

5. Emphasis of Matter

We draw attention to the following:

- a. Our observations in paragraph 4 above whereby, in spite of several factors mentioned therein, the results are prepared on "Going Concern" basis;
- b. Note 4 of the standalone financial results wherein the Company had recognized revenue in the financial year 2017-18 amounting to Rs. 369.81 crore (including accrued interest up to 31 March 2018) based on compensation granted to the Company by arbitration proceedings for breach of contract terms by a charterer and the same remains outstanding as on 31 December 2019. The Company is confident of full recovery of its claims. However pending conclusion of the same, no further interest is accrued on the income.
- c. Note 5 of the standalone financial results which states that the Company had issued Standby Letters of Credit (SBLC) with three banks for Rs. 687.37 crore to secure a loan availed by a subsidiary, which were invoked during the period. The Company is negotiating with the banks to change the terms and convert the liability into a term loan.
- d. Note 9 of the standalone financial results wherein it is stated that one of the subsidiary companies had passed a board resolution for initiation of voluntary winding up process.
- e. Note 11 of the standalone financial results wherein the management's assessment of possible impairment / 'other than temporary' decline in the value of long term investment in certain investee companies as per Ind AS 36 Impairment of Assets. As has been described in the said note, the management is still evaluating the financial impact, if any, which will be considered after the completion of the said exercise.

Our conclusion on the standalone financial results is not modified for the above matters.

6. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone Ind AS financial results prepared in accordance with applicable Indian Accounting Standards, prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued there under or by the Institute of Chartered Accountants of India and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended including the manner in which it is to be disclosed, or that it contains any material misstatement.

For CNK & Associates LLP

Chartered Accountants

Firm Registration No.: 101961 W/W, 100036


Himanshu Kishnadwala

Partner

Membership No. 37391

UDIN: 20037391AAAA8J4748



Place: Mumbai

Date: 12 February 2020

Independent Auditor's Review Report on Quarterly Standalone financial results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of Essar Shipping Limited

1. We have reviewed the accompanying statement of unaudited standalone Ind-AS financial results ("the Statement") of Essar Shipping Limited ("the Company") for the quarter/nine months ended 31 December 2019 together with the notes thereon attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Obligations") which has been initialled by us for identification purposes.
2. This Statement which is the responsibility of the Company's Management and has been approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with the Listing Obligations. Our responsibility is to issue a report on these financial results based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. **Material Uncertainty Related to Going Concern**
We draw attention to Note 3 of the standalone financial results that the Company's current liabilities exceed its current assets as on 31 December 2019. We also refer to Note 5 and 6 of the standalone financial results wherein it is mentioned that some of the lenders of the Company / of its subsidiaries have filed applications before the High Court / National Company Law Tribunals for recovery of overdue amounts and / or enforcement of guarantees. Also, the net worth of the company is substantially eroded and it is incurring continuous losses since last several quarters. These factors give rise to a material uncertainty related to going concern;

Further, as informed to us, the management is in the process of negotiating with the lenders to reschedule or settle overdue borrowings on the basis of future visible cash flows. The management has also represented that based on the future business prospects, the Company expects to start making profits in the future;

We have relied on the management representations as above, and based on the same, the financial results have been prepared by the management on going concern basis.



ESSAR SHIPPING LIMITED

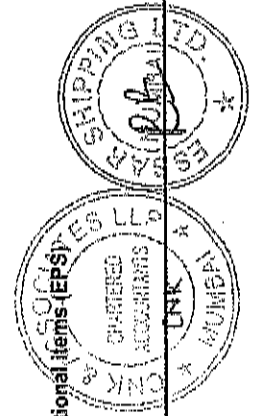
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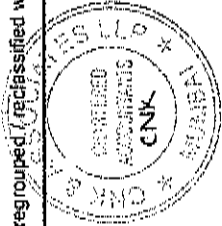


Head Office: Essar House, 11, Keshavnagar Khadye Marg, Mahalaxmi, Mumbai - 400 034

Statement of Unaudited Standalone Financial Results for the quarter and nine months ended 31 December, 2019

(₹ in crore)

Sl.No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2019 (Unaudited)	30.09.2019 (Unaudited)	31.12.2018 (Unaudited)	31.12.2019 (Unaudited)	31.12.2018 (Unaudited)	31.03.2019 (Audited)
I	Income from operations	189.15	147.00	75.75	470.22	378.28	491.92
II	Other income	2.71	1.71	38.39	11.40	17.76	43.12
III	Total income from operations (I+II)	191.86	148.71	114.14	481.62	396.04	535.04
IV	Expenses						
a)	Operating expenses	94.05	89.53	39.44	256.24	234.56	294.11
b)	Employee benefit expenses	14.22	13.76	12.98	41.51	50.90	65.43
c)	Finance costs	58.60	49.03	46.70	156.36	143.83	206.17
d)	Depreciation and amortisation expenses	27.37	27.69	24.47	82.33	77.44	103.33
e)	Other expenses	14.84	16.32	4.52	35.09	56.42	58.04
	Total expenses	209.08	196.33	128.11	571.53	563.15	727.08
V	Loss for the period / year before exceptional items and tax (III-IV)	(17.22)	(47.62)	(13.97)	(89.91)	(167.11)	(192.04)
VI	Exceptional items	-	-	-	-	-	(1,400.00)
VII	Impairment of investment in subsidiary	-	-	-	-	-	(1,592.04)
VIII	Loss for the period / year before tax and after exceptional items (V+VI)	(17.22)	(47.62)	(13.97)	(89.91)	(167.11)	(1,592.04)
IX	Tax expenses	(0.30)	(0.30)	(0.25)	(0.90)	(1.20)	(1.45)
X	Loss after tax (VII+VIII)	(17.52)	(47.92)	(14.22)	(90.81)	(168.31)	(1,593.49)
XI	Other comprehensive income net of tax	0.02	1.67	0.25	2.09	0.75	1.42
XII	Total comprehensive loss net of tax (IX+X)	(17.50)	(46.25)	(13.97)	(88.72)	(167.56)	(1,592.07)
XIII	Paid-up equity share capital (face value of ₹10/- each)	206.98	206.98	206.98	206.98	206.98	206.98
XIV	Reserves excluding revaluation reserves	-	-	-	-	-	(8.26)
	Earnings per share before exceptional items (EPS)						
	(a) Basic (in ₹)	*(0.85)	*(2.32)	*(0.69)	*(4.39)	*(8.13)	(9.35)
	(b) Diluted (in ₹)	*(0.85)	*(2.32)	*(0.69)	*(4.39)	*(8.13)	(9.35)
XV	Earnings per share after exceptional items (EPS)						
	(a) Basic (in ₹)	*(0.85)	*(2.32)	*(0.69)	*(4.39)	*(8.13)	(76.99)
	(b) Diluted (in ₹)	*(0.85)	*(2.32)	*(0.69)	*(4.39)	*(8.13)	(76.99)
	* Not annualised						



1	The above Standalone Financial Results were reviewed by the Audit Committee and approved by the Board of Directors at the meeting held on 12 February, 2020. The Statutory Auditors have carried out a Limited Review of the above results.
2	The Company has only one reportable business segment of Fleet Operating and Chartering.
3	As on 31 December, 2019, the Company's current liabilities exceeds its current assets. The management is taking appropriate steps to rectify this working capital deficit by negotiating with lenders to reschedule certain debt so that the maturity of the same would be extended beyond one year or through one time settlement. The management is hopeful for arriving at a mutually agreed settlement. Based on the business prospects, the Company would begin making profits in the future. In view of these, the financials have been prepared on a Going Concern basis. The Statutory Auditors have mentioned this fact in their Limited Review Report without qualifying this aspect.
4	During the year 2017-18, the Company had recognized income from an Arbitration Award along with interest accrued thereon amounting to ₹ 369.81 crore. The dispute in this regard has been adjudged in favour of the Company by the Arbitrator. On the direction of the Supreme Court, the contractor has deposited 50% of the awarded amount with the Court, pending disposal of the case. The interest on the awarded amount will be considered on final adjudication of the case. The Statutory Auditors have drawn attention to this note in their Limited Review Report without qualifying this aspect.
5	Three banks invoked Standby Letter of Credits (SBLCs) for ₹ 687.37 crore issued on behalf of the Company to secure the loan availed by overseas subsidiary. The same has been recognized in financial statements. The Company is taking up matter with respective banks to convert this into a term loan.
6	a Three banks have moved before Debts Recovery Tribunal (DRT), Delhi and one bank & one NBFC has moved before National Company Law Tribunal (NCLT), Ahmedabad for ₹ 564.39 crore for enforcement of Guarantee given by the company on behalf of a subsidiary company. The bank has also filed similar application against the said subsidiary. Matter is pending for adjudication.
b	A Non-Banking Financial Institution has initiated legal proceeding against the Company in The Bombay High Court for the demand of ₹ 35 crore (including penal interest, legal expenses & other charges). The company is countering the legal proceedings.
c	A lender moved before National Company Law Tribunal (NCLT), Ahmedabad against the Company for ₹ 22.15 crore. Matter is pending for adjudication.
7	Loan from a public financial institution along with interest accrued thereon amounting to ₹ 1,315.38 crore is classified as current liability, for which the Company has proposed one-time settlement (OTS).
8	During the quarter, the Company has capitalised amount of ₹ 4.98 crore towards dry-dock expenses of one of the vessels.
9	One of an overseas subsidiary company, having ceased operations is in liquidation. Provision for impairment of investment by the Company had already been provided for in earlier years.
10	Finance cost is net-off of reversal of provision of ₹ 7.36 crore, which arises from waiver of liability.
11	Evaluation of impairment of Company's investments in certain subsidiary companies as per Ind AS 36 "Impairment of assets" is being assessed and the impact will be considered at the year end, if any.
12	The figures of the previous period(s) / year have been regrouped / reclassified wherever necessary.
	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>Certified Accounting CNK MUMBAI</p> </div> <div style="text-align: center;">  <p>ESG SHIPPING LTD. MUMBAI</p> </div> <div style="text-align: center;"> <p>For and on behalf of the Board</p>  <p>Capt. Rahul Bhargava Director</p> </div> </div> <p style="text-align: right;">Place: Mumbai Date: 12 February, 2020</p>