.39)**	-
Repayment of intercorporate deposits	**-**	(277.19)
Repayment of long term loans	**(461.31)**	(402.28)
Repayment of short term loans	**(349.76)**	(19.24)
Repayment / cancellation of finance lease obligations	**(120.56)**	(26.54)
Finance costs paid	**(287.24)**	(201.15)
Net cash used for financing activities	**(1,188.37)**	**(284.85)**
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**17.71**	**1.73**
Cash and cash equivalents at the beginning of the year	**14.49**	12.76
Cash and cash equivalents at the end of the year (refer note 4(b))	**32.20**	**14.49**

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

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents as per cash flow statement	**32.20**	14.49
Add: margin money deposits not considered as cash and cash equivalents	**23.21**	25.36
Cash and bank balances (Restricted and Unrestricted)	**55.41**	**39.85**

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 actvities. In Part-B and part-C, figures in brackets indicate cash outflows.

3) Change in liability arising from financing activities:

	As at 1st April, 2017	Cash flow*	As at 31st March, 2018
Borrowing- Non Current	793.65	960.83	1,754.48
Borrowing- Current	4,819.64	(1,953.72)	2,865.92
	5,613.29	**(992.89)**	**4,620.40**

* **Note:** Includes an amount of Rs. 4.72 crores which relates to foreign exchange movement. Further, it also includes the impact of certain borrowings which have been reclassified from current to non-current and vice versa.

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, 30th May, 2018

For and on behalf of the Board

Ranjit Singh
Executive Director & CEO
(DIN: 07021621)

N Srinivasan
Director
(DIN: 00004195)

Sandeep Akolkar
Chief Financial Officer

Awaneesh Srivastava
Company Secretary
Membership No.: FCS 8513

Mumbai, 30th May, 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

A. EQUITY SHARE CAPITAL

(₹ in crore)

Particulars	Equity Share Capital
Balance as on 1st April, 2016	**206.98**
Exercise of stock options	-
Additions during the year	-
Balance as on 31st March, 2017	**206.98**
Exercise of stock options	-
Additions during the year	-
Balance as on 31st March, 2018	**206.98**

B. OTHER EQUITY

(₹ in crore)

Particulars	Equity component of foreign currency convertible bonds	Other equity												Total equity
		Reserves and Surplus									Other Comprehensive Income			
		Securities Premium	Retained Earnings	Debenture Redemption Reserve	Share options outstanding reserve	Tonnage tax reserve	Tonnage tax (utilised) reserve	Foreign currency translation reserve	General reserve	FCMITDA	Cash flow hedge reserve	Other items of other comprehensive income	Non-controlling interests	
Balance as on 1st April, 2017	96.37	3.36	(2,269.96)	55.00	0.50	45.00	20.00	373.61	4,835.22	(12.08)	(22.11)	0.70		**3,125.61**
Additions during the year	-	-		-	0.11	-	(20.00)	(126.32)	20.00	2.52	22.11	(0.38)		**(101.96)**
Amortisation during the year			-	-					-	(12.31)			-	**(12.31)**
Unwinding of discounted liability	(68.67)	-	68.67	-	-	-			-	-	-	-		**-**
Loss for the year	-	-	(583.44)	-	-	-			-		-	-	-	**(583.44)**
Balance as on 31st March, 2017	27.70	3.36	(2,784.73)	55.00	0.61	45.00	-	247.29	4,855.22	(21.87)	-	0.32	-	**2,427.90**
Additions during the year	-	-		-		(33.00)	33.00	58.12	-	21.87			530.88	**610.87**
Amortisation during the year			(46.17)	46.17					-					**-**
Unwinding of discounted liability	(27.70)	-	27.70	-	-	-			-	-	-	-		**-**
Loss transferred to non-controling interest			319.08										(319.08)	**-**
Loss for the year	-	-	(1,664.83)	-	-	-			-		-	0.88	(20.03)	**(1,683.98)**
Balance as on 31st March, 2018	-	3.36	(4,148.95)	101.17	0.61	12.00	33.00	305.41	4,855.22	-	-	1.20	191.77	**1,354.79**

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 crores (previous year: ₹185 crores) in respect of debentures issued and outstanding as of 31st March, 2018. However, in view of continutes losses the Company has not created such DRR.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

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.

General reserve

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

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

Other items of comprehensive income

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

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, 30th May, 2018

For and on behalf of the Board

Ranjit Singh
Executive Director & CEO
(DIN: 07021621)

N Srinivasan
Director
(DIN: 00004195)

Sandeep Akolkar
Chief Financial Officer

Awaneesh Srivastava
Company Secretary
Membership No.: FCS 8513

Mumbai, 30th May, 2018

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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 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.

Authorisation 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, 2018.

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 30 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., March 31, 2018. 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 unrealised 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 companyand 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	Relation-ship	Country of Incor-poration	Owner-ship held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				31st March, 2018	31st March, 2017
Essar Oilfields Services Limited ("EOSL")	Subsidiary	Mauritius	ESL	100%	100%
Essar Oilfield Services India Limited ("EOSIL")	Subsidiary	India	EOSL	100%	100%
Energy Transportation International Limited ("ETIL")	Subsidiary	Bermuda	ESL	100%	100%
Energy II Limited ("EIIL")	Subsidiary	Bermuda	ESL	73%	100%
Essar Shipping DMCC ("ES DMCC")	Subsidiary	United Arab Emirates	ESL	100%	100%
Essar Oilfields Middle East DMCC	Subsidiary	Dubai	EOSL	100%	100%
Cosmic Drilling Services Limited ("CDSL")	Subsidiary	Mauritius	EOSL	100%	100%
StarbitOilfields Services India Limited ("SOSIL") (Note i)	Subsidiary	India	EOSL	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")	Associate	India	ESL	49%	49%

Notes:

i. The financial statements of Varada Drilling One Pte Limited,Varada Drilling Two Pte Limited, Arkay Logistics Limited, Cosmic Drilling Services Limited, Essar Oilfields Middle East DMCC and Starbit Oilfields Services India Limited considered for the purpose of preparation of Consolidated Financial Statements are based on the unaudited financials certified by the respective managements.

ii. During the year, a fellow subsidiary infused equity amounting to USD 22 million in Energy II Limited. This reduced the Company's stake in the said subsidiary to 73%

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 12

Estimation of current tax/ deferred tax expenses and payable - refer note 21

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 4 and 5

Going Concern- refer note 30

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 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 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 Company'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
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 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 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. Freight earnings are recognised on a pro-rata basis for voyages in progress at balance sheet date after loading of the cargo is completed. 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.

Freight earnings, stevedoring and lighterage are recognised on a pro-rata basis for voyages in progress at balance sheet date after loading / unloading of the cargo is completed; revenues and related expenses for voyages where cargo has not been loaded / unloaded as on the balance sheet date are deferred and recognised in the following year.

Income from drilling and production services is recognised as earned, based on contractual daily rates billed on monthly basis. Mobilization / demobilization fees received, if any, is recognised as earned in the year of mobilization / demobilization.

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

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 operation 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 Holding 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 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 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 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 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 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 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 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, 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 Group 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.

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 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 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 amortisation 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 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 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 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 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 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.

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 atleast 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 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.

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 holding company is paying taxes on the basis of deemed tonnage income therefore no impact on deferred tax.

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.

t) 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.

u) OPERATING SEGMENTS

The Board of Directors of the Company 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. Logistics services (upto 10th March, 2017)

iii. 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.

2(a) PROPERTY, PLANT AND EQUIPMENT

(₹ in crore)

Particulars	Land	Buildings	Fleet	Fleet (taken on lease)	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total	Capital Work in Progress
Gross Block										
As at 01.04.2016	**0.18**	**2.25**	**1,232.93**	**548.33**	**2,444.68**	**0.32**	**6.41**	**1.00**	**4,236.10**	**79.04**
Additions	-	-	19.13	-	2.03	0.07	2.83	0.25	24.31	58.54
Transfer	-	-	-	-	1.07	-	-	-	1.07	(1.07)
Exchange differences	-	-	(3.76)	-	-	-	-	-	(3.76)	-
Foreign currency translation differences	-	-	(7.61)	-	(17.61)	-	-	-	(25.22)	-
Disposal of a subsidiary	(0.05)	-	(89.49)	-	(5.96)	-	(3.92)	(0.36)	(99.78)	-
Disposals	-	-	-	-	-	-		-	-	-
As at 31.03.2017	0.13	2.25	1,151.20	548.33	2,424.21	0.39	5.31	0.90	4,132.71	136.51
Additions	-	-	36.78	0.19	34.60	0.08	-	0.13	71.78	-
Exchange differences	-	-			7.78	-	-	-	7.78	
Transfer to assset held for sale			(206.96)	-	-	-	-	-	(206.96)	
Disposals	-	-	(64.12)	(253.16)	-	(0.13)		(0.11)	(317.52)	(16.09)
Impairment	-	-	-	-	-	-	-	-	-	(42.47)
As at 31.03.2018	**0.13**	**2.26**	**916.90**	**295.36**	**2,466.58**	**0.34**	**5.31**	**0.92**	**3,687.79**	**77.95**
Accumulated Depreciation										
As at 01.04.2016	-	0.47	155.82	38.67	341.28	-	1.49	0.30	538.04	-
Additions	-	0.48	125.93	45.55	214.54	0.15	3.63	0.22	390.50	-
Foreign currency translation differences	-	-	(6.69)	-	(15.41)	-	-	-	(22.10)	-
Disposals	-	-	-	-	-	-	-	-	-	-
As at 31.03.2017	**-**	**0.96**	**275.06**	**84.23**	**540.41**	**0.15**	**5.12**	**0.51**	**906.43**	**-**
Additions	-	0.46	83.48	41.00	179.03	0.05	-	0.10	304.12	-
Exchange differences	-	-	-	-	6.22	-	(0.07)	-	6.15	-
Transfer to assset held for sale			(63.71)						(63.71)	-
Disposals	-	-	(33.61)	(56.77)	-	-	-	-	(90.38)	-
As at 31.03.2018	**-**	**1.42**	**261.22**	**68.46**	**725.65**	**0.20**	**5.05**	**0.61**	**1,062.61**	**-**
Net Block										
As at 31.03.2017	**0.13**	**1.29**	**876.14**	**464.10**	**1,883.80**	**0.24**	**0.19**	**0.38**	**3,226.28**	**136.51**
As at 31.03.2018	**0.13**	**0.84**	**655.67**	**226.91**	**1,740.93**	**0.15**	**0.26**	**0.30**	**2,625.19**	**77.95**

(i) Leased assets

The lease term in respect of assets acquired under finance leases expires within 10 years. Refer Note 23 for terms of leasing arrangements and related disclosures.

(ii) Water treatment plant

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

(iv) Impairment testing for fleet

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 mangement'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.

Rigs: Possible impairment of certain Rigs with carrying amount of ` 347.87 crores (Including capital work in progress of ` 79.15 crores) as at March 31, 2018, which have not been deployed for extended period of time, in terms of Indian Accounting Standard (Ind AS) 36, Impairment of Assets. We have been informed that the Management of the company has not concluded the process of validating various operational assumptions impacting the recoverable amounts of the aforesaid Rigs. Pending conclusion of the said assessment, we are unable to comment on the provision for impairment which may be required in respect of the carrying amount of the aforesaid Rigs.

2(B) GOODWILL ON CONSOLIDATION

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Opening balance	**2,609.04**	2750.87
Foreign currency translation difference	**18.78**	(136.57)
Disposal of a subsidiary	**-**	(5.26)
Closing balance	**2,627.82**	**2,609.04**

3 INVESTMENTS

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unquated fully paid up		
35,770,000 (previous year 35,770,000) Equity shares of ₹10/- each of Arkay Logistics Limited - an associate company, (net of share of loss / profit)	-	37.01
5,000,000 Equity shares of US$1 each of Varada Drilling One Pte Limited, Singapore, net of provision for diminution other than temporary in the value of the investment ₹ 31.24 crores*	-	-
5,000,000 Equity shares of US$1 each of Varada Drilling Two Pte Limited, Singapore, net of provision for diminution other than temporary in the value of the investment ₹ 31.24 crores*	-	
Other Investment	-	-
2,500 (previous year NIL) Equity shares of ₹10/- each of Ultra LNG Haldia Limited		
Total	**-**	**37.01**

*In accordance with the transitional provisions contained in Ind-AS 101, the Group's investments in Varada Drilling One Pte Limited and Varada Drilling Two Pte Limited have been fully impaired as the said investments were not recoverable owing to the persistent downturn in the Rig Operating business. The impairment in case of each of the two associates amounted to ₹ 31.24 crores. The total impairment loss of ₹ 62.48 crores was recognised in Opening Retained Earnings as at 1st April, 2015. After marking down these investments to Nil, the Group has discontinued recognition of its share of losses incurred by these companies till they earn sufficient profits to erase the deficit incurred in previous accounting periods.

Information about the associates

Name of the Company	Country of Incorporation and Principal Activities	Proportion of equity interest	
		As at 31st March, 2018 %	As at 31st March, 2017 %
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:

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Opening balance	37.01	-
Addition during the year (on 10th March 2017)	-	35.77
Share of (loss) / profit for the year / period	(37.01)	1.24
Closing balance	**-**	**37.01**

4(a) TRADE AND OTHER RECEIVABLES

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured, considered good		
Trade receivables, considered good	**83.85**	63.88
Trade receivables, considered doubtful	**133.09**	132.85
Receivables from related parties (Refer Note 28)	**15.30**	55.81
Less allowance for doubtful debts	**(133.09)**	(132.85)
Total receivables (Current)	**99.16**	**119.69**

Movement in allowances for doubtful debts

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Opening balance	132.85	135.42
Allowances created during the year	0.24	-
Allowances reversed during the year	-	(2.57)
Closing balance	**133.09**	**132.85**

4(b) CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balances with banks in current accounts	**32.20**	14.49
Margin money deposits (lien marked against guarantee issued by bank)	**23.21**	25.36
Total cash and cash equivalents	**55.41**	**39.85**

4(c) LOANS (CURRENT)

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured, considered good		
Loan to related parties (Refer Note 28)	**357.25**	983.62
Loans to employees	**0.93**	3.64
Total loans (Current)	**358.18**	**987.26**

LOANS (NON - CURRENT)

Refer Note 22 for disclosures relating to financial instruments

4(d) OTHER FINANCIAL ASSETS

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Insurance claim receivable	1.26	8.62
Advance to others	**-**	115.03
Interest accrued	**11.74**	173.00
Other advances	**-**	16.43
Arbitration award receivable	**369.81**	-
Receivables on sale of investments	**-**	33.51
Receivables from related parties (Refer Note 28)	**1,119.86**	1,690.30
Security deposits	**0.57**	6.89
Total other financial assets (Current)	**1,503.23**	**2,043.78**

OTHER FINANCIAL ASSETS (NON - CURRENT)

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Bank deposits held as margin money, pledged against certain bank borrowings	-	8.56
Security deposits	**-**	0.77
Total other financial assets (Non-current)	**-**	**9.33**

5 OTHER NON-CURRENT ASSETS

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital advances	**0.04**	116.22
Income tax assets	**17.01**	8.89
Prepayments	**-**	0.03
Total other non-current assets	**17.05**	**125.14**

6 INVENTORIES

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
At lower of cost and net releasable value		
Stores and spares	**55.02**	57.72
Fuel, oil and lubricants	**16.93**	17.25
Total inventories	**71.95**	**74.97**

7 OTHER CURRENT ASSETS

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Income taxes	**39.11**	36.16
Unbilled revenue	**34.71**	27.84
Prepayments	**3.71**	3.84
CENVAT credit receivable	**25.99**	19.45
Other advances	**29.70**	-
Security deposits	**10.10**	-
Total other current assets	**143.32**	**87.29**

8 ASSETS CLASSIFIED AS HELD FOR SALE

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Fleet and Aircraft, at net realisable value or cost whichever is lower	**65.38**	-
Total asset held for sale	**65.38**	-

9 EQUITY SHARE CAPITAL AND OTHER EQUITY

(a) Equity share capital

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	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 31st March, 2018		As at 31st March, 2017	
	No of shares	Amount (₹ in crore)	No of shares	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

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	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 immediate 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) 2,800 Foreign Currency Convertible Bonds (FCCB) are convertible into 122,852,787 equity shares (previous year 122,852,787 equity shares) of ₹ 10/- each Refer note 5 (i)(f) for details.

9 (b) RESERVES AND SURPLUS

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Debenture redemption reserve (refer foot note below)	**101.17**	55.00
Share options outstanding account	**0.61**	0.61
Tonnage tax (utilised) reserve	**33.00**	-
Tonnage tax reserve	**12.00**	45.00
Securities Premium	**3.36**	3.36
General reserve	**4,855.22**	4,855.22
Foreign currency translation reserve	**305.42**	247.29
Foreign currency monetary items translation difference account (FCMITDA)	**-**	(21.87)
Retained earnings	**(4,148.96)**	(2,784.73)
Other comprehensive income	**1.20**	0.32
Total reserves and surplus	**1,163.02**	**2,400.20**

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 of 31st March, 2018. However, in view of continues 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.

General reserve

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

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.

Other items of comprehensive income

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

10 (a) BORROWINGS

Long term borrowings

(₹ in crore)

Particulars	Non - current		Current	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
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)] (overdue)	**-**	-	**39.50**	39.50
(b) Term loans				
(i) from banks				
Rupee term loans [converted into foreign currency non resident (Bank) facility] (overdue)		130.28	**35.47**	25.76
(secured by first charge on a very large crude carrier and its receivable)				
Foreign currency term loans	28.55	-	**69.44**	118.14
(secured by first charge on three bulk carriers and its receivables)				
Foreign currency term loans	75.50	136.16	**568.89**	582.79
(secured by first charge on a semi submersible rig and corporate guarantee by the Company and IDH International Holdco Limited)				
Rupee term loan	-	92.46	**-**	17.70
(secured by first charge on a very large crude carrier and its receivable)				
Rupee term loan	-	130.00	**-**	-
(secured by six tugs and two barges of an associate company)				
Rupee term loan	39.00	51.00	**18.00**	19.50

(₹ in crore)

Particulars	Non - current		Current	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
(secured by first charge on two land rigs 2nd pari passu charge on hypothecation of three Schram rigs and receivable thereon and corporate guarantee by the Company)				
Rupee term loan	-	-	**150.58**	150.58
(secured by charge on Jack up rigs and receivable thereon and corporate guarantee by the Company)				
Foreign currency term loan	61.72	61.92	**587.63**	269.91
(secured by standby letter of credit issued by the Holding Company				
(ii) from financial institutions				
Rupee term loan	-	-	**75.00**	75.00
(secured by corporate guarantee by a subsidiary)				
Rupee term loan	35.71	46.06	**10.13**	1.24
(secured by first pari passu charge by way of hypothecation of three mobile rigs and receivable thereon and corporate guarantee by the Company)				
Foreign currency term loan	61.72	61.92	**587.63**	269.91
(iii) from others				
Rupee term loan (overdue)	-	53.90	**147.78**	114.10
(secured by first charge on one mini bulkers and four tugs of an associate company, four mioni bulk carriers of an unrelated entity and corporate guarantee of the ultimate parent company)				
Total secured loans [A]	**240.47**	**701.78**	**2,402.41**	**2,114.23**
Unsecured				
(a) Foreign currency convertible bonds (FCCBs) (refer note (i) (f) below)	**1,537.62**	-	**-**	1,528.43
(b) Finance lease obligations (refer note 23)	**-**	120.56	**-**	47.60
(c) Others (Overdue)	**-**		**25.00**	45.78
Total unsecured loans [B]	**1,537.62**	**120.56**	**25.00**	**1,621.81**
Total [A+B]	**1,778.09**	**822.34**	**2,427.41**	**3,736.04**
Less: Unamortised upfront fees	**(23.61)**	(28.69)	**(7.32)**	(5.07)
Less: Amount disclosed under the head 'other current liabilities' (refer note 10(c))	-	-	(2,420.09)	(3,730.97)
Total long term borrowings	**1,754.48**	**793.65**	**-**	**-**

Foot notes:-

i) Repayment terms:

a) **Secured debentures:** 2,000 debentures issued on 25th March 2010 and 5,000 debentures issued on 22nd 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 01st 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.

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

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

e) **Finance lease obligations:** Repayable in monthly instalments ending in March, 2019.

f) **Foreign currency convertible bonds:** i) 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.

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 ₹ 739.50 crore and from banks amounting to ₹ 58.21 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 9.22% per annum (previous year: 9.34% per annum)

i) **Scheduled repayments:** Refer Liquidity Risk table at Note 22(ix).

Short - term borrowings

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Loans repayable on demand		
(i) from banks		
Cash credit facility from a bank. Repayable on demand	-	53.76
(secured by first parri passu charge on a very large crude carrier)		
Rupee short-term loan	442.28	392.22
(secured by first charge on six land rigs and receivables thereon, corporate guarantee of the Company)		
(ii) from others		
Short-term loan	-	25.00
(secured by subservient charge on present and future surplus cash flows of the Company)		
Unsecured loans from related parties (refer note 33)	3.55	146.30
Unsecured		
Unsecured loans from others	-	271.00
Redeemable preference shares held by an associate, repayable on demand	-	116.00
Redeemable preference shares held by others, repayable on demand	-	84.39
Total short term borrowings	**445.83**	**1,088.67**

10(b) TRADE PAYABLES

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Trade payables:		
- Dues to micro and small enterprises(refer note below)	0.19	0.16
- Other than micro and small enterprises	294.41	414.14
Total trade payables	**294.60**	**414.30**

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 and this has been relied upon by the auditors:

10(c) OTHER FINANCIAL LIABILITIES

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current maturities of long-term borrowings (including instalments overdue at the year end ₹1,334.10 crore (previous year ₹1,682.18) crore	**2,420.10**	3,730.97
Security deposits from related parties (Refer Note 28)	**-**	13.50
Security deposits from others	**82.34**	-
Interest accrued, including interest overdue at the year end ₹ 683.97 (previous year ₹ 515.92) crore	**720.09**	620.53
Advance from customers	**16.09**	38.88
Due to related parties	**230.89**	-
Total other financial liabilities (non-current)	**3,469.51**	**4,403.88**

11 DERIVATIVE LIABILITY

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Provisions for mark to market losses on derivative contracts-Interest swaps	**-**	1.88
Total derivative liabilities	**-**	**1.88**

The Group follows hedge accounting principles for accounting of certain forward foreign exchange contracts to hedge the exchange risk pertaining to highly forecasted transactions.

12. EMPLOYEE BENEFITS OBLIGATIONS

(₹ in crore)

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Defined benefit plans	5.91	5.46
Defined contribution schemes	0.97	0.66
Total	**6.88**	**6.12**

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 17)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Employer's contribution to gratuity fund (offshore crew staff)	**0.29**	0.26
Group accident policy cover (all employees)	**0.01**	0.03
Contribution to pension fund (offshore crew staff)	**0.68**	0.64
Employer's contribution to provident fund (offshore crew staff)	**1.27**	1.29
Total	**2.24**	**2.22**

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, 2017 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) 31.03.2018	Gratuity (non-funded) 31.03.2018	Provident fund (funded) 31.03.2018	Gratuity (funded) 31.03.2017	Gratuity (non-funded) 31.03.2017	Provident fund (funded) 31.03.2017
Obligations as at beginning of the year	**2.05**	**4.57**	**33.91**	2.78	3.74	36.74
Current service cost	0.14	0.58	0.86	0.21	0.50	0.83
Current service contribution- employee	-	-	-	-	-	1.00
Interest cost	0.12	0.31	7.15	0.19	0.29	1.84
Transfer in	0.52	-	1.21	-	-	0.33
Benefits paid	-0.59	-	-5.81	-0.57	-	-6.83
Actuarial (gain)/loss	0.39	-0.96	-	0.27	0.04	-
Disposal of a subsidiary	-	-	-	-0.82	-	-
Planned Amendment	0.18			-	-	-
Present value of defined benefit obligation as at end of the year	**2.82**	**4.50**	**37.32**	**2.06**	**4.57**	**33.91**

(B) Movements in the fair value of plan assets

Particulars	Gratuity (funded) 31.03.2018	Provident fund (funded) 31.03.2018	Gratuity (funded) 31.03.2017	Provident fund (funded) 31.03.2017
Fair value of plan assets at beginning of the year	1.17	33.91	2.41	36.74
Expected return on plan assets	-	-	0.05	-
Actual return on plan assets	0.01	-	0.08	1.84
Interest income on plan assets	0.05	7.15	-	-
Actuarial gain/(loss) on plan assets	-	-	-0.08	-
Contributions by the employer / employee	0.29	1.93	0.10	1.83
Other adjustments	-	0.14	-	0.33
Benefits paid	-0.59	-5.81	-0.57	-6.83
Disposal of a subsidiary	-	-	-0.82	-
Total	**0.93**	**37.32**	**1.17**	**33.91**

(C) Amount recognized in the balance sheet

Particulars	Gratuity (funded) 31.03.2018	Gratuity (non-funded) 31.03.2018	Provident fund (funded) 31.03.2018	Gratuity (funded) 31.03.2017	Gratuity (non-funded) 31.03.2017	Provident fund (funded) 31.03.2017
Present value of defined benefit obligation as at end of the year	2.82	4.50	37.32	2.06	4.57	33.91
Fair value of plan assets as at end of the year	0.94	-	37.32	1.17	-	33.91
Total	**1.88**	**4.50**	**-**	**0.89**	**4.57**	**-**

(D) Amounts recognized in the Statement of Profit and Loss

Particulars	Gratuity (funded) 31.03.2018	Gratuity (non-funded) 31.03.2018	Provident fund (funded) 31.03.2018	Gratuity (funded) 31.03.2017	Gratuity (non-funded) 31.03.2017	Provident fund (funded) 31.03.2017
Current service cost	0.14	0.58	0.86	0.22	0.50	0.83
Interest cost	0.06	0.31	-	0.03	0.29	-
Past service cost	0.70		-	-	-	-
Net actuarial (gain)/loss recognized in the year	-		-	-0.03	-	-
Total	**0.90**	**0.89**	**0.86**	**0.22**	**0.79**	**0.83**

(E) Amounts recognised in other comprehensive income

Particulars	31.03.2018	31.03.2017
Experience adjustments	0.88	-0.38
Total	**0.88**	**-0.38**

(F) Category of plan assets

The Group's plan assets in respect of gratuity are funded through the Group Gratuity Schemes of the Life Insurance Corporation of India (LIC).

Particulars	Gratuity (funded) 31.03.2018	Provident fund (funded) 31.03.2018	Gratuity (funded) 31.03.2017	Provident fund (funded) 31.03.2017
Administered by Life Insurance Corporation of India *	100.00%	-	100.00%	-
Government of India Securities	-	28.39%	-	52.19%
Public sector bonds / TDRs	-	71.61%	-	47.81%

* 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	31.03.2018	31.03.2017
DBO On base assumptions	2.02	2.06
A. Discount Rate	7.00%	6.80%
1. Effect due to 0.5% increase in discount rate	-0.03	-0.04
2. Effect due to 0.5% decrease in discount rate	0.03	0.04
B. Salary Escalation Rate	9.00%	9.00%
1. Effect due to 0.5% increase in salary escalation rate	0.03	-0.01
2. Effect due to 0.5% decrease in salary escalation rate	-0.03	0.01
C. Withdrawal Rate	8.00%	9.00%
1. Effect due to 0.5% increase in withdrawal rate	-0.03	0.01
2. Effect due to 0.5% decrease in withdrawal rate	0.04	-0.03

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) 31.03.18**	**Gratuity (non-funded) 31.03.18**	**Provident fund (funded) 31.03.18**	**Gratuity (funded) 31.03.17**	**Gratuity (non-funded) 31.03.17**	**Provident fund (funded) 31.03.17**
Discount rate (per annum)	7.30%	7.50%	7.30%	6.80%	6.80%	6.80%
Rate of return on plan assets	9.00%	9.00%	8.60%	8.50%	8.50%	8.60%
Withdrawal rate	8.00% to 10.00%	7.00%	8.00%	8.00% to 10.00%	7.00%	8.00%
Expected returns on EPFO	-	-	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 2017-18 amounts to ₹ 2.72 crores 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 actuarially valued as per Projected Unit Credit Method.

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

13 OTHER CURRENT LIABILITIES

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Statutory and other related dues	**57.89**	73.50
Payable in respect of capital goods	**21.39**	22.96
Deferred profit on sale and lease back	**8.53**	9.56
Other payables	**-**	20.76
Unearned revenue on services	**2.30**	3.76
Provision for taxation	**21.47**	-
Total other current liabilities	**111.58**	**130.54**

14 REVENUE FROM OPERATIONS

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Sale of services		
Fleet operating and chartering earnings	**920.47**	932.93
Logistics services	**-**	1,160.73
Rig operating and chartering earnings	**273.86**	94.14
Other operating income		
Profit on sale of vessel	**10.29**	0.60
Scrap sales	**1.17**	2.26
Supervision / management fees	**1.96**	3.32
Total	**1,207.75**	**2,193.98**

15 OTHER INCOME/(CHARGE)

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest income		
- from banks	**0.77**	2.13
- from related parties on intercorporate deposits (refer note 28)	**26.19**	58.22
- from others	**45.94**	18.70
Loss on disposal of a subsidiary	**-**	(143.25)
Net gain /(loss) on foreign currency translation and transactions	**4.60**	(24.30)
Loss on sale of other assets	**-**	(1.83)
Other non operating income	**1.98**	21.72
Total	**79.48**	**(68.60)**

16 OPERATING EXPENSES

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Consumption of stores and spares	**36.59**	189.06
Consumption of fuel, oil and water	**204.24**	166.36
Direct voyage expenses	**446.68**	1,080.13
Commission, brokerage and agency fees	**0.83**	2.24
Standing costs	**41.23**	74.53
Dry docking expenses for BBC vessels	**19.23**	-
Insurance, protection and indemnity club fees	**31.41**	44.08
Total	**780.22**	**1,556.40**

17 EMPLOYEE BENEFITS EXPENSES

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Offshore staff		
Salaries, wages and bonus	**109.64**	99.78
Contribution to staff provident and other funds	**3.31**	2.35
Staff welfare expenses	**9.94**	9.30
Office staff		
Salaries, wages and bonus	**16.02**	96.01
Contribution to staff provident and other funds	**1.62**	1.84
Staff welfare expenses	**2.66**	3.28
Employee Stock Option Scheme (refer note 27)		0.10
Total	**143.18**	**212.66**

18 FINANCE COSTS

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest expense		
- on bank loans	**78.71**	139.33
- on loans from financial Institutions	**20.72**	41.45
- on finance lease obligations	**1.27**	10.29
- on foreign currency convertible bonds	**27.90**	56.39
- on debentures	**120.56**	106.38
- on others	**117.00**	94.75
Loan commitment / processing charges, guarantee fees and other charges	**20.64**	18.39
Total	**386.80**	**466.98**

19 OTHER EXPENSES

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Rent	**2.26**	3.84
Rates and taxes	**0.14**	0.03
Repairs and maintenance		
-buildings	**0.08**	0.46
-others	**1.12**	5.53
Legal and professional fees	**23.07**	25.80
Travelling and conveyance	**2.26**	4.36
Auditor's remuneration (refer note below)	**0.46**	0.57
Net loss on foreign currency translation and transaction (other than considered as finance cost)	**5.78**	-
Bad debts written off	**-**	1.17
Other establishment expenses	**3.09**	3.91
Total	**38.26**	**45.67**

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
As auditor	**0.39**	0.34
Reimbursement of expenses	**0.01**	-
For audit of subsidiaries	**-**	0.02
For other services	**0.06**	0.21
Total	**0.45**	**0.57**

20 EXCEPTIONAL ITEMS

Exceptional Items comprise of the following:

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
a) Income		
Compensation receivable by the Company for breach of contract by a charterer including accrued interest	**369.81**	-
b) Expenses		
Provision / Impairment for doubtful receivables / Advances	**(1,475.77)**	-
Impairment of Capital work-in-progress	**(42.47)**	-
Provision for impairment in value of a vessel held - for-sale	**(77.84)**	-
Cancellation of finance lease obligation	**(54.23)**	-
Total	**(1,650.31)**	**-**

Compensation receivable by the Company for breach of contract by a charterer including accrued interest

During the year, the Company has recognized income from an Arbitration Award alongwith interest accrued thereon amounting to ₹ 369.81 crore. This award relates to a claim for breach of contract against a charterer. The dispute in this regard has been adjudged in favour of the Company by the Arbitrator. Although the Charterer has appealed the Award in the Delhi High Court, management is confident of a positive result from the same.

Provision for doubtful / impairment of receivables

A) A subsidary has assessed its receivables / Inter Corporate Deposit from a related party for recoverability as at 31 March 2018 and management feels these are no longer recoverable as:

a) The said related party does not have sufficient assets to repay its secured loans as at 31 March 2018.

b) 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 ₹ 660.49 crore have been fully impaired as at 31 March 2018.

B) Corporate Insolvency Resolution Process has been initiated against ABG Shipyard Limited - and a subsidary has submitted its claim to resolution Professionals however the said subsidary is not expecting recovery against the claim due to which the Group has classified the advances of ₹ 116 crore provided to ABG as doubtful.

C) ABG Shipyard is under the insolvency Resolution Process and the completion, construction and delivery the rigs are uncertain. Hence, the proceeds against Novation agreement under which the rigs were transferable to Varada Drilling One Pte Limited. & Varada Drilling Two Pte. Limited. is also uncertain owing to which management of the Group has decided to provide ₹ 699.27 crore (40%) of total receivable against novation agreement as doubtful receivables.

Impairment of Capital work-in-progress

The Group is supposed to buy back two rigs from Varada Drilling One Pte Limited. & Varada Drilling Two Pte. Limited. Interest on the loan taken to construct these two rigs was capitalised under CWIP till previous year. As of now the Company is unable to get RBI approval to buy back these rigs from Varada Drilling One Pte. Limited & Varada Drilling Two Pte. Limited, and hence the management has decided to impair the interest amounting to ` 42.47 crore parked under CWIP.

Provision for impairment in value of a vessel held - for-sale

Subsequent to balance sheet date, the Company sold a capsize vessel for scrapping as it neared the end of its useful life. The book value of the vessel was ₹ 143 crore and the sale proceeds in respect of the same were ₹ 65 crores, thereby resulting in a loss on sale of ₹ 78 crores. As at 31st March 2018, the said vessel has been classified as an asset held for sale and has been disclosed in the balance sheet at its market value (net of costs to sell) and the resultant diminution in value has been included as an Exceptional expense in the standalone statement of profit and loss.

Cancellation of finance lease obligation

On 10th April 2017, the Group entered into a settlement with M/s D.S. Rendite, the owners of MT Ashna. The revised contractual terms implied that the arrangement with the Owners was no longer that of a Finance Lease. Therefore, the Gross Block as well as Accumulated Depreciation relating to MT Ashna as at 10th April 2017 was transferred to the Statement of Profit and Loss for the year ended 31st March 2018. This resulted in a loss on cancellation of finance lease amounting to ₹ 54.23 crore.

21 INCOME TAXES

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

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Current income taxes	**(3.24)**	(38.63)
Deferred income taxes	**-**	0.78
Income tax expense for the year	**(3.24)**	**(37.85)**

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 31st March, 2018 and 31st March, 2017 are as follows:

₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Loss before taxes	**(1,645.85)**	(546.83)
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.

22 FINANCIAL INSTRUMENTS

(i) Capital management

The Group 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 Group's overall strategy remains unchanged from 2016-17. 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:

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Debt (including borrowings from related and unrelated parties and finance lease obligations)	**4,620.41**	5,613.29
Less: Cash and cash equivalent including short term deposits (restricted)	**(55.41)**	(39.85)
Net debt (A)	**4,565.01**	**5,573.44**
Total equity (B)	**1,561.77**	**2,634.88**
Net debt to equity ratio (A/B)	**2.92**	**2.12**

(ii) Categories of financial instruments

(₹ in crore)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
At amortised cost				
Cash and cash equivalents	55.41	55.41	39.85	39.85
Loans and other receivables	457.33	457.33	1,106.95	1,106.95
Other financial assets	1,503.23	1,503.23	2,043.78	2,043.78
Total	**2,015.96**	**2,015.96**	**3,190.58**	**3,190.58**
Financial liabilities:				
At amortised cost				
Borrowings	4,620.41	4,620.41	5,445.13	5,445.13
Finance lease payables	-	-	168.16	168.16
Trade and other payables	294.60	294.60	414.30	414.30
At fair value through profit and loss				
Derivatives	-	-	1.88	1.88
Other financial liabilities	1,049.40	1,049.40	672.91	672.91
Total	**5,964.41**	**5,964.41**	**6,702.39**	**6,702.39**

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).

(₹ in crore)

At 31st March, 2017	Level 1	Level 2	Level 3	Total
Finance liabilities at fair value through profit or loss				
Derivative financial liabilities	-	**1.88**	-	1.88
Total	**-**	**1.88**	**-**	**1.88**

At 31st March, 2018	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit and loss				
Derivative financial liabilities	-	-	-	-
Total	**-**	**-**	**-**	**-**

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:

a) 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.

b) 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.

c) 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 Groups 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 Groups operations. The Groups has various financial assets such as trade receivables, cash and short term deposits, which arise directly from its operations.

The main risks arising from Groups 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 Groups financial assets and financial liabilities denominated in foreign currencies at the reporting date are as follows:

(₹ in crore)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
United States Dollars (US$)	1,357.74	2,602.04	1,370.56	2,449.44
Currencies other than INR & US$	0.12	8.03	16.76	15.60
Total	**1,357.86**	**2,610.07**	**1,387.32**	**2,465.04**

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.

(₹ in crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
	Impact on profit before tax	
US$ impact	(62.61)	(53.89)

(v) Interest rate risk:

The Group is exposed to interest rate risk as entities in the Group 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 March 31, 2018 would increase/decrease by ₹ 11.85 crore (previous year ₹ 12.90 crores). 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 31st March 2018. 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 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 March 31, 2018 on account of carrying amount of advances /deposit, trade and other receivables and guarantees is disclosed in note 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. Credit risk relating to unrelated parties is 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 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 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:

(₹ in crore)

Particulars	As at 31st March, 2017			
	Within One Year	One to five years	More than five years	Total
Financial instruments:				
Borrowings	4,777.10	633.47	68.31	5,478.88
Finance lease payables	47.60	120.56	-	168.16
Trade and other payables	414.30	-	-	414.30
Derivatives	-	1.88	-	1.88
Other financial liabilities	672.91	-	-	672.91
Total financial liabilities	**5,911.91**	**755.91**	**68.31**	**6,736.13**

(₹ in crore)

Particulars	As at 31st March, 2018			
	Within One Year	One to five years	More than five years	Total
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**

23. 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 :

(₹ in crore)

Particulars	- not later than one year	- later than one year but not later than five years	- later than five years	Total
As at 31st March, 2017				
Future minimum lease payments	47.60	120.57	-	168.17
Unmatured finance charges	7.33	-	-	7.33
Present value of minimum lease payments	**40.27**	**120.57**	**-**	**160.84**
As at 31st March, 2018				
Future minimum lease payments	-	-	-	-
Unmatured finance charges	-	-	-	-
Present value of minimum lease payments	**-**	**-**	**-**	**-**

b) Operating leases : Group as a lessee

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

24. CONTINGENCIES

Contingent liabilities (to the extent not provided for) (₹ in crore)

With respect to pending litigations	**As at 31st March, 2018**	**As at 31st March, 2017**
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	89.60	54.84
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

(₹ in crore)

Others	**As at 31st March, 2018**	**As at 31st March, 2017**
Guarantees given by banks	38.18	63.54
Claims against the Group not acknowledged as debt	49.61	49.45

25. SEGMENT REPORTING

A. Basis for 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) Logistics services (up to 10th March, 2017)

c) 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

(₹ in crore)

Particulars	**Year ended 31st March, 2018**	**Year ended 31st March, 2017**
Segment Revenue		
Operating Income		
Fleet operating and chartering	**977.78**	982.40
Logistics	**-**	1,233.36
Rig operating and chartering	**307.56**	97.39
Total	**1,285.34**	**2,313.15**
Less: Inter segment revenue	**(77.59)**	(119.17)
Total Income from operations	**1,207.76**	**2,193.98**
Other Income - unallocated	**79.48**	(68.60)
Total Income	**1,287.24**	2,125.38
Segment Results		
Fleet operating and chartering	**138.67**	34.79
Logistics	**-**	150.11
Rig operating and chartering	**(117.24)**	(264.76)
Total	**21.45**	**(79.86)**

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Less: Unallocated interest and finance costs	**(386.80)**	**(466.98)**
Loss before tax	**(365.35)**	(546.84)
Less: Tax expense	**(3.24)**	**(37.85)**
Loss before share of profit of associates	**(368.59)**	(584.69)
Share of loss of associate	**(35.77)**	1.24
Loss for the year before exceptional items	**(404.36)**	**(583.45)**
Exceptional items	**(1,280.50)**	-
Loss for the year after exceptional items	**(1,684.86)**	**(583.45)**
Segment assets		
Fleet operating and chartering	**1,216.54**	1,763.31
Oilfields services	**4,567.32**	6,475.70
Unallocable	**1,861.40**	642.76
Total segment assets	**7,645.26**	**8,881.77**
Segment liabilities		
Fleet operating and chartering	**305.14**	414.98
Oilfields services	**437.19**	218.61
Unallocable	**720.75**	-
Total segment liabilities	**1,463.08**	**633.59**
Add: Total borrowings	**4,620.41**	**5,674.72**
Total Liabilities	**6,083.49**	**6,308.31**
Property, plant and equipment acquired during the year*		
Fleet operating and chartering	**37.07**	581.01
Logistics services	**-**	11.64
Oilfields services	**34.72**	1.87
Total	**71.78**	**594.52**
Depreciation		
Fleet operating and chartering	**125.03**	164.44
Logistics services	**-**	16.91
Oilfields services	**179.09**	209.16
Total	**304.12**	**390.51**

* Additions to the property plant and equipment shown above are excluding exchange difference, capital work in progress and expenditure during construction.

C. Geographical information

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 geographic selling location.

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
India	**974.71**	1,881.14
South Korea	**1.50**	64.22
Singapore	**158.99**	129.79
Bermuda	**-**	17.84
Cyprus	**1.72**	1.77

United Kingdom	**10.29**	14.03
United Arab Emirates	**31.89**	78.68
Switzerland	**12.40**	0.55
East Africa	**-**	4.64
Thailand	**16.25**	-
Rest of world	**-**	1.32
TOTAL	**1,207.75**	**2,193.98**

D. Information about major customers

78% of the operating income of the Group (previous year 80%) was derived from a single customer based in India. The Group provides both Fleet operating and Logistics services (up to 10th March, 2017) to the said customer.

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

26. EARNINGS PER SHARE:

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

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Loss for the year before exceptional items	**(404.36)**	(583.44)
Loss for the year after exceptional items	**(1,684.86)**	(583.44)
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) (₹)	**(19.54)**	(28.19)
Earnings per share-diluted before exceptional items (face value of ₹10/- each) (₹)	**(19.54)**	(28.19)
Earnings per share-basic after exceptional items (face value of ₹10/- each) (₹)	**(81.40)**	(28.19)
Earnings per share-diluted after exceptional items (face value of ₹10/- each) (₹)	**(81.40)**	(28.19)

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.

27. EMPLOYEE STOCK OPTION SCHEME

a) 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.

b) Employee stock options details for ESOS A as on the Balance Sheet date are as follows:

Particulars	Year ended 31st March, 2018		Year ended 31st March, 2017	
	Options (Numbers)	Weighted average exercise price per option (₹)	Options (Numbers)	Weighted average exercise price per option (₹)
Option outstanding at the beginning of the year	-	-	377,463	22.30
Granted during the year	-	-	-	22.30
Vested during the year	-	-	193,135	22.30
Exercised during the year	-	-	-	22.30
Lapsed during the year	-	-	184,328	22.30
Options outstanding at the end of the year	**-**	**-**	**-**	**22.30**

c) The impact on Statement of profit and loss and Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as under:

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Net loss (as reported)		
Add / (Less): stock based employee compensation (intrinsic value) (refer note 18)	**(404.37)**	(583.44)
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued	**0.22**	0.21
	-	-
Net loss (proforma)	**(404.15)**	**(583.23)**
Basic earnings per share (as reported) (refer note 26)	**(19.54)**	(28.19)
Basic earnings per share (proforma)	**(19.91)**	(28.19)
Diluted earnings per share (as reported) (refer note 26)	**(19.54)**	(28.19)
Diluted earnings per share (proforma)	**(19.91)**	(28.19)

d) The fair value of the options granted is estimated on the date of grant using Black Scholes options pricing model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for calculating fair value:

(₹ in crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Assumptions		
Risk free interest rate	**N/A**	8.36%
Expected life	**N/A**	58
Expected annual volatility of shares	**N/A**	44.5% - 58.60%
Expected dividend yield	**N/A**	0.00%

28 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, (formerly known as Essar Shipping & Logistics Limited) Cyprus, intermediate holding company

iii) Essar Ports & Shipping Limited, Mauritius, immediate holding company (up to 20th October 2016)

iv) Essar Shipping Mauritius Holdings Limited , Mauritius, immediate holding company (from 20th October 2016) (Formerly known as Essar Africa Steel Holdings Limited)

b) Associates

i) Varada Drilling One Pte. Limited

ii) Varada Drilling Two Pte. Limited

iii) Arkay Logistics Limited (from 11th March, 2017)

c) Key management personnel

i) Mr. Anoop Kumar Sharma (CEO upto 9th September, 2016)

ii) Mr. Ranjit Singh (Executive Director and Chief Executive Officer)

iii) Capt Rahul Bhargava (Executive Director from 19th November, 2017)

iv) Mr. Rajeev Nayyer - (Wholetime Director & CEO)

v) Mr. Vikram Gupta (Chief Financial Officer till 22nd December, 2017)

vi) Mr. Sandeep Akolkar (Chief Financial Officer from 28th January 2018)

vii) Mr. Prasad Venkata Devatha CFO (from 15th October, 2016 to 31st May 2017)

viii) Mr. Upendra Patro (CFO) (From November 2017)

ix) Mr. Amit Agarwal (Chief Financial Officer)

x) Mr. A. K. Musaddy (Whole time director)

xi) Ms. Kalpana Gurumoorthy (Whole time director)

xii) Mr. Surinder Kumar Bhatia (Independent director)

xiii) Mr. Chandikeshwar Sharma (Independent director)

xiv) Mr. Deepak B. Berry (Non- Executive Director)

xv) Mr. P.K Srivastava (Non- Executive Director)

xvi) Mr. N. Srinivasan (Non- Executive Director)

xvii) Capt. Subhas Das (Non- Executive Director)

xviii) Capt. B. S. Kumar (Non- Executive Director)

xix) Ms S. Gayathri (Non executive Director till 24.05.2017)

xx) Ms Neelam Kapoor (Non Executive Director from 31.07.2017)

xxi) Mr. Dinesh Pande (Non-Executive Independent Director)

xxii) Mrs. Suparna Singh (Non-Executive Women Director) (Till Feb 12, 2018)

xxiii) Mr. Awaneesh Srivastava (Company Secretary)

xxiv) Mr. Habib Jan (Company Secretary)

xxv) Mr. Bhavin Seth (Company Secretary)

c) Relative of key management personnel

(i) Mr. Amit Musaddy

d) Fellow subsidiaries/ Other related parties:

i) Aegis Limited

ii) Essar Bulk Terminal Limited

iii) Essar Bulk Terminal (Salaya) Limited

iv) Essar Offshore Subsea Limited

v) Essar Oil Limited

vi) Essar Ports Limited

vii) Essar Power Gujarat Limited
viii) Essar Power (Jharkand) Limited
ix) Essar Power Canada Limited
x) Essar Power M. P. Limited
xi) Essar Capital Holdings Limited
xii) Energy Holdco Mauritius Limited
xiii) Essar Projects India Limited
xiv) Essar Shipping (Cyprus) Limited
xv) Essar Steel India Limited
xvi) Essar Projects (PNG) Limitedted

e) Trusts

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

e) Details of transactions with related parties during the year

(₹ in crore)

Nature of transactions	Holding companies		Fellow subsidiaries/ Trust		Key Management Personnel		Total	
	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
INCOME								
Revenue from operations								
Essar Steel India Limited	-	-	643.10	1,762.36	-	-	643.10	1,762.36
IDH International Drilling Holdco Limited	1.72	1.77	-	-	-	-	1.72	1.77
Essar Power Orissa Limited	-	-		0.14	-	-	-	0.14
Essar Ports Limited	-	-	0.22	0.24	-	-	0.22	0.24
Essar Oil Limited	-	-	0.05	32.30	-	-	0.05	32.30
Essar Bulk Terminal Limited	-	-	-	67.47	-	-	-	67.47
Essar Power Limited	-	-	-	0.06	-	-	-	0.06
Arkay Logistics Limited	-	-	25.47	2.40	-	-	25.47	2.40
Equipment lease rental income								
Essar Oil Limited	-	-	-	1.54	-	-	-	1.54
Interest income								
IDH International Drilling Holdco Limited	16.77	56.51	-	-	-	-	16.77	56.51
Essar Shipping Cyprus Limited	-	-	0.04	0.62	-	-	0.04	0.62
Essar Global Fund Limited	0.29	1.14	-	-	-	-	0.29	1.14
Varada Drilling One Pte Limited	-	-	0.08	0.03	-	-	0.08	0.03
Varada Drilling Two Pte Limited	-	-	0.06	0.03	-	-	0.06	0.03
Essar Capital Holdings Limited	-	-	8.95	12.70	-	-	8.95	12.70
Other Income								
Arkay Logistics Limited	-	-		0.05	-	-	-	0.05
Managerial remuneration #								
Anoop Kumar Sharma	-	-	-	-	-	1.26	-	1.26
Ranjit Singh	-	-	-	-	1.19	0.49	1.19	0.49
A. K. Musaddy	-	-	-	-	-	1.12	-	1.12
Kalpana Gurumoorthy	-	-	-	-	-	0.14	-	0.14
Rajeev Nayyar	-	-	-	-	1.23	0.11	1.23	0.11
Prasad Venkata Devatha (from 15.10.2017)	-	-	-	-	0.44	-	0.44	-
Capt Rahul Bhargava (from 19.11.2017)	-	-	-	-	0.29	-	0.29	-

(₹ in crore)

Nature of transactions	Holding companies		Fellow subsidiaries/ Trust		Key Management Personnel		Total	
	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
P.K. Srivastava	-	-	-	-	**0.06**	0.06	**0.06**	0.06
N.Srinivasan	-	-	-	-	**0.11**	0.09	**0.11**	0.09
Capt. B. S. Kumar	-	-	-	-	**0.10**	0.10	**0.10**	0.10
Mr. Upendra Patro - CFO (From Nov 17 to Mar 18)	-	-	-	-	**0.38**	-	**0.38**	-
Dinesh Pandey	-	-	-	-	**0.02**	0.02	**0.02**	0.02
Capt. Surinder Bhatia	-	-	-	-	-	0.05	-	0.05
Chandkeshwar Sharma	-	-	-	-	-	0.01	-	0.01
Remuneration to relative key management personal								
Amit Musaddy	-	-	-	-	-	0.10	-	0.10
Purchase of fuel oil								
Essar Oil Limited	-	-	-	75.05	-	-	-	75.05
Purchase of stores and spares								
Essar Steel India Limited	-	-	-	5.91	-	-	-	5.91
Direct Voyage expenses								
Essar Bulk Terminal Limited	-	-	**0.44**	44.07	-	-	**0.44**	44.07
Arkay Logistics Limitred	-	-	**0.22**	0.02	-	-	**0.22**	0.02
Freight/ hire charges								
Essar Shipping (Cyprus) Limited	-	-	**90.43**	88.61	-	-	**90.43**	88.61
Essar Bulk Terminal Limited	-	-	-	0.17	-	-	-	0.17
Essar Offshore Subsea	-	-	-	2.05	-	-	-	2.05
Bad Debts								
Essar Power M. P. Limited	-	-	-	0.01	-	-	-	0.01
Rent								
Equinox Business Parks Pvt. Ltd	-	-	-	0.36	-	-	-	0.36
Essar Steel India Limited	-	-	-	0.46	-	-	-	0.46
Reversal of Rent								
Equinox Business Parks Pvt. Ltd	-	-	-	4.96	-	-	-	4.96
Repair and maintenance								
Essar Projects (India) Limited	-	-	-	0.04	-	-	-	0.04
Professional / Management fees								
Essar Capital (Mauritius) Limited	-	-	**0.07**	0.37	-	-	**0.07**	0.37
Essar Oil Limited	-	-	-	0.01	-	-	-	0.01
Aircraft usage charges reimbursed								
Essar Oil Limited	-	-	-	8.33	-	-	-	8.33
Interest expenses								
Vadinar Power Company Limited	-	-	-	4.17	-	-	-	4.17
Vadinar Ports and Terminals Limited	-	-	-	5.70	-	-	-	5.70
Essar Steel India Limited	-	-	-	13.98	-	-	-	13.98
Essar Oil Limited	-	-	-	35.23	-	-	-	35.23
IDH International Drilling Holdco Limited	-	0.22	-	-	-	-	-	0.22
Essar Holdco Mauritius Limited	-	-	**12.00**	**2.02**	-	-	**12.00**	2.02
Essar Oil Limited	-	-	-	0.65	-	-	-	0.65

(₹ in crore)

Nature of transactions	Holding companies		Fellow subsidiaries/ Trust		Key Management Personnel		Total	
	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
Aegis Limited	**-**	-	**-**	4.14	**-**	-	**-**	4.14
Arkay Logistics Limited	**-**	-	**0.69**	0.71	**-**	-	**0.69**	0.71
Contribution to staff provident fund								
Essar Shipping Staff Provident Fund	**-**	-	**0.91**	0.95	**-**	-	**0.91**	0.95
Fixed assets including capital advances								
Essar Projects (India) Limited	**-**	-	**-**	0.01	**-**	-	**-**	0.01
Essar Offshore Subsea Limited	**-**	-	**-**	30.00	**-**	-	**-**	30.00
Loans and advances given								
Varada Drilling One Pte Limited	**-**	-	**0.84**	0.69	**-**	-	**0.84**	0.69
Varada Drilling Two Pte Limited	**-**	-	**0.18**	0.79	**-**	-	**0.18**	0.79
Essar Bulk Termianal Paradeep Limited	**-**	-	**-**	2.20	**-**	-	**-**	2.20
Essar Power Limited	**-**	-	**-**	3.00	**-**	-	**-**	3.00
IDH International Drilling Holdco Limited	**3.48**	2.83	**-**	-	**-**	-	**3.48**	2.83
Loans and advances received								
Energy Holdco Mauritius Limited	**-**	-	**84.59**	142.95	**-**	-	**84.59**	142.95
IDH International Drilling Holdco Limited	**-**	3.77	**-**	-	**-**	-	**-**	3.77
Loans and advances refunded								
IDH International Drilling Holdco Limited	**-**	3.85	**-**	-	**-**	-	**-**	3.85
Essar Power Canada Limited	**-**	-	**-**	1.01	**-**	-	**-**	1.01
Investment in shares								
Starbit Oilfield Services India Limited	**-**	-	**0.05**	-	**-**	-	**0.05**	-
Issue of Preference shares								
Arkay Logistics Limited	**-**	-	**5.30**	-	**-**	-	**5.30**	-
Essar Oil & Gas Production & Exploraton 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**	-
Guarantee invocation								
Varada Drilling One Pte Limited	**-**	-	**-**	196.24	**-**	-	**-**	196.24
Varada Drilling Two Pte Limited	**-**	-	**-**	196.24	**-**	-	**-**	196.24

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.

h) Outstanding balances with related parties

(₹ in crore)

Nature of transactions	Holding companies		Fellow subsidiaries/ Trust		Key Management Personnel		Total	
	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
Trade receivables								
Essar Steel India Limited	**-**	-	**49.88**	19.27	**-**	-	**49.88**	19.27
Arkay Logistics Limited	**-**	-	**-**	34.23	**-**	-	**-**	34.23
IDH International Drilling Holdco Limited	**1.29**	2.15	**-**	-	**-**	-	**1.29**	2.15
Essar Ports Limited	**-**	-	**0.48**	0.17	**-**	-	**0.48**	0.17
Essar Oil & Gas Exploration & Production Limited	**-**	-	**1.57**	-	**-**	-	**1.57**	0.17

(₹ in crore)

Nature of transactions	Holding companies		Fellow subsidiaries/ Trust		Key Management Personnel		Total	
	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
Unbilled revenue receivable								
Essar Steel India Limited	-	-	2.58	23.07	-	-	2.58	23.07
Arkay Logistics Limited	-	-	-	1.33	-	-	-	1.33
Other receivables								
Varada Drilling One Pte Limited	-	-	526.37	840.79	-	-	526.37	840.79
Varada Drilling Two Pte Limited	-	-	524.45	843.26	-	-	524.45	843.26
Loans and advances (including interest accrued)								
Essar Global Fund Limited	5.22	4.91	-	-	-	-	5.22	4.91
IDH International Drilling Holdco Limited	3.60	895.40	-	-	-	-	3.60	895.40
Essar Shipping (Cyprus) Limited	-	-	15.28	9.87	-	-	15.28	9.87
Essar Shipping Employees Stock Option Trust	-	-	0.81	3.64	-	-	0.81	3.64
Varada Drilling One Pte Limited	-	-	1.64	0.72	-	-	1.64	0.72
Varada Drilling Two Pte Limited	-	-	1.06	0.82	-	-	1.06	0.82
Essar Capital Holdings Limited	-	-	418.62	245.08	-	-	418.62	245.08
Ranjit Singh	-	-	-	-	0.06	-	0.06	-
Advance received from Customer								
Essar Oil Limited	-	-	-	10.62	-	-	-	10.62
Arkay Logistics Limited	-	-	8.58	-	-	-	8.58	-
Trade payables								
Essar Steel India Limited	-	-	-	17.48	-	-	-	17.48
Essar Bulk Terminal Limited	-	-	4.99	3.22	-	-	4.99	3.22
Arkay Logistics Limited	-	-	0.63	1.56	-	-	0.63	1.56
Aegis Limited	-	-	0.04	0.04	-	-	0.04	0.04
Essar Projects (India) Limited	-	-	-	4.93	-	-	-	4.93
Equinox Business Parks Pvt. Limited	-	-	-	0.58	-	-	-	0.58
EPC Construction India Limited	-	-	5.02	-	-	-	5.02	-
Essar Shipping (Cyprus) Limited	-	-	1.55	9.21	-	-	1.55	9.21
Essar Capital (Mauritius Limited	-	-	0.38	0.39	-	-	0.38	0.39
Essar Steel Logistics Limited	-	-	0.06	0.06	-	-	0.06	0.06
Essar Staff Provident Fund	-	-	0.28	0.13	-	-	0.28	0.13
Security deposit received								
Essar Bulk Terminal Limited	-	-	-	1.50	-	-	-	1.50
Loans and advances received								
IDH International Drilling Holdco Limited	-	2.48	-	-	-	-	-	2.48
Arkay Logistics Limited	-	-	17.48	20.48	-	-	17.48	20.48
Essar Holdco Mauritius Limited	-	-	223.75	136.57	-	-	223.75	136.57
Interest accrued but not due on loans (ICD)								
Essar Steel India Limited	-	-	13.02	12.86	-	-	13.02	12.86
Essar Oil Limited	-	-	-	1.74	-	-	-	1.74
Guarantee given on behalf of the Company								
IDH International Drilling Holdco Limited	-	1,296.77	-	-	-	-	-	1,296.77

Note: Transactions with related parties are conducted at arms length pricing

29. MANAGERIAL REMUNERATION

The appointment of and remuneration to the two Whole-time Directors have been approved by the shareholders at the last AGM of the Company and applications to the Central Government has been made for approval of their remuneration.

30. GOING CONCERN

The Company's Current Liabilities exceed its Current Assets by ₹2,031.76 crore as at 31st March, 2018. the following steps are being taken to rectify this mismatch.

1) Loan from a public financial institution along with interest accrued thereon amounting to ₹1,087 crore classified as Current is expected to be rescheduled based on proposal under consideration with the said institution
2) Loan from an Alternate Investment Fund along with interest accrued thereon amounting to ₹196 crore is not payable within one year
3) Loan from an NBFC along with interest accrued thereon amounting to ₹43 crore will not be repaid out of the Company's current assets.
4) Loans amounting to ₹600 crore borrowed by a subsidiary and classified as current (as per contractual maturity) are expected to be rolled forward by one more year.
5) Certain loans classified as current owing to covenant defaults are expected to be rescheduled such that they will not be repayable within one year.

31. SUBSEQUENT EVENTS

Subsequent to the 31st March, 2018, the company has entered into a Memorandum of agreement for sale of a capsize dry bulk carrier of 175,048 DWT

32. ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013

Name of the entity in the Group	Net Assets 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 (₹ Crores)	As a % of Consolidated Profit/(Loss)	Amount (₹ Crores)	As a % of Consolidated Other comprehensive Income	Amount (₹ Crores)	As a % of Consolidated Total comprehensive Income	Amount (₹ Crores)
Parent								
Essar Shipping Limited	50.27%	785.13		50.36	100%	0.88	-3.04%	51.24
Subsidiaries								
Indian								
Essar Oilfield Services India Limited	30.53%	476.75	52.01%	(876.37)			52.04%	(876.37)
Foreign								
Essar Oilfield Services Limited	33.10%	516.96	46.15%	(777.61)			46.18%	(777.61)
Energy Transportation International Limited	-1.91%	(29.77)	4.32%	(72.71)			4.32%	(72.71)
Energy II Limited	25.57%	399.35	-0.82%	13.84			-0.82%	13.84
Essar Shipping DMCC	-37.56%	(586.63)	-0.79%	13.39			-0.80%	13.39
Cosmic Drilling Services Limited	-	-					0.00%	-
Essar Oilfield Services Middle East DMCC	-	-					0.00%	-
Starbit Oilfield Services India Limited	-	-					0.00%	-

Name of the entity in the Group	Net Assets 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 (₹ Crores)	As a % of Consolidated Profit/(Loss)	Amount (₹ Crores)	As a % of Consolidated Other comprehensive Income	Amount (₹ Crores)	As a % of Consolidated Total comprehensive Income	Amount (₹ Crores)
Non controlling interests in all subsidiaries								
Indian								
Essar Oilfield Services India Limited	-	68.70	-	(0.47)			-	(0.47)
Foreign								
Energy II Limited	-	123.07	-	(19.56)			-	(19.56)
Associates								
Indian								
Arkay Logistic Limited (w.e.f. 11th March, 2017)	0.00%	-	2.12%	(35.77)			2.12%	(35.77)
Foreign								
Varada Drilling One Pte Limited	-	-	-	-			0.00%	-
Varada Drilling Two Pte Limited	-	-	-	-			0.00%	-

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

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, 30th May, 2018

For and on behalf of the Board

Ranjit Singh
Executive Director & CEO
(DIN: 07021621)

N Srinivasan
Director
(DIN: 00004195)

Sandeep Akolkar
Chief Financial Officer

Awaneesh Srivastava
Company Secretary
Membership No.: FCS 8513

Mumbai, 30th May, 2018

GREEN INITIATIVE

The Ministry of Corporate Affairs taken a Green Initiative in Corporate Governance by allowing paperless Compliance by Companies Accordingly, Companies can now send various documents electronically to those shareholders who register their email addresses.

To receive all communications including Annual Report by e-mail:

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

E-MAIL REGISTRATION

To

Data Software Research Company Private Limited
Unit: ESSAR SHIPPING LIMITED
19, Pycrofts Garden Road,
Off Haddows Road
Nungambakkam, Chennai - 600 006

Dear Sir/s,

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

In order to receive all communications from the Company including the documents relating to Annual and other General meetings of the Company, such as Notices, Explanatory Statement(s) thereto, Financial Statements, Directors' Reports, Auditor's Reports etc. through e-mail, please register my e-mail ID, set-out below, in your records for sending communication through e-mail:

Folio No* :

Name of 1st Registered Holder* :

Name of Joint Holder(s) :

Address :

Pin Code :

E-mail ID (to be registered) :

Contact Tel. Nos. : Mobile :

Landline :

Date: ………………………….. Signature of first holder*………………………………………

Important Notes:

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

Demat of shares: I would like to know the procedure to demat my physically held shares of Essar Shipping Limited. Please contact at my above contact number.	Yes	No

BUSINESS REPLY INLAND LETTER

Postage
will be
paid by the
Addressee

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

No postage
stamp
necessary 'if'
posted in
INDIA

To,
Data Software Research Company
Private Limited
Unit: **Essar Shipping Limited**
19, Pycrofts Garden Road
Off Haddows Road
Nungambakkam, Chennai - 600 006

1st Fold

2st Fold

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.* : ________________________

8th Annual General Meeting
Time : 3:00 p.m.
Date : Wednesday, September 26, 2018
Venue : EBTSL Premises, ER-2 Building (Admin. Building), Salaya, 44 KM, P.O. Box No. 7, Taluka Khambhalia, Devbhumi Dwarka, Gujarat - 361 305

NOTE:
1. Admission restricted to Members/Proxies only.
2. 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 [NAME IN CAPITAL LETTERS]

Proxy [NAME IN CAPITAL LETTERS]

I hereby record my presence at the 8th AGM of the Company

Signature of Member/Proxy

ELECTRONIC VOTING PARTICULARS

EVSN (E-voting Sequence Number)	USER ID	PAN/SEQUENCE NO
180823037		

Note: The Voting period starts from 9:00 a.m. (IST) on September 22, 2018 and ends at 5:00 p.m. (IST) on September 25, 2018. Thereafter, the voting, module shall be disabled by CDSL. 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.

1. Name .... Address ....
   ....
   Email id.. Signature ....

or failing him

2. Name .... Address ....
   ....
   Email id.. Signature ....

or failing him

3. 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 8th Annual General Meeting of the Company, to be held on

(Contd.......)

Wednesday, September 26, 2018 at 3:00 p.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		Type of Resolution	Optional*	
				For	Against
1	a)	Adoption of the Audited Standalone Balance Sheet, Statement of Profit and Loss together with the Statement of Cash Flows and Statement of Changes in Equity of the Company for the financial year ended March 31, 2018, the reports of the Board of Directors and Auditors thereon; and	Ordinary		
	b)	Adoption of the Audited Consolidated Balance Sheet, Consolidated Statement of Profit and Loss together with the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity of the Company for the financial year ended March 31, 2018 and report of Auditors thereon.	Ordinary		
2	To appoint a Director in place of Mr. P. K. Srivastava (DIN: 00843258), who retires by rotation and being eligible offers himself for re-appointment.		Ordinary		
3	To ratify the appointment of Auditors.		Ordinary		
4	To approve the Related party Transactions of the Company.		Special		

Signed this.. day of 2018

Signature of the Member ....

Signature of the Proxy Holder..

Affix ₹ 1
Revenue
Stamp

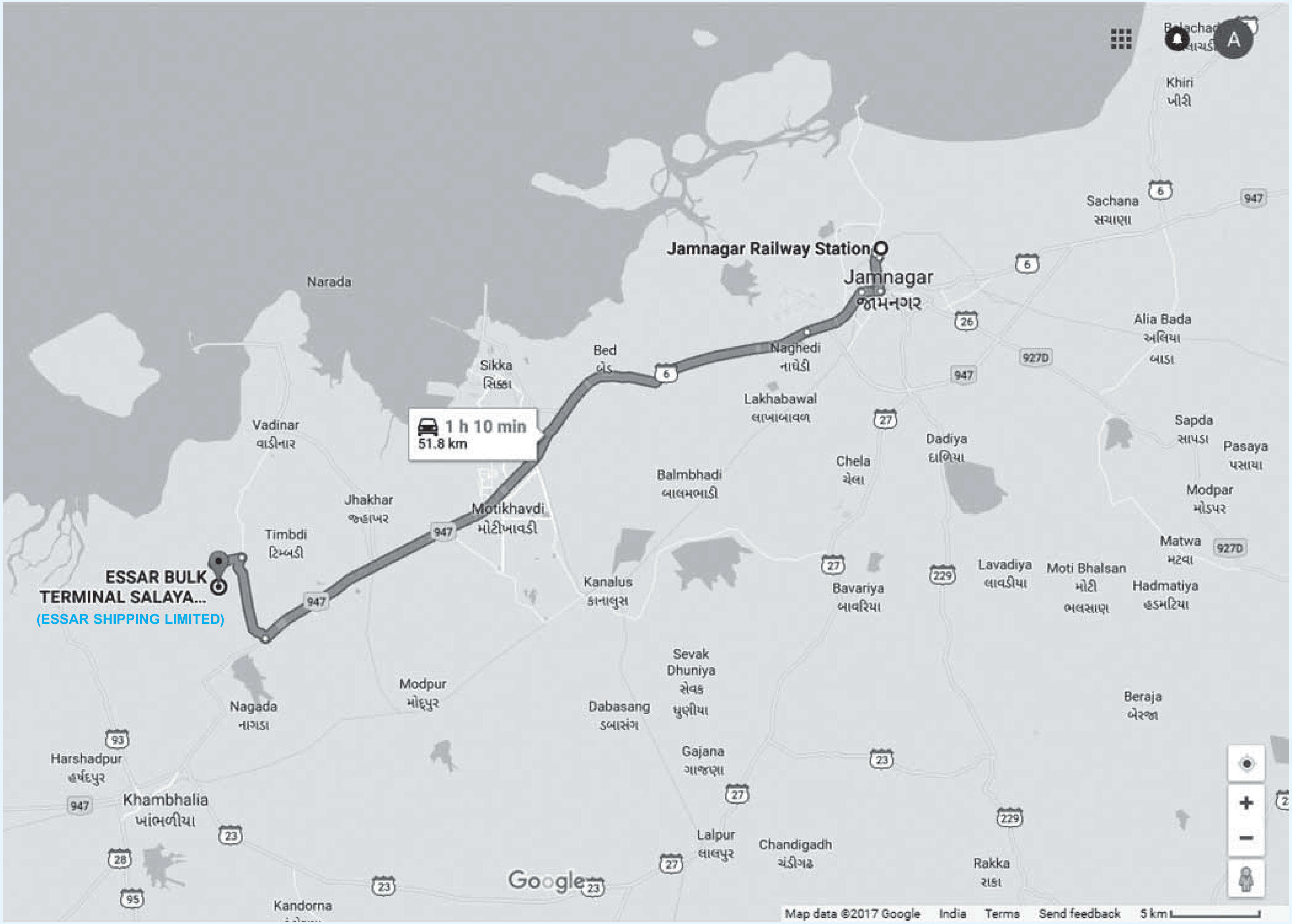
Notes:

1. * 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.

2. 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

Eighth Annual General Meeting venue - Route Map



NOTES

NOTES

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