



ESSAR
SHIPPING

ANNUAL REPORT

2021-22



Essar Shipping Limited

12TH ANNUAL REPORT FOR THE FINANCIAL YEAR 2021-22

BOARD OF DIRECTORS

Mr. N. Srinivasan
Independent Director & Chairman

Captain Bhupinder Singh Kumar
Independent Non- Executive Director

Mr. Rajesh Desai
Executive Director
(Non- Executive Director till 11.11.2021,
Executive Director w.e.f. 12.11.2021)

Mr. R. Suresh
Independent Non- Executive Director
(w.e.f. 29.09.2021)

Mr. R. Jayakumar
Independent Non- Executive Director
(w.e.f. 29.09.2021)

Ms. Saraswathy Subramanian
Non- Executive Director
(w.e.f 29.09.2021)

Mr. Sunil Modak
Additional Independent Non- Executive Director
(W.e.f 30.05.2022)

Ms. Raji Chandrashekar
Additional Independent Non- Executive Director
(W.e.f 30.05.2022)

Ms. Sunita Kotian
Non-Executive Director
(till 29.09.2021)

Mr. Sumit Agarwal
Additional Non- Executive Director
(till 06.08.2021)

Capt. Subimal Mahato
Whole Time Director (till 29.11.2022)

Mr. Ranjit Singh
President and Chief Executive Officer

Mr. Ketan Shah
Chief Financial Officer

Ms. Nisha Barnwal
Company Secretary (w.e.f 23.09.2021)

Ms. Jyotsna Gupta
Company Secretary (till 29.09.2021)

REGISTERED OFFICE

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

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

SECRETARIAL AUDITOR

MARTINHO FERRAO & ASSOCIATES
Dhun Building, Office # 301, 23/25,
Janmabhoomi Marg, Fort,
Mumbai- 400001
Telephone: 022 2202 4366
Email: mferraocs@yahoo.com

INTERNAL AUDITOR

DMKH & CO.
311, 3rd Floor, Pratik Mall,
Near Swaminarayan Dham,
Kudasan, Gandhinagar, Gujarat – 382421

DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17. R. Kamani Marg,
Ballard Estate,
Mumbai – 400 001
Phone: 022 40807000 Fax: 022 66311776
Email: itsl@idbitrustee.com

REGISTRAR & TRANSFER AGENT

Data Software Research Company Private Limited
19, Pycroft Garden Road, Off Haddows Road,
Nungambakkam, Chennai- 600 006
Ph.No.044-28213738 / 28214487
Fax No. 044-28214636
Email: essar.shipping@dsr-cid.in

CORPORATE OFFICE

Essar House
11, K.K. Marg,
Mahalaxmi.
Mumbai- 400 034.
Maharashtra, India.
E-mail: esl.secretarial@essar.co.in

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NOTICE FOR ANNUAL GENERAL MEETING

NOTICE FOR ANNUAL GENERAL MEETING

Notice is hereby given that the **Twelfth** Annual General Meeting (the Meeting) of the Members of Essar Shipping Limited (the Company) will be held on Thursday, September 08, 2022 at 03:00 PM through video conferencing (“VC”)/ Other Audio-Visual Means (OEAVM) in accordance with the applicable provisions of the Companies Act, 2013 read with MCA General Circular No. 20/2020, 14/2020, 17/2020, 10/2021, 20/2021, 02/2022 and 03/ 2022 dated 5th May, 2020, 8th April, 2020 13th April, 2020, 23 June, 2021, 8 December, 2021, May 12, 2020 and, January 15, 2021 and May 05, 2022 respectively to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended on March 31, 2022 together with the reports of the Board of Directors and Auditors thereon;
2. To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended on March 31, 2022 together with the reports of Auditors thereon;
3. To appoint a Director in place of Ms. Saraswathy Subramanian (DIN 09276003), who retires by rotation;

To consider and if thought fit to pass the following resolution as an **Ordinary Resolution** -

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and rules framed thereunder with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) or any other applicable provisions of the Act and regulations made thereunder or any other authority as may be required, Ms. Raichel Mathew (**DIN: 09625593**) be and is hereby appointed as a Non-Executive Director (Women Director) on the Board, liable to retire by rotation on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice of AGM with authority to the Board of Directors to alter, vary and modify the terms of the said appointment as may be agreed between the Board (which term shall always be deemed to include any Committee as constituted or to be constituted by the Board to exercise its powers including the powers conferred under this resolution) and the Appointee.”

RESOLVED FURTHER THAT the Board of Directors and/or Company Secretary be and are hereby authorised to do all such acts, deeds, matters and things to give effect to this resolution and execute all such documents, instruments and writings as may be deemed/considered necessary or required and to delegate all or any of its powers herein conferred to any committee of Directors or the Board.”

SPECIAL BUSINESS:

4. Appointment of Mr. Sunil Modak (DIN: 09623865) as an Independent Director of the Company:

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or enactment thereof for the time being in force), thereof consent of the members be and is hereby accorded to appoint Mr. Sunil Modak (DIN: 09623865) as an Independent Director of the Company for a period of five years with effect from date of current Annual general meeting upto Annual general meeting to be held in the year 2027 and the term shall not be subject to retirement by rotation.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company for the time being, be and are hereby severally authorized to do all such acts, deeds, matters and things and take such steps which may be considered necessary, desirable or expedient in this respect.”

5. Appointment of Ms. Raji Chandrasekhar (DIN: 09623673) as an Independent Director of the Company:

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or enactment thereof for the time being in force), thereof consent of the members be and is hereby accorded to appoint Ms. Raji Chandrasekhar (DIN: 09623673) as an Independent Director of the Company for a period of five years with

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effect from date of current Annual general meeting upto Annual general meeting to be held in the year 2027 and the term shall not be subject to retirement by rotation.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company for the time being, be and are hereby severally authorized to do all such acts, deeds, matters and things and take such steps which may be considered necessary, desirable or expedient in this respect.”

6. **To consider and approve the requests received from M/s. Imperial Consultants Limited for re-classification from ‘Promoter and Promoter Group’ category to ‘Public’ category:**

To consider and approve reclassification of Promoters of the Company and in this regard to consider and fit to pass, with or without modification(s), the following resolution as a **Special Resolution**.

“**RESOLVED THAT** pursuant to the provisions of Regulation 31A and all other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments made thereto), and subject to the approval of BSE Limited and National Stock Exchange of India Limited, and such other approvals as may be necessary, the requests received from M/s. Imperial Consultants Limited for re-classification of its shareholding in the Company from ‘Promoter and Promoter Group’ category to ‘Public’ category and removal of its name from ‘Promoter and Promoter Group’ of the Company, be and is hereby approved by the members of the Company.

RESOLVED FURTHER THAT any of the Director of the Company or Company Secretary of the Company, be and are hereby severally authorized to submit the applications for reclassification to BSE Limited and NSE Limited wherein securities of the Company are listed, or any other regulatory body as may be required and to take steps necessary or desirable in this regard.

RESOLVED FURTHER THAT upon receipt of the requisite approvals, the Company shall give effect of such re-classification in the shareholding pattern from the immediate succeeding quarter under Regulation 31 of the Listing Regulations and in all other records of the Company and make such applications, intimations, disclosures and/ or filings as may be relevant or necessary from such date, as may be appropriate.

RESOLVED FURTHER THAT any of the Director of the Company or Company Secretary of the Company, be and are hereby severally authorized to sign any documents and do any and all such acts, deeds, matters and things as they may, in their absolute discretion, deem necessary or desirable, and to settle any questions, difficulty or doubt that may arise, in order to give effect to the above resolutions for and on behalf of the Company.

RESOLVED FURTHER THAT a copy of the above resolution, certified by any of the Directors or the Chief Financial Officer or the Company Secretary of the Company, be submitted to the concerned authorities and they are requested to act upon the same.”

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

“**RESOLVED THAT** pursuant to the provisions of Section 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), the Company’s Policy on “Materiality of Related Party Transactions and also on dealing with Related Party Transactions” subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary and subject to such conditions and modifications, as may be prescribed by any one of them while granting any such approvals, consents, permissions and/ or sanctions which may be agreed to by the Board of Directors of the Company, 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 Regulation 23 of LODR Regulation 2015 to 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	Relationship	Nature of Transaction(s)	Amount (Rs. In crores)		
				2022-2023	From April 01, 2022 till the date of 12 th Annual General Meeting	From 8 th September 2022 till the date of 13 th Annual General Meeting to be held in calendar year 2023
1	Arkay Logistics Limited	Associate Company	Agency fees and Port charges	1.00	0.40	0.60
2	Essar Bulk Terminal Limited	Fellow Subsidiary	Agency fees and Port charges	1.00	0.40	0.60
3	Futura Travels Limited	Fellow Subsidiary	Ticket Charges	0.20	0.05	0.15
4	Essar Shipping Limited Employees Provident Fund	Trust Fund	Contribution of Provident Fund of Office Staff	1.08	0.30	0.78
5	Essar Shipping DMCC	Subsidiary	Written-off of Balance receivable subject to requisite approval from authority	550.00	0.00	550.00
6	OGD-EHES JV Ltd	Joint Venture	BBC rental Income	3.65	1.50	2.15
7	Essar Capital Holdings Limited	Fellow Subsidiary	Interest Income	80.00	35.00	45.00
8	Essar Energy Holdings Limited	Fellow Subsidiary	Interest Income	1.20	0.50	0.70
9	Essar Projects Limited	Fellow Subsidiary	Interest Income	0.80	0.30	0.50
10	Essar Global Fund Limited	Ultimate Holding Company	Interest Income	4.05	1.70	2.36
11	Arkay Logistics Limited	Associate Company	Interest paid	0.79	0.33	0.46
12	Starbit Oilfield Services India Limited	Fellow Subsidiary	Purchase of Stores and spares	3.00	0	3.00
13	Essar Steel Metal Trading Limited	Fellow Subsidiary	Loan Repayment	55.00	0	55.00

“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, if any 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/-

Nisha Barnwal
Company Secretary and Compliance Officer
ACS 66804

Mumbai, August 10, 2022

Registered Office:

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

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Notes:

1. Explanatory Statement setting out the material facts concerning each item of Special Businesses to be transacted at the General Meeting pursuant to Section 102 of the Companies Act, 2013, is annexed hereto and forms part of the Notice. Information on all the Directors proposed to be appointed/re-appointed at the Meeting as required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 are provided in the Annexure - A to this Notice.
2. The Ministry of Corporate Affairs (“MCA”) vide its General Circular Nos. 14/2020, 17/2020, 20/2020 and 02/2021 dated April 8, 2020, April 13, 2020, May 5, 2020 January 13, 2021, December 8, 2021, December 14, 2021 and 02/2022 dated May 5, 2022 respectively (“MCA Circulars”), allowed companies whose AGMs were due to be held in the year 2022 to conduct their AGMs on or before December 31, 2022, in accordance with the requirements provided inter-alia in paragraphs 3 and 4 of the General Circular No. 20/2020 dated May 5, 2020. Accordingly, the AGM of the Company is being held through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and also send notice of the Meeting and other correspondences related thereto, through electronic mode. In compliance with the said requirements of the MCA Circulars, electronic copy of the Notice along with the Annual Report for the financial year ended 31st March, 2022 consisting of financial statements including Board’s Report, Auditors’ Report and other documents required to be attached therewith (Collectively referred to as Annual Report) is being sent only to those members whose e-mail ids are registered with the Company or the Registrar and Share Transfer Agent or the Depository Participants(s) through electronic means and no physical copy of the Notice has been sent by the Company to any member. The Notice has also been hosted on the website of the Company www.essar.com.
3. In compliance with the said Circulars, the Company has also published a public notice by way of an advertisement made dated 17th August, 2022 in Jai Hind and Financial Express, both having a wide circulation in the State of Gujarat along with their electronic editions, inter alia, advising the members whose e-mail ids are not registered with the Company, its Registrar and Share Transfer Agent (RTA) or Depository Participant(s) (DPs), as the case may be, to register their e-mail ids with them.
4. The members who have not yet registered their e-mail ids with the Company may contact Ms. Radha Krishna, on e-mail essar.shipping@dsrc-cid.in or phone no. 044-28213738 / 28214487 for registering their e-mail ids on or before Thursday, 1st day of September, 2022 for entitling the members to cast their vote. The Company shall send the Notice to such members whose e-mail ids get registered within the aforesaid time enabling them to participate in the meeting and cast their votes.
5. If there is any change in the e-mail ID already registered with the Company, members are requested to immediately notify such change to the Company or its RTA in respect of shares held in physical form and to DPs in respect of shares held in electronic form.
6. In terms of the aforesaid Circulars, the businesses set out in the Notice will be transacted by the members only through remote e-voting or through the e-voting system provided during the meeting while participating through VC facility.
7. In accordance with the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and amendments thereto and applicable provisions of the SEBI Listing Regulations, the Company has engaged the services of National Securities Depository Limited (NSDL) to provide the facility of voting through electronic means to the members to enable them to cast their votes electronically in respect of all the businesses to be transacted at the aforesaid Meeting.
8. The Company shall be providing the facility of voting through E-mail which shall be sent to the designated e-mail id of the Scrutinizer, M/s. Martinho Ferrao & Associates, to those members who could not cast their vote through remote e-voting, Members who cast their votes by remote e-voting may attend the Meeting through VC, but will not be entitled to cast their votes at the Meeting once again.
9. Voting rights of the members (for voting through remote e-voting or e-voting system provide in the Meeting itself shall be in proportion to shares of the paid-up equity share capital of the Company as on the cut-off date September 01, 2022. A person, whose name is recorded in the Register of Members or in the Register of Beneficial owners (as at the end of the business hours) maintained by the depositories as on the cut-off date shall only be entitled to avail the facility of remote e-voting or e-voting system provide in the Meeting.
10. In accordance with the aforementioned MCA Circulars, the Company has appointed National Securities Depository Limited (NSDL) for providing the VC facility to the

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members for participating in the Meeting. The members are requested to follow the following instructions in order to participate in the Meeting through VC mechanism:

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- i. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of “VC/OAVM link” placed under “**Join meeting**” menu against Company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
 - ii. Members are encouraged to join the Meeting through Laptops for better experience.
 - iii. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
 - iv. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
 - v. Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (esl.secretarial@essarshipping.co.in). The same will be replied by the Company suitably.
11. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names shall be entitled to vote.
 12. In view of the MCA Circulars, no proxy shall be appointed by the members. However, corporate members are required to send to the Company/ RTA/ Scrutinizer, a certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act 2013, authorizing their representative to attend and vote at the Meeting through VC.
 13. The Register of Members of the Company will remain closed from Thursday, 01st day of September, 2022 to Thursday, 08th day of September, 2022 (both days inclusive) for determining the name of members eligible for voting.
 14. The Members may send request for checking Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 at esl.secretarial@essarshipping.co.in before the 12th AGM.
 15. The Members may send request for inspection of all other relevant documents referred to in the accompanying notice/ explanatory statement at esl.secretarial@essarshipping.co.in before the 12th AGM.
 16. The Notice for this Meeting along with requisite documents and the Annual Report for the financial year ended 2021-2022 shall also be available on the Company’s website www.essar.com
 17. The Board of Directors has appointed M/s. Martinho Ferrao & Associates, Company Secretaries as the Scrutinizer for the purpose of scrutinizing the remote e-voting and e- voting system provide in the Meeting in a fair and transparent manner.
 18. The results of remote e-voting and e- voting system provided in the Meeting shall be aggregated and declared on or after the Meeting of the Company by the Chairman or by any other person duly authorised in this regard.
 19. The results declared along with the report of the scrutinizer shall be placed on the Company’s website www.essar.com and on the website of NSDL immediately after the result is declared by the Chairman and simultaneously communicated to the Stock Exchanges within two working days from the date of AGM. Due to the COVID 19 pandemic, the result shall not be displayed on the Notice Board of the Company at its Registered Office.
 20. Members are requested to contact the Company’s Registrar & Share Transfer Agent, Data Software Research Company Private Limited for reply to their queries/ redressal of complaints, if any, or contact Ms. Nisha Barnwal, Company Secretary of the Company at esl.secretarial@essarshipping.co.in

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21. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants (DPs) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to RTA, Data Software Research Company Private Limited or the Company.
22. SEBI vide its Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 & Notification No. SEBI/LAD-NRO/GN/2018/49 dated 30th November, 2018 amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which provides that from 1st April, 2019 transfer of securities would not be processed unless the securities are held in the dematerialized form with a depository. In view of the same, now the shares cannot be transferred in the physical mode. Members holding shares in physical form are therefore requested to dematerialize their holdings immediately. However, members can continue to make request for transmission or transposition of securities held in physical form.
23. Non-Resident Indian Members are requested to inform RTA, immediately on:
- Change in their residential status on return to India for permanent settlement;
 - Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with PIN Code number, if not furnished earlier.

24. Members holding shares in single name and wishes to appoint nominee in respect of their shareholding may download the nomination form from www.essar.com
25. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on Monday, September 05, 2022 at 09:00 A.M. and ends on Wednesday, September 07, 2022 at 05: 00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. September 01, 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being September 01, 2022.

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



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

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDEAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDEAS’ Section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDEAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDEAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ Section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/ OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <div style="text-align: center;"> <p>NSDL Mobile App is available on</p>   </div>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.

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Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
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Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022- 23058542-43

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

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

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

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

4. Your User ID details are given below :

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

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password,’ you need to enter the ‘initial password’ and the system will force you to change your password.
 - c) How to retrieve your ‘initial password’?

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- (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
 7. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - d) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - e) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - f) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
 8. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

9. Now, you will have to click on "Login" button.
10. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of Company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to mferraocs@yahoo.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "**Upload Board Resolution / Authority Letter**" displayed under "**e-Voting**" tab in their login.

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2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download Section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Veena Suvarna at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to esl.secretarial@essarshipping.co.in
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to esl.secretarial@essarshipping.co.in
3. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
4. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
5. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

- i The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- ii Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- iii Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- iv The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

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

Item No. 3.

Ms. Saraswathy Subramanian, who was appointed by the Shareholders in the 11th Annual General Meeting of the Members held on September 29, 2021 is liable to retire by rotation pursuant to Section 152 of the Companies Act, 2013.

The Company has received a notice under Section 160 of the Companies Act, 2013 from Ms. Raichel Mathew having DIN: 09625593 signifying her intention to propose the candidature of herself as a Non- Executive Director (Women Director) of the Company.

Accordingly, the Board of Directors based on the recommendation of Nomination and Remuneration Committee as per the provisions of the Section 149, 152 and any other applicable provisions of Companies Act, 2013 recommend the appointment of Ms. Raichel Mathew the Director under Non-Executive Category, liable to retire by rotation as Ordinary Resolution for your approval. Since appointment of Ms. Raichel Mathew is recommended by Nomination and Remuneration Committee the requirement of deposit of One Lakh Rupees shall not apply. Further, Non-executive Director would be paid Sitting fees for attending the meetings of the Board or Committee thereof and any expenses incurred by them on behalf of the Company.

Additional information in respect of Ms. Raichel Mathew pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial

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Standards on General Meetings (SS-2), is given at Annexure A to this Notice. Brief profile Ms. Raichel Mathew is given at **Annexure B** to this Notice.

Except Ms. Raichel Mathew being the appointee, or her relatives, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 3.

The Board of Directors recommends the resolution in relation to appointment of Ms. Raichel Mathew as a Non-Executive Director of the Company, as set out in Item No. 3 for approval of the members by way of an Ordinary Resolution.

Item No. 4.

The Board of Directors of the Company at its meeting held on May 30, 2022 appointed Mr. Sunil Modak as an Additional Director of the Company in the capacity of Independent Director for a term of 5 years with effect from May 30, 2022 subject to the approval of the Members of the Company. As per Regulation 17(1C) the approval of shareholders for appointment of director had to be taken in the next general meeting or within a period of three months from the date of appointment whichever is earlier. However due to some unavoidable circumstances the Company is unable to convene the general meeting within the prescribed time line.

The Company received a notice from a member of the Company under Section 160 of the Companies Act, 2013, signifying their intention to propose the candidature of Mr. Sunil Modak (DIN: 09623865) for the office of Independent Director of the Company pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013. In view of the same Nomination and Remuneration Committee at their meeting held on August 10, 2022 has recommended the candidature of Mr. Sunil Modak (DIN: 09623865) under Section 160 of the Companies Act, 2013 for the approval of the Board for a term of 5 years with effect from date of current Annual general meeting upto Annual general meeting to be held in the year 2027 subject to the approval of the Members of the Company.

The Company has received a declaration from Mr. Sunil Modak confirming that he meets the criteria of independence under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the Company has also received his consent to act as a Director in terms of Section 152 of the Companies Act, 2013 and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

In the opinion of the Board, Mr. Sunil Modak fulfils the conditions specified in the Companies Act, 2013 and rules

made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for his appointment as an Independent Director of the Company and he is Independent of the Management. As per Section 160 of the Companies Act, 2013, the requirement of deposit of One Lakh Rupees is not applicable in case of appointment of an Independent Director. Further, Non-executive Director would be paid Sitting fees for attending the meetings of the Board or Committee thereof and any expenses incurred by them on behalf of the Company.

Copy of letter of appointment of Mr. Sunil Modak setting out the terms and conditions of appointment is being made available for inspection by the members through electronic mode.

Additional information in respect of Mr. Sunil Modak, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2), is given at Annexure A to this Notice. Brief profile of Mr. Sunil Modak is given at **Annexure B** to this Notice.

Except Mr. Sunil Modak, being the appointee, or his relatives, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 4.

The Board of Directors recommends the resolution in relation to appointment of Mr. Sunil Modak as an Independent Director of the Company, as set out in Item No. 4 for approval of the members by way of a Special Resolution.

Item No. 5.

The Board of Directors of the Company at its meeting held on May 30, 2022 appointed Ms. Raji Chandrasekhar as an Additional Director of the Company in the capacity of Independent Director for a term of 5 years with effect from May 30, 2022 subject to the approval of the Members of the Company. As per Regulation 17(1C) the approval of shareholders for appointment of director had to be taken in the next general meeting or within a period of three months from the date of appointment whichever is earlier. However due to some unavoidable circumstances the Company is unable to convene the general meeting within the prescribed time line.

The Company received a notice from a member of the Company under Section 160 of the Companies Act, 2013, signifying their intention to propose the candidature of Ms. Raji Chandrasekhar (DIN: 09623673) for the office of Independent Director of the Company pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013. In view of the same Nomination and Remuneration Committee at their meeting

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held on August 10, 2022 has recommended the candidature of Ms. Raji Chandrasekhar (DIN: 09623673) under Section 160 of the Companies Act, 2013 for the approval of the Board for a term of 5 years with effect from date of current Annual general meeting upto Annual general meeting to be held in the year 2027 subject to the approval of the Members of the Company.

The Company has received a declaration from Ms. Raji Chandrasekhar confirming that she meets the criteria of independence under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the Company has also received her consent to act as a Director in terms of Section 152 of the Companies Act, 2013 and a declaration that she is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

In the opinion of the Board, Ms. Raji Chandrasekhar fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for her appointment as an Independent Director of the Company and she is Independent of the Management. As per Section 160 of the Companies Act, 2013, the requirement of deposit of One Lakh Rupees is not applicable in case of appointment of an Independent Director. Further, Non-executive Director would be paid Sitting fees for attending the meetings of the Board or Committee thereof and any expenses incurred by them on behalf of the Company.

Copy of letter of appointment of Ms. Raji Chandrasekhar setting out the terms and conditions of appointment is being made available for inspection by the members through electronic mode.

Additional information in respect of Ms. Raji Chandrasekhar, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2), is given at Annexure A to this Notice. Brief profile of Ms. Raji Chandrasekhar is given at **Annexure B** to this Notice.

Except Ms. Raji Chandrasekhar, being the appointee, or her relatives, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 5.

The Board of Directors recommends the resolution in relation to appointment of Ms. Raji Chandrasekhar as an Independent Director of the Company, as set out in Item No. 5 for approval of the members by way of a Special Resolution.

Item No. 6.

The Company had received the letter on 10th August 2022, from M/s Imperial Consultants Limited (“Outgoing Promoter”), to re-classify its shareholding in the Company from the category of ‘Promoter and Promoter Group’ to the ‘Public’ category in the shareholding pattern of the Company and thus, had requested to remove the name of M/s Imperial Consultants Limited from the ‘Promoter and Promoter Group’ of the Company.

The Outgoing Promoter are not associated with the Company in any manner whatsoever and do not exercise any control over the Company, directly or indirectly, or have any influence over the business and policy decisions made by the Company. Further, the Outgoing Promoter is not involved in the day-to-day activities of the Company. The Outgoing promoter has not appointed any representation on the Board of Directors of the Company nor for any key Management position in the Company.

Based on the letter from the Outgoing Promoter, the matter was discussed by the Board of Directors at their meeting held on August 10, 2022 and Board decided to get the above promoter/promoter group person reclassified from the “Promoter Category” to “Public Category” with the approval of stock exchanges.

The Outgoing Promoters satisfies all conditions specified in sub-clauses (i) to (vii) of clause (b) of sub-regulation (3) of Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

Further, as required under Regulation 31A(3)(c) of the Listing Regulations:

- a. the Company is compliant with the minimum public shareholding requirements as required under regulation 38 of the Listing Regulations;
- b. trading in the equity shares of the Company have not been suspended by the stock exchanges where the equity shares of the Company are listed (“Stock Exchanges”); and
- c. the Company does not have any outstanding dues to the Securities and Exchange Board of India, the Stock Exchanges or the depositories.

Accordingly, on the basis of the rationale provided by the Outgoing Promoters and the confirmation that they satisfy the requirements of Regulation 31A of the Listing Regulations, the shareholders of the Company are requested to consider the

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requests made by the Outgoing Promoters for re-classification of their shareholding in the Company. However, the approval of shareholders shall be subject to the further approval BSE Limited and National Stock Exchange Limited and any other consents and approvals which may be required in this regard.

A reclassification may be permitted by the stock exchanges under the main Listing Regulation No. 31A (2) itself read with the additional condition specified under the Regulation 31A (7) of Listing Regulation,

The sum total of conditions under the two sub regulations are as follows:

- (i) A request for reclassification to be made by the concerned listed entity or by the concerned shareholders/ to stock exchanges.
- (ii) All relevant evidence to be provided.
- (iii) Reclassified promoter shall not directly or indirectly exercise control over the affair of Company.
- (iv) Increase in the level of public shareholding pursuant to reclassification of promoters shall not be considered towards achieving compliances with minimum public Shareholding requirement under Rule 19 A of the Securities contracts (Regulation) Rule, 1975 and
- (v) The event of reclassification shall be disclosed to the Stock exchange as a material event in accordance with the provisions of Listing Regulations.

No Director, key managerial personnel or their relatives are in any way concerned or interested in the resolution No. 06.

The Board of Directors recommends the resolution as set out in Item No. 6 for approval of the members by way of a Special Resolution.

Item No. 7.

The Company is an integrated logistics services provider engaged in the businesses of sea transportation, logistics services and oilfields services. The Company in the ordinary course of its business provides sea transportation, logistics services and oilfields services to Arkay Logistics Limited and Essar Bulk Terminal Limited.

The Company is also required to give/take vessels on hire to/ from Essar Shipping DMCC for its business purposes. The Company has a Trust Fund "Essar Shipping Limited Employees Provident Fund" in which the amount of contribution of provident fund of office staff is deposited by the Company. The Company and its subsidiaries have given or taken loans

and advances through its related parties for which the interest income is earned or respectively being paid. The details of the same have been mentioned in the resolution above.

Further the Company pays Ticket charges to M/s. Futura Travels Limited for all the ticket bookings of employees of the Company which required to be done. The Company is engaged into Logistics activities and require services of the Company for transportation of raw materials and finished goods. The Company and/or its subsidiaries purchases store and spares from M/s. Starbit Oilfield Services India Limited.

The Company has to pay M/s Essar Steel Metal Trading Limited during the year.

All are Related Parties of the Company within the meaning of Section 2(76) of the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015. Regulation 23 of the Listing Regulations has been amended effective April 1, 2022 to provide that shareholders' approval should be obtained for related party transactions which, in a financial year, exceed the lower of (i) Rs 1,000 crore; or (ii) 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

Thus, in terms of Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015, these transactions would require the approval of the members by way of a Special Resolution. All related party transactions of the Company and its Subsidiaries are at arm's length and in the ordinary course of business.

Further, all related party transactions are undertaken after obtaining prior approval of the Audit Committee. All related party transactions have been unanimously approved by the Audit Committee after satisfying itself that the related party transactions are at arm's length and in the ordinary course of business. The Audit Committee of the Company reviews on a quarterly basis, the details of all related party transactions entered into by the Company during the previous quarter, pursuant to its approvals. The related party transactions between the Company and its Indian subsidiaries and between the Indian subsidiaries and their related parties are also approved by the audit committees of the respective subsidiaries (wherever applicable), consisting of majority of independent directors. Further, the transactions entered earlier are being ratified in accordance with the approval of the Members of the Company.

The details as required under Regulation 23(4) of the Listing Regulations read with SEBI Circular bearing reference no. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021 and the material related party transactions for which the approval of the shareholders is being sought fall into the following two categories:-

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Information pursuant to SEBI circular no SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021:
1. Transaction with Subsidiary/Associate of the Company:

1. Details of summary of information provided by the Management to the Audit Committee	
a. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise)	Arkay Logistics Limited, Essar Shipping DMCC
b. Name of the director or key managerial personnel who is related, if any and nature of relationship	None
c. Nature, material terms, monetary value and particulars of contracts or arrangement	As mentioned in the resolution
d. Value of Transaction	Amount mentioned in the resolution for corresponding period
e. Percentage of annual consolidated turnover considering FY 2021-22 as the immediately preceding financial year	168%
2. Justification for the transaction	For Business purpose
3. Details of transaction relating to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:	
i. details of the source of funds in connection with the proposed transaction	N.A.
ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments - nature of indebtedness; - cost of funds; and - tenure	N.A.
iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security	N.A.
iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT	N.A.
4. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through registered email address of the shareholder	N.A.
5. Any other information that may be relevant	

2. Transaction with subsidiary/associate/Joint Venture of the subsidiary company

1. Details of summary of information provided by the Management to the Audit Committee	
f. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise)	Essar Bulk Terminal Limited, Futura Travels Limited, Essar Shipping Limited Employees Provident Fund, OGD-EHES JV Ltd, Essar Capital Holdings Limited, Essar Energy Holdings Limited, Essar Projects Limited, Essar Global Fund Limited, Starbit Oilfield Services India Limited, Essar Steel Metal Trading Limited
g. Name of the director or key managerial personnel who is related, if any and nature of relationship	None

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h. Nature, material terms, monetary value and particulars of contracts or arrangement	As mentioned in the resolution
i. Value of Transaction	Amount mentioned in the resolution for corresponding period
j. Percentage of annual consolidated turnover considering FY 2021-22 as the immediately preceding financial year	35.68%
2. Justification for the transaction	For Business purpose
3. Details of transaction relating to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:	
v. details of the source of funds in connection with the proposed transaction	N.A.
vi. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments - nature of indebtedness; - cost of funds; and - tenure	N.A.
vii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security	N.A.
viii. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT	N.A.
4. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through registered email address of the shareholder	N.A.
5. Any other information that may be relevant	

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. 7 of the accompanying notice for your approval.

Pursuant to Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the Listing Regulations") and Section 188 of the Companies Act, 2013, all related parties shall abstain from voting on such resolution.

None of the Directors, Key Managerial Personnel, their associates and their relatives are concerned or interested, financially or otherwise, in the resolutions set forth in Item No. 7 of this Notice, except to the extent of their shareholding in the Company, if any.

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Information pursuant to Regulations 26 and 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard- 2 on General Meetings, in respect of Directors seeking appointment / re-appointment at the Annual General Meeting

Annexure A

Name of the Director	Raichel Mathew (DIN: 09625593)	Sunil Modak (DIN: 09623865)	Raji Chandrasekhar (DIN: 09623673)
Qualification	As mentioned in Annexure B	As mentioned in Annexure B	As mentioned in Annexure B
Date of birth	31/03/1964	10/04/1960	01/12/1965
Age	58 years	62 years	57 years
Initial date of Appointment	-	May 30, 2022	May 30, 2022
Date of re-appointment	-	-	-
A brief resume of the Directors	As mentioned in Annexure B	As mentioned in Annexure B	As mentioned in Annexure B
Expertise in specific functional areas	As mentioned in Annexure B	As mentioned in Annexure B	As mentioned in Annexure B
Terms and conditions of appointment / reappointment	As mentioned in Explanatory Statement	As mentioned in Explanatory Statement	As mentioned in Explanatory Statement
Remuneration proposed to be paid	As per NRC Policy	As per NRC Policy	As per NRC Policy
Remuneration last drawn (including sitting fees, if any) for F.Y. 2021-2022	Not Applicable	Not Applicable	Not Applicable
Shareholding of Directors (as on 31 st March, 2022)	None	None	None
Number of Board meetings attended during the F.Y. 2021-2022	Not Applicable	Not Applicable	Not Applicable
Directorships held in other listed companies (as on 31 st March, 2022)	None	None	None
Chairmanship/ Membership of the Committees of the Board of Directors of other listed companies (as on 31 st March, 2022)	None	None	None
Disclosure of relationships between Directors inter-se	Not related to any Director / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel

Ms. Raichel Mathew, Mr. Sunil Modak & Ms. Raji Chandrasekhar are not debarred from holding the Office of Director by virtue of any SEBI order or any other such authority.

Annexure B**Brief Profile of Directors seeking appointment at the Twelfth General Meeting in pursuance of SEBI (LODR) Regulations, 2015****1. RAICHEL MATHEW**

Ms. Raichel Mathew joined Essar Group in 1986 and has more than 36 years of experience within the group in various roles responsibilities. She has experience in fleet personal- payroll like floating staff officers and Crew Salary accounting, Accounting of Master disbursement statements, Reconciliation of Officers and Crew Employee account, Reconciliation of Manning agent account. During her tenure she also handled customer accounting (Receivable) SD Module. Her work mainly included vendor Accounting (Payable) -SAP Module, accounting of NPO and PO invoices, Accounting of payment entries, Vendor account reconciliation, Bank reconciliation, handling General accounting ,Vendor clearing etc.

2. SUNIL MODAK

Mr. Modak joined Essar group in May 1984 and has more than 32 years of experience in all aspects of shipping industry including inland, Coastal and Foreign waters. During his tenure in Essar group he was working in day to day technical matters of the vessels, Correspondence with MMD and DG, Assisted in preparing tenders for IOC etc., secured exposure to Maritime legal matters, assisted in onboarding of officers and crew, Liaisoning with shipbrokers worldwide, Preparing MOAs for sale and purchase of ships, Preparing Charter party agreements etc., He has during his tenure independently carried out full sequence of taking over of ship, Prepared letters for Oil Majors, Flag States, Port State authorities, Class Societies on various Shipping related matters etc. He is a graduate in COP 2nd class 1981, GOI and was associated the group till 2017.

3. RAJI CHANDRASEKHAR

Ms. Raji joined Essar in the year 2008 and was associated with the group until 2016. Prior to this, she has worked with Reliance Industries for 16 years in Administrative capacity. A graduate from Mumbai University in Commerce ,with an overall experience of 32 years her last stint was with NRB Bearings Ltd assisting the Managing Director's office. Her exposure to functioning of listed companies will be of assistance to the Board.

DIRECTORS' REPORT

To the Members of Essar Shipping Limited

Your Directors are pleased to present the Twelfth Annual Report and Audited Financial Statements of the Company for the financial year ended March 31, 2022.

FINANCIAL RESULTS:

The Company's financial performance, for the year ended March 31, 2022 is summarized below:

Particulars	Rs. in Crore			
	Consolidated		Standalone	
	For the year ended 31-03-2022	For the Year ended 31-03-2021	For the year ended 31-03-2022	For the Year ended 31-03-2021
Total Income	553.18	508.16	302.09	175.89
Total Expenditure	265.37	442.24	101.18	149.26
EBITDA	287.81	65.92	200.91	26.63
Less: Interest & Finance charges	356.47	488.69	180.22	212.16
Less: Provision for Depreciation	105.92	173.76	45.26	112.53
Profit / (Loss) before Tax	(174.58)	(596.53)	(24.57)	(298.06)
Less: Provision for Tax	0.26	0.62	0.26	0.62
Profit / (Loss) for the year before share of profit of associate	(174.84)	(597.15)	(24.83)	(298.68)
Add: Exceptional item	93.81	(23.41)	(225.15)	0.79
Add: Share of profit of associate	3.00	0.00	-	-
Add: Other Comprehensive Income/loss	0.23	(0.10)	0.23	0.20
Profit / (Loss) for the year	(77.80)	(620.66)	(249.75)	(297.69)

DIVIDEND

In view of absence of profit, the Board of Directors has not recommended any dividend for the year ended 31st March, 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of the World Economy & Shipping Industry

Every crisis brings with it an opportunity. As the world economy recovers from the economic paralysis of the pandemic, there appears to be the chance to rethink the model of global governance that has guided the world economy for the past forty years but has largely failed to deliver on the promise of prosperity and stability. Most advanced economies are rebounding in 2021 from the recession conditions, induced to stem the pandemic. Their key challenge is the medium and longer-term direction and nature of economic growth, both in terms of avoiding the policy reversals that marred the decade following the global financial crisis and making a definitive shift to a zero-carbon energy system, in line with the aims of the Paris Agreement.

The IMF has downgraded its forecast for world economic growth in 2022, with global GDP now projected to rise by 3.6% this year following the 6.1% 'post-Covid' rebound in 2021. This comes against the backdrop of the Russia-Ukraine conflict, with the impacts of the war intensifying global inflationary pressures. The IMF expects inflation to average 5.7% in advanced economies in 2022 and 8.7% in emerging market and developing economies (+2.8pp), with impacts, including tighter monetary policies, set to check economic improvements.

Notable downward revisions were made to Russian GDP (now expected to fall 8.5% in 2022), but also to economic growth in the Euro Area , GDP growth projections were also downgraded for China and the US. UK GDP rebounded by 7.5% y-o-y in 2021, the fastest growth since 1941 and the firmest in the G7.

Against the backdrop of the Russia-Ukraine conflict and consequent concerns surrounding Western energy security, the US has agreed to attempt to deliver an additional c.10mt of LNG to Europe in 2022 (equivalent to c.14% of total US LNG exports last year). In the longer term, the US has agreed

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to supply a further c.35mt of LNG to Europe p.a. out to 2030, should the additional LNG consumption remain consistent with existing European decarbonisation plans. Meanwhile, concerns surrounding inflation and its potential impacts on the global economy developed further this week.

The COVID-19 pandemic disrupted maritime transport, though the outcome was less damaging than initially feared. The shock in the first half of 2020 caused maritime trade to contract by 3.8 per cent in the year 2020. But in the second half of the year there was a nascent, if asymmetric, recovery, and by the third quarter, volumes had returned, for both containerized trade and dry bulk commodities. However, there has yet to be a full recovery for tanker shipping. Maritime trade has performed better than expected partly because the COVID-19 pandemic unfolded in phases and at different speeds, with diverging paths across regions and markets. The rebound in trade flows was also the result of large stimulus packages, and increased consumer spending on goods, with a growth in e-commerce, especially in the United States. Later, there was more general optimism in advanced regions from the rollout of vaccines. But it was also partly due to unlocking pent-up demand, restocking and inventory-building. The rebound was fairly swift because, unlike the global financial crisis of 2009, the downturn was not synchronized across the world.

The International Monetary Fund estimates that \$50 billion are required to end the pandemic and roll out vaccines across developing countries. This would bring not just health but also economic benefits since it would be tantamount to a large scale economic stimulus package that could accelerate economic recovery and by 2025 generate some \$9 trillion in additional global output.

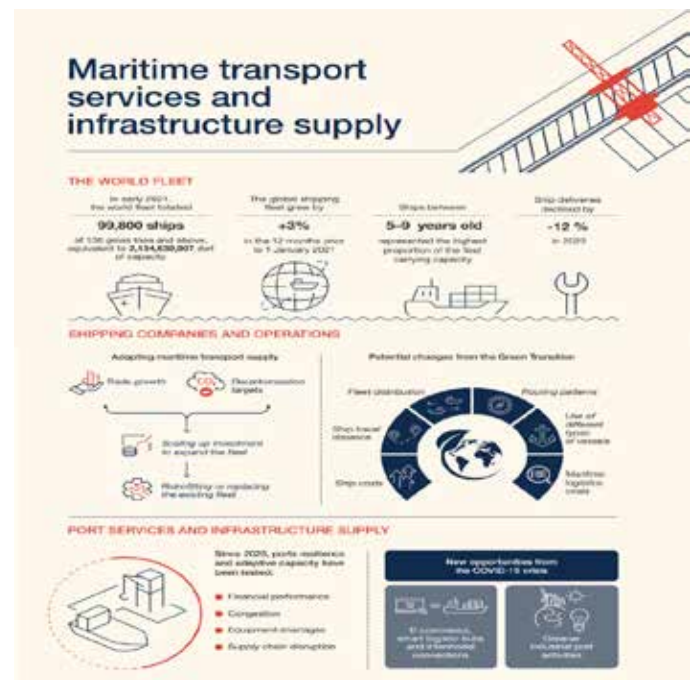
The pandemic has accelerated pre-existing digitalisation and environmental sustainability trends. Technological advances have enabled shipping and ports to continue operations while minimizing interaction and physical contact. The growth in online trade has increased the demand for distribution facilities and warehousing that are digitally enabled and offer value-added services. All these developments are expected to generate new business opportunities for shipping and ports as well as for other players in the maritime supply chain. Technology will also be critical for advancing environmental sustainability. While designing their stimulus packages and post-pandemic plans, many governments aim to harness the synergies between technology, environmental protection, efficiency, and resilience. Businesses and governments recognize that adapting to the post-pandemic world and building back better requires adding economic, social and environmental value and creating new business opportunities, not least for maritime transport.

Maritime business

In 2020, global economic output fell by 3.5 per cent and merchandise trade by 5.4 per cent, while international maritime shipments fell by 3.8 per cent, to 10.65 billion tons. However, UNCTAD expects world maritime trade to recover by 4.3 per cent in 2021, and growth is projected to continue over the 2022–2026 period.

Throughout 2021, much of the global economic revival will be driven by government spending in major economies, so the patterns and geography of the recovery will be shaped by the ways in which their governments wind up these support measures.

In 2020, the global commercial shipping fleet grew by 3 per cent, reaching 99,800 ships of 100 gross tons and above. By January 2021, capacity was equivalent to 2,13 billion dead weight tons (dwt). During 2020, delivery of ships declined by 12 per cent, partly due to lockdown-induced labour shortages that disrupted marine-industrial activity. The ships delivered were mostly bulk carriers, followed by oil tankers and container ships. As owners and operators tried to cope with tight vessel supply, they were also buying more second-hand ships with a resulting increase in prices. Recycling rates also increased in 2020, although compared to previous years, the levels remain low. During 2020, orders for new ships had declined by 16 per cent, continuing a downward trend observed in previous years. In early 2021, however, shipping companies reacted to the capacity constraints with a surge of new orders, especially for container ships for which orders were the highest for the last two decades. There were also more orders for LNG carriers.



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BUSINESS PERFORMANCE, OPPORTUNITIES AND OUTLOOK

Freight rates and Maritime trade by Cargo type

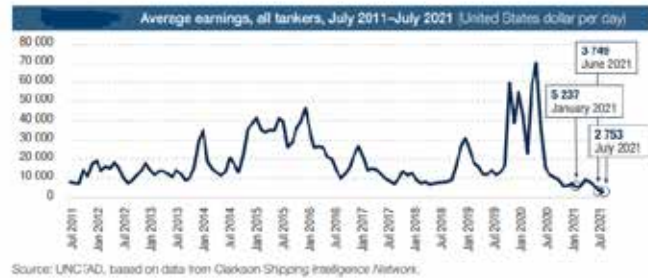
Structural factors keep maritime transport costs higher in developing regions. The current historical highs in freight rates are largely driven by pandemic-induced shocks and unexpected upward swings in shipping demand. But in the longer term, shipping and port prices are driven by structural factors such as port infrastructure, economies of scale, trade imbalances, trade facilitation, and shipping connectivity – all of which have lasting impacts on maritime transport costs and trade competitiveness. An analysis based on a new UNCTAD-World Bank transport costs dataset, shows that significant structural improvements could reduce maritime transport costs by around four per cent. Interventions and policies that address the structural determinants of maritime transport costs can thus help mitigate the impacts from cyclical factors and disruptions. Other structural issues that will increase prices include the new regulations on decarbonizing shipping. The recently adopted IMO short-term measure on greenhouse gas reduction is expected to reduce average shipping speeds and increase maritime transport costs, especially for developing countries.

In the first half of 2020, freight rates were higher compared with 2019 for most routes, with first half of 2021 reporting extreme volatility with freight rates nearly doubling for all the segments.

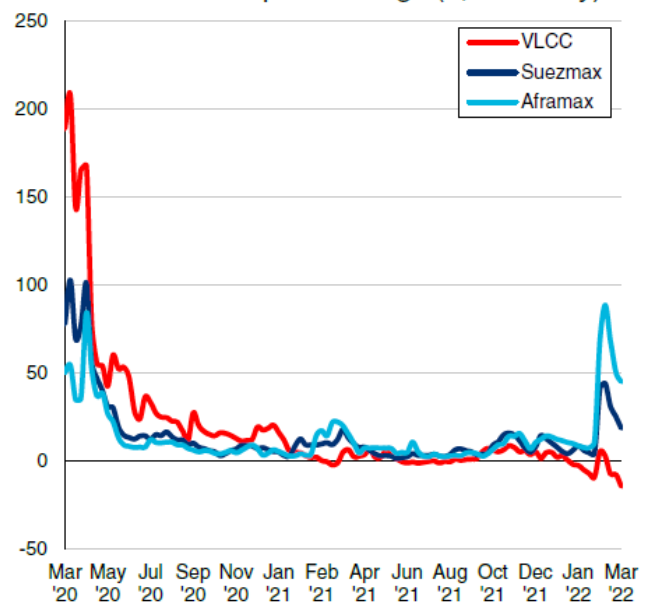
(a) Tanker trade:

In the first half of 2020, there was a surge in tanker freight rates, boosting profits for tanker shipping companies. In the second half of the year the COVID-19 impacts weakened demand and rates started to drop in an oversupplied market. By January 2021, oil tanker spot earnings were \$5,237/day, and by July had fallen to \$2,753/day, the lowest levels ever.

EU members met to consider placing a ban on Russian oil imports in response to the conflict in Ukraine. The EU accounted for the largest share of seaborne Russian oil exports in 2021; the EU imported an estimated 1.5m bpd of crude (c.46% of Russian crude exports) and an estimated 0.8m bpd of oil products (c.34% of Russian products exports) by sea from Russia. Meanwhile, Indian buyers continued purchasing Russian oil, with one private refiner reported to have bought 1.8m bbls of Urals crude. The VLCC markets saw pressures to trade in the range of \$5,000/day on spot. Crude traded at \$ 119.03/bbl at the end of March'22. Germany announced that it plans to halt Russian oil imports by the end of the year. Given current low global demand and future uncertainties, tanker freight rates will probably remain in the range of \$12,000 - 15,000/ day for the rest of the year.



Crude Tanker Spot Earnings (\$,000's/day)



the figs on right axis are missing

Source: Clarkson's Shipping Intelligence, 25th Mar'22

(b) Dry cargo trade:

Iron ore trade remained unperturbed as shipments increased by 3.2 per cent to 1.5 billion tons in 2021. In 2021, seaborne dry bulk trade is projected to expand by 3.7 per cent, with iron ore and grain trade growing steadily, a rebound in minor bulk volumes and more coal trade. Coal trade plunged 9.3 per cent in 2020, partly as a result of the pandemic, with reduced electricity demand across regions overlaid on the ongoing structural shift towards cleaner energy sources.

Freight rates were high through the first half of 2021 as a result of continuing higher demand, combined with fewer new vessel deliveries and increased scrapping activity. Looking ahead, dry bulk demand should continue to grow and the capacity should be manageable so rates are likely to remain high. The orderbook is only around 6 per cent of the existing fleet capacity, the

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lowest level in three decades. Future freight rates will be largely determined by demand growth, particularly from China, but the market will also be affected by the ongoing energy transition and shifts in fuel mix choices. However, high freight rates could stimulate new build orders so that in the medium term, supply capacity could exceed demand.

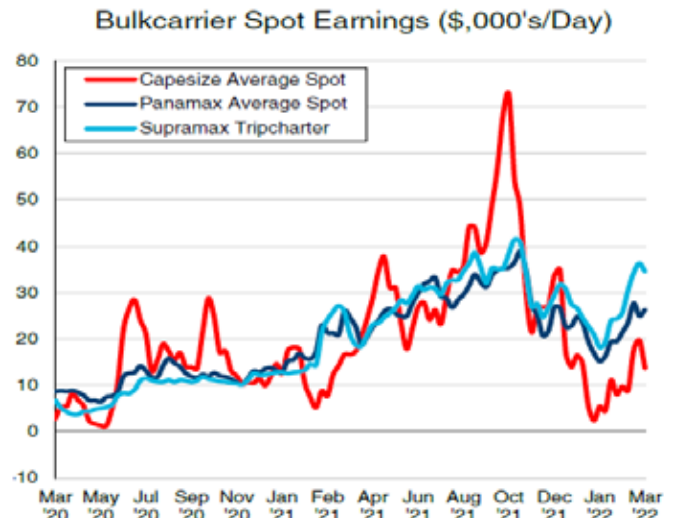
Global sentiments picked up in early 2021 given the ease of sanctions on Qatar by the Middle East council of member nations. The continued surge in the market was against the backdrop of ten year high iron ore prices, improved coal volumes and stability in global steel prices.

However, in March'2022, Russian seaborne coal exports were down c.35% y-o-y, the sharpest decline so far this year view impact of EU ban, which is reportedly to take effect from August. The EU imported 41mt of coal from Russia by sea in 2021, 49% of total EU seaborne coal imports and 24% of total Russian seaborne coal exports, and accounting for c.3% of global seaborne coal trade. European buyers are searching for alternative supplies in the US, Colombia and as far afield as Australia, while Russian exporters are expected to try to redirect exports to markets in Asia, all of which is expected to boost coal tonne-mile trade. Japan also announced a ban on Russian coal imports (c.19mt in 2021), highlighting the challenges now facing Russian exports, and the scale of changes to trade patterns that appear likely to evolve. Russian grain exports were down 15% y-o-y, albeit outside of 'peak' export season, while Ukrainian exports remain suspended.

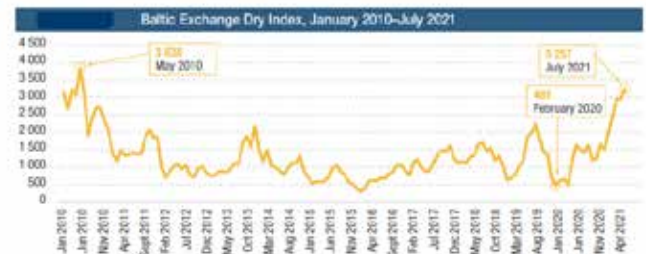
Developments in Indonesia also helped sentiment in the Supra/ Ultramax sectors in the Pacific, Indonesia's coal export ban was lifted on 14th Jan, though only miners that have fulfilled their domestic sales obligations reportedly most major export players, will be allowed to resume exports at this stage. There remains a backlog of tonnage to clear in the region.

Overall, the war and the slower growth in the active fleet pushed up freight rates. This was reflected in the Baltic Exchange Dry Index, which measures the cost of shipping various raw materials, such as coal, iron ore, cement, grain and fertiliser. In February 2020 this stood at only 461 points but by July 2021 had reached 3,257 points. Capesize spot earnings witnessed a high of \$70,000/day in August'21 averaging across all segments of bulk carriers at \$20,000/day by March'22

Daily earnings of Bulk carrier vessels for last 2 yrs is summarized as below;



Source: Clarkson's Shipping Intelligence, 25th Mar'22



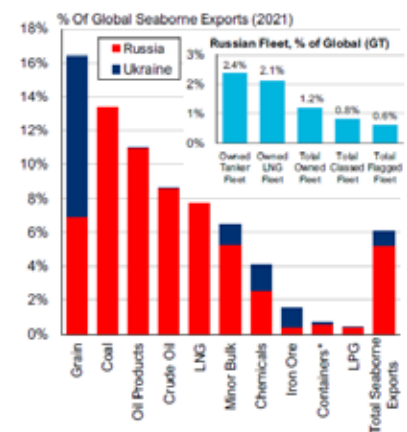
Source: UNCTAD, based on data from Clarkson Shipping Intelligence Network.

Russia And Ukraine's Maritime Role In Context

The graph shows the estimated share of global seaborne exports in tonnes accounted for by Russia and Ukraine in 2021, across a range of key commodities and for global seaborne trade as a whole. *Containers basis share of global container port throughput (note figures generally more heavily driven by imports than exports).

The inset graph shows the share of the global fleet in key sectors accounted for by Russian owners and the Russian flag / class.

The author of this feature article is Stephen Gordon. Any views or opinions presented are solely those of the author and do not necessarily represent those of the Clarksons group.



Source : Clarksons Research

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S&P (Sale & Purchase), Shipbuilding, New Orders & Recycling Market

There have been significant increases in the prices for second-hand bulk carriers. During the first half of 2021 prices of various vessel sizes aged between 5 and 10 years rose by between 25 and 50 per cent. Higher prices reflect strong short-term market confidence, based on rising commodity prices, high earnings for bulk carriers and projections for increasing global seaborne bulk trade.

Since the beginning of 2021, sales have been at their highest for the past five years. Two-thirds of world ship building was of dry bulk carriers and tankers. As world trade gradually recovered during the second half of 2020 and the first half of 2021, demand for ships increased – responding to severe fleet capacity constraints and the uptick in freight rates.

In the first half of 2021, newbuild investment was at its highest since the first half of 2014, with record-breaking orders for container ships – almost eight times those in the first half of 2020. New building orders were spearheaded by those for Panamax container ships (ShipInsights, 2021). There has also been an increase for LNG carriers. New orders between January 2020 and January 2021, the global order book declined by 16 per cent. The sharpest reductions were for bulk carriers, down 36 per cent, followed by ferries and passenger ships, down 32 per cent. By contrast, other segments grew: liquefied gas carriers, up 10 per cent, and general cargo ships, up 6 per cent.

Recycling volumes stood at historically low levels in 2021, with 24.3m dwt reported sold for scrap in the full year. Although this represented steady volumes year-on-year, this was still 32% below the 10-year average. Amid a challenging earnings environment, the tanker sector accounted for the greatest proportion (64%) of tonnage sold for recycling in full year 2021, with 15.7m dwt reported sold for demolition. Meanwhile, the bulkcarrier sector accounted for 21% of tonnage reported sold for scrap, with 5.2m sold for recycling. As tanker earnings remain weak going into 2022, the supply of tonnage to the recycling market is likely to originate from this sector for the time being. Conversely, the volume of bulkcarrier and containership tonnage sold for recycling looks set to be limited for the foreseeable future, amid continued firm earnings in these sectors.

Outlook - Diverging Impacts and Recoveries for key shipping markets

The shipping market hardest hit by the pandemic has been the oil trade. Between 2019 and 2020 UNCTAD estimates that tanker trade, including crude oil, refined petroleum products, and gas, slipped by 7.7 per cent, with volumes down from 3.2 billion to 2.9 billion tons. The steepest drop was for seaborne crude oil at 7.8 per cent, as total volumes fell to 1.7 billion tons. Crude oil imports declined in most key importing markets including the

United States, Europe, India, Japan, and the Republic of Korea. The only increase was in China, by 8 per cent.

The tanker trade has suffered from weak oil demand, high inventories, and cuts in oil supply by OPEC+ members. That said, 2021 should see an improvement as demand gradually recovers and supply increases. Starting in August 2021, as oil prices hit their highest levels in more than two years, OPEC+ members agreed to phase out 5.8 million barrels per day of production cuts (OPEC, 2021). Meanwhile, a lifting of the United States sanctions would increase exports from the Islamic Republic of Iran, which could displace production from other locations but nevertheless increase the demand for tankers. With an increase in OPEC production and the expansion of Asian refineries, there is likely to be more demand for very large crude carriers. In the longer term, tanker demand will be affected by the current global energy transition, which implies a change in the energy mix

The pandemic has also weighed, if to a lesser extent, on the global demand for gas. In 2020, global gas trade increased only marginally, by 0.4 per cent, while volumes of LNG exports are estimated to have expanded by 1.1 per cent and of LPG to have declined by 1.0 per cent. Gas projects have been delayed by weak energy prices, including work on LNG export terminals in the United States and LNG feedstock projects in Australia (Clarksons Research, 2020). That said, exports from the United States rebounded in 2020, thanks to a boost in consumer demand supported by a cold winter in Asia. The United States also increased its LPG trade, by 15 per cent. Natural gas offers a lower-carbon source of energy, so with more demands for sustainability and a transition to lower-carbon energy, the global gas trade is set to increase. Much of the growth will be driven by Asia, with an important role for China's new propane dehydrogenation plants. India's trade will also expand as a result of subsidized domestic LPG prices.

Natural gas is set to contribute a larger share to the global energy mix in the coming years, with much of the growth driven by shale-gas production in the United States, as well as by production in Western Asia and in other regions including the Mediterranean and East Africa.

Conclusion

Broad-based global recovery will depend on smart, resilient and sustainable maritime transport. The COVID-19 pandemic triggered a succession of shocks and waves, each setting off their own spinoff events. The recovery is similarly proving uneven, with differences in the levels and scale of policy support and unequal access to vaccines. The timescale for a lasting recovery will depend on the progress of the pandemic, the extent and timing of world vaccination plans, and the duration of policy support measures. At present the nascent recovery is being

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threatened by supply-chain breaks and logistical bottlenecks that are disrupting shipping markets and pushing cost levels to historic highs. The COVID-19 disruption has also accelerated pre-existing megatrends – geopolitical, technological, and environmental. These trends have been unfolding slowly over the past decade but have accelerated during the pandemic and continue to transform maritime transport and trade:

a. Geopolitics – In the face of heightened geopolitical risks and rising trade tensions, many countries and enterprises are shifting their mindsets and now perceive global interdependency partly as a vulnerability. To mitigate risks and build resilience – they are therefore aiming to reduce their reliance on distant foreign suppliers.

b. Resilience – Enterprises and governments are aiming to make supply chains more robust and resilient, including by looking to diversify their business partners and suppliers. This will involve a new balance between local, regional and global production. They are also reconsidering inventory and stock management strategies and the trade-offs between just-in-time and just-in-case supply chain models.

c. Technology – Customs officials, port workers, and transport operators increasingly recognize the value of new technologies and digitalization, not just as a way of boosting efficiency but also for maintaining business continuity at times of disruption. Technological innovations include advanced analytics, on-board sensors, communications technology, port-call optimization, blockchains, big data, and autonomous ships and vehicles. Technological advances have stimulated consumer spending online and a growth in e-commerce. These trends will continue to redefine production and consumption patterns and the ways in which ships, ports and their hinterland connections deliver cargo and services.

d. Shipping market dynamics – In anticipation of future disruptions, carriers, shippers, ports, and inland transport operators will be rethinking their business and operating models to respond more flexibly to changing market conditions. They can also anticipate potential greater regulation of shipping markets as national competition authorities step up their monitoring of freight rates and market behaviour and scrutinize rapid movements in shipping prices.

e. Decarbonisation and the energy transition – Maritime transport is facing growing pressure to decarbonize and operate in a more sustainable way – issues that have also come to the fore as part of the post-pandemic recovery. With ongoing IMO work on greenhouse gas emission reduction in shipping providing further momentum, shipping is expected to change its fuel mix and use new technology and ship designs, alternative fuels and operational adjustments to cut its carbon and environmental

footprint. For energy, shipping is not just a large-scale user but also a major carrier, so the industry will have to respond to lower demand for oil tankers and coal carriers and more for ships transporting hydrogen, ammonia and other alternative fuels.

f. Climate adaptation and resilience – Over recent years' extreme weather events, including floods, hurricanes and cyclones, have been causing frequent and intense disruptions for both coastal infrastructure and hinterland connections. With current climate projections pointing to a global warming trajectory exceeding the agreed targets under the Paris Agreement, the maritime industry and governments need to invest in adaptation and in climate-proofing maritime transport infrastructure and services, as well as accelerate the development of related legal, policy and technical measures, and capacity-building.

BUSINESS OPERATIONS

Due to sharp decline in asset prices of vessels and poor shipping freight market persisting over last few years including covid pandemic period, The company had been incurring losses and regularly defaulting on servicing of debts and Interest of financial institutions and banks. The financial Institutions and Banks have been pressing for settlement of their dues in order to avoid taking legal courses. The Board after long deliberation took a decision to monetize all the Vessels which were under charge in favour of the lenders in order to settle dues.

For this purpose the Company had obtained shareholders' approval for disposal of the Company's fleet in AGM held in September 2020. Sale was to be done at an appropriate opportunity to maximize valuation.

In line with the approval granted by the Shareholders, ESL monetized its fleet of vessels at appropriate time. The proceeds of the vessels were utilized to reduce the debt to its secured lenders. As the Baltic Dry Index hit a 10 year high in 2021, making it the most appropriate time to monetize vessels in order to reduce its debt. Accordingly, it was felt that this was an appropriate time for Essar Shipping to monetize its vessels and fetch the best price in order to maximise valuation and reduce debt accordingly.

Last vessel was monetized in January 2022 when freight market was at peak and asset prices high. The company has plans to start with in-chartering of vessels once freight market and charter hires soften which are currently quite high and not conducive for chartering business.

With ESL achieving its task of monetisation of assets to reduce its liabilities, the company is now looking at appropriate

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opportunities for a future business built up. ESL's experience of 40+ years in marine transportation and logistics will be a pillar of strength to chalk out future business strategy.

For the duration until the hand-over of the vessels, the Company catered to various clients such as Arcelor Mittal Nippon Steel, JSW Steel, Jindal steel and Power, Power International, Team bulk Carriers, Delta Corporation, Seatrek Singapore, Zeel Shipping, Victory Shipping, PK Agri leading to vessels being fully employed even during the pandemic time.

MT Smiti, our VLCC has been always engaged with major refinery/ traders like Vitol, Formosa, Shell IOCL, BPCL and many more in the past.

With this monetization and upon satisfaction of other conditions, Essar Shipping Ltd's obligation reduced by approx. Rs 1,100 cr.

GREEN INITIATIVES IN SHIPPING

An alternative fuel already widely in use is liquefied natural gas. This is the greenest fossil energy source, which compared to heavy fuel oil (HFO), could reduce sulphur emissions by 99 per cent, nitrogen oxides by 80 per cent, and CO₂ emissions by up to 20 per cent, along with most particulate matters. The 2020 Sphera report demonstrated that LNG/dual-fuel engines emit fewer grams of CO₂ equivalent per kw than diesel engines. Dual-fuel engines can use existing technology, enabling ships to be operated on different types of fuel and comply with regulations while remaining competitive. In January 2021 the IMO sulphur cap entered into force, prompting greater investment in bunkering port infrastructure and in LNG-fuelled ships. Currently, these represent a small share of the fleet and of the orderbook. But their numbers are expected to grow significantly in the 2021-2022 period. The major disadvantage of LNG is that it consists primarily of methane which is a far more potent greenhouse gas than CO₂. Even small escapes during production or use could result in a net increase in GHG emissions. In April 2021, the World Bank published a report that considered holistic lifecycle emissions and highlighted the impact of LNG on climate change. It recommended countries to avoid supporting LNG as a bunker fuel and advocated for regulation of methane emissions. Shipping industry voices, such as Maersk and Euronav, have also questioned the suitability of LNG as a transition fuel and point to the high costs of investing in new ships and infrastructure while not reducing lifecycle greenhouse gas emissions - with the danger of technological lock-in since new infrastructure will be in operation for 20 years. They also perceive such investment as extending the use of carbon in the maritime energy supply chain and delaying the energy transition.

Halving shipping emissions by 2050 is estimated to require an annual average investment of between \$40 to \$60 billion between 2030 and 2050. Most of this is for producing alternative fuels such as ammonia, hydrogen, and methanol among others, while also developing new land-based infrastructure for storage and bunkering.

Against the backdrop of the Russia-Ukraine conflict and consequent concerns surrounding Western energy security, the US has agreed to attempt to deliver an additional c.10mt of LNG to Europe in 2022 (equivalent to c.14% of total US LNG exports last year). In the longer term, the US has agreed to supply a further c.35mt of LNG to Europe p.a. out to 2030, should the additional LNG consumption remain consistent with existing European decarbonisation plans.

The Green Transition is dominating 'Post-Covid' planning, with an intensifying focus on decarbonisation ahead of incoming IMO and EU regulation. An increasing proportion of vessels on order (35% in GT) are set to use alternative fuels, primarily LNG. LPG fuel is dominant for new LPG carriers, while there have been notable orders for methanol fuelled boxships, alongside 'alt. fuel ready' and battery-powered vessels. Although uncertainty remains over timing and technology choices, the 'Fuelling Transition' is expected to be a key driver of fleet renewal and newbuilding interest at shipyards across the coming years.

OILFIELD BUSINESS

Industry outlook GLOBAL PERSPECTIVE

GOI in a bid to expedite oil and gas exploration and raise domestic production, in 2018 launched the first bid round under the Open Acreage Licensing Policy (OALP) that allowed explorers to carve out desired areas for exploration and offered liberal terms. Having committed USD 2.3 billion investment, energy firms such as Cairn Oil & Gas (Vedanta) spent USD 75 million (about Rs 550 crore) in oil and gas hunt in the first two years of India's maiden open acreage licensing policy, according to the Directorate General of Hydrocarbons (DGH). 105 blocks awarded in 5 OALP rounds, totalling 1,56,579 sq. km of acreage. (Onland 100605 sq km & Offshore 55974 sq km). DGH had on October 22 announced the winners of the OALP-V round, with ONGC walking away with 7 out of the 11 blocks on offer. OIL won the remaining 4 blocks. All of them are envisaged to be opportunities in the coming quarters.

With the successful roll out of the HELP/OALP regime, based on the world-class National Data Repository (NDR), the Government has achieved massive enhancement of exploration acreage in India. The exploration acreage which stood at approximately 80,000 sq. km. in 2019 from earlier regimes has

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now been enhanced to approx. 2,15,000 sq. km. after 4 rounds of OALP. The cumulative exploratory work commitment after the 4 rounds of OALP comprise 29,270 LKM of 2D Seismic Survey, 43,272 sq. km of 3D Seismic Survey, 369 Exploratory Wells and 290 Core Analysis to establish Shale Resources. This will generate an investment of approx. US\$ 2.35 billion over next 3 to 4 years in exploratory work alone.

Availability of Natural Gas

The availability of natural gas has steadily increased from a mere 40.91 BCM during 2008-09 to 52.52 BCMs during 2017-18, registering a CAGR of 2.53%.

India had produced 31.83 bcm of gas in FY18 which is expected to rise and reach 40 bcm by 2023.

Availability of Crude Oil

Oil demand in India is projected to register a 2x growth to reach 11 million barrels per day by 2045. Diesel demand in India is expected to double to 163 MT by 2029-30, with diesel and gasoline covering 58% of India's oil demand by 2045

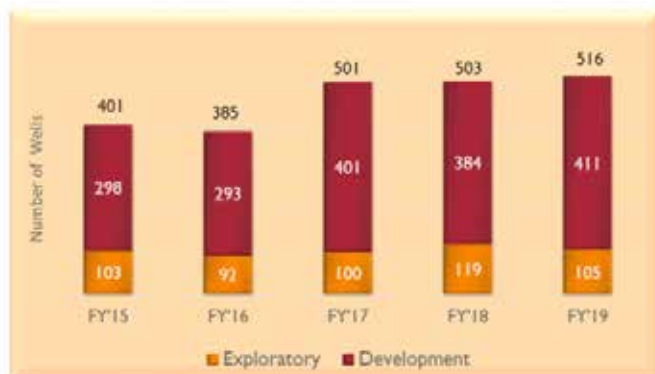
Market Overview & Trends

- State-owned ONGC dominate the upstream segment.

Through Energy Strategy 2040, ONGC has set a target to double its Oil and Gas production from its domestic, as well as overseas fields by the year 2040.

ONGC produced 5.551 MMT of crude oil in the fiscal year ending March 31 (2021-22) and 21.1 million tonnes in 2018-19. It produced 5.583 billion cubic metres of gas in 2021-22 .

ONGC accounted for around 61.25 per cent of total crude oil production in India in FY19*.



- During FY21, 438 wells were drilled in the country.
- State-owned oil companies undertake most of the upstream drilling and exploration work.
- In September 2018, investments worth Rs 5,900 crore (US\$ 840.70 million) were committed in 55 Oil and Gas exploration areas awarded under Open Acreage Licensing Policy – 1. The Government of India undertook auction of 14 more blocks in the second round, which shall be under exploration by 2023.
- The government is planning to invest US\$ 4 billion in the upstream Oil and Gas production to double the natural gas production to 60 bcm and drill more than 120 exploration wells by 2024.

Sector update

- The land drilling rig market is expected to register a CAGR of more than 4% during the forecast period of 2022 – 2027. The COVID-19 outbreak had led to the slowdown of drilling rig contraction activities across the globe. Factors such as the increasing use of high horsepower and hi-tech rigs, and the increasing demand for heavy rigs, the land rig market has evolved significantly in recent years. Moreover, exploitation of unconventional reserves to meet the increasing demand for crude oil and natural gas is expected to create significant demand for land drilling rig market during the forecast period.
- The day rates are expected to increase due to the upward trend in the Crude Oil prices.

OGDSL Business Strategy & Initiatives

ONSHORE RIGS

Strategies

- Undertaking IPM projects through joint venture/ consortium model with Oilfield Service companies for Blocks awarded through OALP, CBM, DSF & Shale Gas bidding rounds.
- Acquisition of Brand new rigs or Leasing of rigs to meet higher requirement of Operators.
- Targeting Marginal Field Operators for the blocks offered under DSF rounds.
- To keep in constant touch with existing and previous clients and give them priority in business.
- To re-define the benchmarks in the industry by operating the rigs with lowest cost of operations.

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6. Focus on Middle East, Far East & African markets for deployment of rigs.

Initiatives

1. Discussions in progress with OEM's in China & USA for acquiring newly built but stacked rigs through long term finance, lease and buyback option.
2. Checking possible options/alternatives with various rig owners/suppliers for leasing the rigs.
3. Critically evaluating the scope of work for drilling and work-over jobs & offering the most suitable rig for cost optimization.
4. Submission of Pre-qualifying documents to Middle Eastern operators & partnering with local agents to receive tender/ RFQ documents.

SUBSIDIARIES & ASSOCIATES

Your Company has three direct subsidiaries and two step-down subsidiaries. OGD Services Holdings Limited, Mauritius, Energy II Limited, Bermuda and Essar Shipping DMCC, Dubai are direct subsidiaries of the Company. OGD Services Limited, India and Starbit Oilfields Services India Limited, India, 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 G** 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. ESL has undertaken many training initiatives to enhance technical and managerial competence of the employees. ESL has taken a series of initiatives to enhance emotional and intellectual engagement of employees. During the year under review, COVID-19 has accelerated the adoption of fully digitized approaches to re-create the best of in-person learning and employee engagement.

1. Times of Essar : A monthly newsletter that not only gave business and workforce updates but also received contributions from ESL employees, hosted engagement activities ranged from fun quizzes around Independence Day, IPL, Holi, etc, to featuring each and every achievement of our employees. The medium is used to showcase the creative side of our employees and their families.
2. Essar Radio: Used as a key medium to communicate important updates about the different projects that were going on at different sites. Leaders from every location including founders took the opportunity to connect with employees, discussing the strategies about how they aim to overcome the pandemic without hampering or jeopardising anyone's health, shared their daily routine to motivate the employees to stay healthy and stress-free.

In addition to the above mentioned initiatives, engagement programs like Health webinars, Yoga classes, and online counselling programme were also conducted. This transformation made it possible to scale learning efforts in a more cost-effective way and permits greater engagement during the locked in scenarios. Hence, initiatives like these taken during the pandemic times helped employees and their families to stay motivated and healthy.

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

During the year under review, Mr. Sumit Agarwal tendered his resignation from the post of Additional Director (Non-Executive Director) of Company w.e.f August 06, 2021 due to personal occupancy. In the Board meeting held on August 31, 2021, Mr. Jayakumar Rajaraman and Mr. Suresh Ramamirtham were appointed as Additional Director (Independent Director) on the Board of the Company and their appointment was regularized by the members of the Company in the 11th AGM held on September 29, 2021.

In the 11th Annual General Meeting, Ms. Sunita Kotian retired by Rotation from the post of Non - Executive Director (Women Director) and in place of her Ms. Saraswathy Subramanian was appointed as a Non - Executive Director (Women Director) by the members of the Company in AGM.

During the year under review Capt Subimal Mahato (DIN: 08867107) Whole Time Director had submitted his resignation letter dated November 11, 2021 due to personal occupancy which was accepted by the Board in its meeting held on November 12, 2021; however, his relieving was subject to hand over of all his responsibilities. He was relieved from Board w.e.f.

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November 30, 2021 and there was Change in Designation of Mr. Rajesh Desai (DIN: 08848625) from Non- Executive Director to Executive Director with effect from November 01, 2021 duly approved by Board members in the Board Meeting held on November 12, 2021.

As per Regulation 17(1)(c) of SEBI (LODR) Regulations, 2015, Board of top 2000 listed entities w.e.f. April 01, 2020 shall comprises of at least six Directors, as such, on March 31, 2022, there were six directors on the Board of Company with Independent Director as Chairman of the Board.

Capt. Bhupinder singh Kumar and Mr. Natesan Srinivasan would retire at the ensuing Annual General Meeting on completion of their long tenure office. The Board records its deep appreciation of the valuable contribution made by them during their association with the Company.

Further, Board also records the appreciation of valuable contribution of Mr. Ranjit Singh as President & Chief Executive Officer of the Company during turbulent times.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-Section (6) 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 https://www.essar.com/wp-content/uploads/2022/06/EShipL_Policy_Familiarisation-Programme.pdf

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 2021-2022. The questionnaires on performance evaluation were prepared in line with the Guidance Note on Board Evaluation date January 5, 2017, issued by SEBI

The performance of the Board and Individual Directors were evaluated by the Board seeking inputs from all the Directors. The performance of the Committees was evaluated by the Board taking input from all the Committee members. NRC reviewed the performance of individual Directors, separate meetings of Independent Directors were 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.

Further the evaluation of the Independent Directors was done by the entire board of directors of the Company. Their evaluation included performance of directors and fulfillment of the Independence criteria as specified in these regulations and their independence from the management.

KEY MANAGERIAL PERSONNEL

In terms of section 203 of the Companies Act, 2013, As on March 31, 2022 the Key Managerial Personnel of the Company are Mr. Ranjit Singh, Chief Executive officer, Mr. Ketan Shah, Chief Financial Officer and Ms. Nisha Barnwal, Company Secretary & Compliance Officer.

During the under review, Ms. Jyotsna Gupta tendered her resignation letter to the Board on August 02, 2021 due to relocation and personal occupancies. The resignation letter was accepted in the Board Meeting held on August 31, 2021 however her relieving was subject to hand over of all her responsibilities and completion of the annual general meeting held on September 29, 2021. Ms. Nisha Barnwal was appointed w.e.f September 23, 2021 as Company Secretary & Compliance Officer of the Company duly approved by the Board in Board Meeting held on August 31, 2021. There was gap in approval by the board and in appointment of Ms. Nisha Barnwal as her ICSI membership number was awaited. Her appointment became effective once the membership number was received.

BOARD MEETINGS

During the year ended on March 31, 2022, eight (8) meetings of the Board were held June 08, 2021, June 24, 2021, August 11, 2021, August 31, 2021, October 19, 2021, November 12, 2021, February 09, 2022, March 28, 2022.

COMMITTEES OF THE BOARD

Currently the Board has 5 Committees viz. Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Share Transfer Committee and Corporate Social Responsibility Committee.

A detailed note on the composition of the Board and its Committees and other related particulars are provided in the Report of Directors on Corporate Governance forming part of this Annual Report.

CHANGES IN SHARE CAPITAL

There was no change in the Share Capital during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

(a) in the preparation of the annual accounts for the year ended

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March 31, 2022, 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, 2022 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 step down 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 managed:

- (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, Risk Management Committee is required to be constituted by top 500 Companies based on

market capitalisation, since your Company does not fall in that category, However, Company do believe and had put best efforts 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 2021-2022 for ensuring the orderly efficient conduct of its business including adherence to the Company's policies, safeguarding of its assets, the prevention and detection of fraud and errors, the accuracy and completeness of accounting records and timely preparations of reliable financial disclosures.

CORPORATE GOVERNANCE

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

VIGIL MECHANISM

The Company is in compliance with Section 177 of the Companies Act, 2013 and Regulation 18 and Regulation 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 https://www.essar.com/wp-content/uploads/2018/03/ESL_Whistle_Blower_Policy.pdf

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee comprises Captain B. S. Kumar – Chairman; Mr. Rajesh Desai; and Mr. Saraswathy Subramanian as Member of said Committee.

Since the Company has incurred losses in proceeding three financial years, it was not required to spend on CSR Activities Further, in terms of provisions of Section 135 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 CSR Report is annexed to this Report as **Annexure-A**

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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, 2022 are provided in the **Annexure - B** to this Report.

The term of scheme of Employee Stock Option was for a period of seven years which got completed in the year 2018. As the objective of the trust is attained, process of winding up of the ESOS trust is in process. All shares of the ESOS trust has been sold.

AUDITORS

M/s. CNK & Associates LLP, Chartered Accountants – Statutory Auditors (Registration No. 101961 W/W - 100036) were re-appointed at 10th AGM of the Company held on September 30, 2020 to hold the office up to the conclusion of 15th AGM of the Company to be held on year 2025.

AUDITORS’ REPORT:

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

1. There has been delays in payment of interest and instalments of loans availed from Financial Institution, banks, etc.

During the year, the Company has settled many lenders by monetizing the assets of the Company. The Company is negotiating with balance lenders to repay the debts through monetization of securities offered to respective lenders.

2. Disputed dues w.r.t. Income tax, excise& Customs and GST

All these demands are under dispute and pending at the tribunals / courts.

3. The Company’s current liabilities substantially exceed its current assets as on 31st March 2022. This indicates that a material uncertainty exists that may cast doubt on the Company’s ability to continue as a going concern.

With the company achieving its task of monetisation of assets to reduce its liabilities, the company is now looking at appropriate opportunities for a future business built up. ESL’s experience of 40+ years in marine transportation and logistics will be a pillar of strength to chalk out future business strategy.

4. As per note no. 30 of Standalone Financial Statements, relating to admission to Corporate Insolvency Resolution Process due to invocation of corporate guarantee on account of default by a Subsidiary Company. The said Subsidiary Company is yet to fulfil the settlement terms and subject to final settlement, the impact of Corporate Insolvency Resolution Process remains uncertain

The subsidiary co and the company had entered into a revised settlement agreement with the lender. There has been some delays in making payments as per the revised agreement. The subsidiary company and the company is in constant dialogue with the lender to clear the dues.

5. As per Note No. 6(E) of the Standalone Financial Statements relating to recognition of revenue amounting to Rs. 369.81 crore (including accrued interest up to 31st March 2018) in the financial year 2017-18 based on compensation granted to the Company in the arbitration proceedings for breach of contract terms by a charterer of which Rs. 305.81 crore remains outstanding receivable as on 31st March 2022. The Company is confident of full recovery of its claims. However, pending conclusion of the said proceedings, no interest is accrued on the same for the period 1st April 2018 till 31st March 2022.

The company had entered into a long term Contract of Affreightment (COA) with a PSU for transportation of bulk raw material products from International ports to India in the year 2007. However, the PSU terminated the COA mid way. The company initiated arbitration proceedings as per the COA and won award which was challenged by the counter party in the High Court. The counter party was directed by the High Court to deposit 50% of the award amount with the court in 2018. The matter is now in the High Court and the company is confident of recovery of the award amount.

6. Note No. 9(A) of the Standalone Financial Statements which states that the Company had issued Standby Letter of Credit (SBLC) with three banks for Rs. 687.37 crore to secure a loan availed by a subsidiary, which were invoked in an earlier year. The Company has taken up matter with respective banks to settle the loans through monetization of assets. Out of dues to three banks, dues to two banks have been paid/ settled and dues to one bank amounting to Rs. 340.80 crore (including interest of Rs.162.89 crore) is outstanding as at 31st March 2022.

The company paid the amount due to the lender as per agreed settlement terms. The No dues certificate will be issued by the lender based on agreed milestones.

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7. We draw attention to Note No. 9(A) of the Standalone Financial Statements, relating to netting off of amount payable to a wholly owned overseas subsidiary with the amount receivable from the said subsidiary. This is subject to pending application and approval from the regulatory authorities

Necessary application has been made to the Authorised Dealer for seeking requisite statutory approval.

8. The Company has availed loans from banks and financial institutions which are secured by charge over various movable and immovable assets of the Company as well as subsidiary/ associate/ group companies and corporate guarantee of the ultimate Parent Company. The value of the security as at 31st March 2022 is substantially lower than the amount outstanding as at that date

The decline in the value of security available to the lender has taken place over the last 5 to 7 years due to recession in the Shipping sector and the Oilfields sector. The company is in dialogue with the lenders to settle the dues and hopeful of an early resolution.

9. The Company has issued Non-Convertible Debentures which are inter alia secured by a charge over six rigs owned by one of its subsidiary. Out of the six rigs, three rigs owned by the said subsidiary stacked at Dubai in a yard of a vendor have been disposed off / sold by the said vendor with a view to recover the dues from the Company to the said vendor. The said transaction has been intimated by the subsidiary to the debenture holder.

The company is in dialogue with the lenders to settle the dues and hopeful of an early resolution.

10. The Company has certain significant open legal proceedings including under arbitration for various matters with the Lenders & Customers, continuing from earlier years (Refer Note No. 22 of Standalone Financial Statements)

The company is defending the litigations in the respective jurisdiction.

11. The Company has not revalued its Property, Plant and Equipment (including right-of-use assets) and intangible assets or both during the year

The assets have been impaired as per accounting standards based on valuation reports / monetized.

12. The Company has incurred cash losses of Rs. 204.49 Crore during the financial year after considering exceptional

items. The Company has also incurred cash losses of Rs. 185.16 Crore during immediately preceding financial year.

The company earned operational EBIDTA of Rs 35 cr during FY 2022.

With the company achieving its task of monetisation of assets to reduce its liabilities, the company is now looking at appropriate opportunities for a future business built up. ESL's experience of 40+ years in marine transportation and logistics will be a pillar of strength to chalk out future business strategy.

13. The auditor is of the opinion that the material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;

With the company achieving its task of monetisation of assets to reduce its liabilities, the company is now looking at appropriate opportunities for a future business built up. ESL's experience of 40+ years in marine transportation and logistics will be a pillar of strength to chalk out future business strategy.

14. Material uncertainty related to Going Concern as Group

With the company achieving its task of monetisation of assets to reduce its liabilities, the company is now looking at appropriate opportunities for a future business built up. ESL's experience of 40+ years in marine transportation and logistics will be a pillar of strength to chalk out future business strategy.

15. In case of one subsidiary, during the year Bare Boat Charter Demise with the Holding Company has been cancelled resulting in loss of USD 39.59 mio on foreclosure of lease. Further, the vessels repossessed have since been sold resulting in a loss of USD 39.02 mio.

The said transaction was done basis necessary regulatory / lender / shareholder approval

16. In case of holding and a subsidiary, the Company has availed loans from banks and financial institutions which are secured by charge over various rigs, other movable assets and corporate guarantee of the intermediate Holding Company. Majority of the rigs have either been held for sale or have been sold. The value of the security as at 31st March 2022 is lower than the amount outstanding as at that date due to downturn in shipping and oilfield markets from last several years

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The subsidiary company is attempting to settle the dues to the lenders amicably.

INTERNAL AUDITOR AND THEIR REPORT

During the year under review the Mr. Rajesh Gupta Internal Auditors of the Company tendered his resignation w.e.f November 12, 2021 due to pre-occupation. In view of the same, Audit Committee recommended appointment of M/s. DMKH & Co, Chartered Accountants as Internal Auditors of the Company for financial year 2021-2022 and same were approved by members in the Board Meeting held on November 12, 2021. They conducted audit for quarter 3 onward of FY 2021-2022. During the year under review Internal Auditor has submitted their Report for the said quarters/period to the Audit Committee for its review and necessary action. In the Audit Committee meeting held on May 30, 2022, M/s. DMKH & Co, Chartered Accountants were further recommended for FY 2022-2023 and the same was approved by the Board.

SECRETARIAL AUDIT

The Board has appointed M/s. Martinho Ferrao & Associates, Practising Company Secretaries, to conduct Secretarial Audit for the financial year 2021-2022. The Secretarial Audit Report for the financial year ended March 31, 2022 is annexed herewith marked as **Annexure - C** to this Report.

SECRETARIAL STANDARDS OF ICSI

The Company has complied with the applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

SECRETARIAL AUDITORS' REPORT:

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

The Board had 06 Directors including Executive, Non-Executive and Independent Directors throughout the year. However due to resignation of Mr. Sumit Agarwal on August 06, 2021 the composition of board as required by the LODR was below six for period. But in the immediate Board meeting held on August 31, 2021; Mr. Jayakumar Rajaram and Suresh Ramamirtham were appointed as Directors.

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 https://www.essar.com/wp-content/uploads/2017/10/ESL_Directors_appointment_policy.pdf. 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.

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 27 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.

WEBLINK OF ANNUAL RETURN

The Annual Return of the Company as on 31st March, 2022 in Form MGT - 7 in accordance with Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, is available on the website of the Company at www.essar.com

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.

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SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

The Hon'ble Bombay High Court, while deciding the petition in favour of the Petitioner i.e. ESL, vide order dated 08.02.2022, has discharged the Petitioner from the undertaking given by it on 14.09.2010 (vide order dated 14.09.2010, this Hon'ble Court had granted ad-interim relief to DGFT subject to ESL furnishing of a bank guarantee of INR 30 Crores). Accordingly, by virtue of the Order dated 08.02.2022 there is no obligation on ESL to keep the bank guarantee alive, and further, there is no right of the DGFT with regard to the bank guarantee which bank guarantee has been returned by DGFT.

Vide order dated 23.02.2022 parties have entered into consent terms and pursuant to the Consent terms the Registrar has released the amount of Rs. 68,15,00,000.00 deposited in Court plus accrued interest thereon to LIC entirely without prejudice to ESL rights and contentions raised in Commercial Notice of Motion No. 1871 of 2019 and without this action being construed as any sort of waiver as regards jurisdiction and without any admission of liability.

On 22.05.2018 Justice Vibhu Bakhru (Delhi High Court) directed SAIL to deposit a sum of Rs. 25 crores with the Registry of Delhi High Court. However, Justice Bakhru failed to assign any reasons basis which only 25 Crore was directed to deposit, whereas as per the directives issued by Niti Aayog at least 75% amount should have been directed for deposit. Aggrieved by this order ESL filed a SLP in Supreme Court for enhancement of deposit amount. SLP has been filed in Supreme Court and numbered as 23144 of 2018. On 26-11-2018 the Supreme Court directed SAIL to deposit 50% of Rs380 crores before the Registrar, High court of Delhi and the Registrar is directed to deposit the amount so received in a short-term fixed deposit. SAIL has deposited Rs 190 Crore with the High Court of Delhi which can be withdrawn by furnishing a Bank Guarantee. ESL has withdrawn 64 crores by giving a bank guarantee of State Bank of India and the sum of 64 crores has been paid to Yes bank in terms of the OTS with Yes Bank.

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.

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The Company is upgrading its ships to meet future requirements of IMO 2021 towards compliance of burning of 0.5% of sulphur, this upgrade will not only aid to compliance but will also add to revenue of your Company.

Foreign Exchange Earnings and Outgo

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

Foreign Exchanged Earned (including loan receipts, sale of ships, freight, charter hire earnings, interest income, etc.): Rs. 709.53 cr

Foreign Exchanged Used (including cost of acquisition of ships, loan repayments, interest, operating expenses, etc.): Rs. 889.42 cr

PUBLIC DEPOSITS

During the year under review, your Company neither accepted any deposits nor there were any amounts outstanding at the beginning of the year which were classified as 'Deposits' in terms of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 and hence the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Companies Act, 2013 is not applicable.

PREVENTION OF SEXUAL HARASSMENT

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 have been provided in the Report on Corporate Governance.

LISTING FEES

The listing fees payable for the financial year 2022-2023 is paid to BSE Limited and National Stock Exchange of India Limited within due date.

APPRECIATION AND ACKNOWLEDGEMENTS

Your Directors express their appreciation of commendable teamwork of all employees. Your Directors express their thanks to all the offices of the Ministry of Shipping, Directorate General of Shipping, Ministry of Petroleum and Natural Gas, Indian Navy, Indian Coast Guard, Mercantile Marine Department, State Government and Central Government, Classification societies, Oil Companies and Charterers, creditors, Banks and Financial Institutions for the valuable support, help and co-operation extended by them to the Company.

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

For and on behalf of the Board

Ranjit Singh
President & CEO
Mumbai, May 30, 2022

N. S. Srinivasan
Chairman
DIN: 00004195

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. Saraswathy Subramanian - Member; and Mr. Rajesh Desai– Member.
3. Average net profit of the Company for last three financial years : Net loss
4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) : Nil
5. Details of CSR spent during the financial year:
 - (a) Total amount to be spent for the financial year : Nil
 - (b) Amount unspent, if any : N.A.
 - (c) Manner in which the amount spent during the financial year is detailed below:

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

*Give details of Implementing Agency, if any.

6. Reasons for not spending the amount: 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.

Sd/-
Ranjit Singh
President & CEO
Mumbai, May 30, 2022

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

DISCLOSURES WITH RESPECT TO EMPLOYEES STOCK OPTION SCHEME OF THE COMPANY

Sr. No.	Particulars	Information
(a)	Options Granted	40,68,819
(b)	Exercise price	Rs. 22.30
(c)	Options vested	NIL
(d)	Options exercised	NIL
(e)	The total number of shares arising as a result of exercise of option	Not applicable
(f)	Options lapsed	NIL
(g)	Variation of Terms of Options	NIL
(h)	Money realized by Exercise of Options	Not applicable
(i)	Total number of Options in Force	1,93,135
(j)	Employee wise details of Options granted	(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 Rs.22.30

For and on behalf of the Board

Ranjit Singh
President & CEO
Mumbai, May 30, 2022

N. S. Srinivasan
Chairman
DIN: 00004195

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[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

EBTSL Premises, ER-2 Building
 (Admn. Building) Salaya 44 KM,
 P.B. No 7 Taluka, Devbhumi Dwarka,
 Khambhalia Jamnagar, Gujarat 361305

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 our opinion thereon.

We have conducted online verification and examination of records of the papers, minute books, forms, returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022, as facilitated by the Company, due to precautionary measures towards COVID-19, for the purpose of issuing this report. No physical verification of any document / record was possible. Based on our examination as aforesaid 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, 2022, 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:

The Audit has been conducted for the financial year ended on 31st March, 2022 in accordance with 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'), as amended:
 - (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR")
 - (b) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (c) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (g) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993: **Not applicable as the Company is not registered as a Registrar to an issue and Share Transfer Agent.**
 - (h) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: **Not applicable as the Company has not delisted its equity shares from any Stock Exchange during the financial year under review and**

ESSAR SHIPPING LIMITED

- (i) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: **Not applicable as the Company has not bought back any of its securities during the financial year under review.**

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 representations made by the head of the respective departments in addition to the checks carried out by us:

- a. Merchant Shipping Act, 1958.

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 BSE Limited and National Stock Exchange of India Limited.

Based on our verification 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:

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 and SEBI LODR. *Except that the Board had 06 Directors including Executive, Non-Executive and Independent Directors. But due to resignation of Mr. Sumit Agarwal a Non Executive Director on 06.08.2021, the composition of board as required by the LODR was below six for period till appointment of Directors, Mr. Jayakumar Rajaram and Suresh Ramamirtham on 31.08.2021.*

Adequate notice is given to all Directors for the Board Meetings. Agenda and detailed notes on agenda were, in most cases, 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. Consent of the Board of Directors was obtained in cases where Meetings were scheduled by giving notice or agenda papers less than seven days.

All decisions are carried through with requisite majority. There were no dissenting views from the Board members during the period under review.

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 period under review:

1. Appointment of Mr. Jayakumar Rajaram (DIN: 09300654) as an Independent Director of the Company,
2. Appointment of Mr. Suresh Ramamirtham (DIN: 09299459) as an Independent Director of the Company,
3. To approve the related party transactions under section 188 of the Companies Act, 2013 and Regulation 23 of the LODR regulation 2015.

For **Martinho Ferrao & Associates**
Company Secretaries
Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676
PR: 951/2020
UDIN: F006221D000410647

Place: Mumbai

Date: 27th May, 2022

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

‘Annexure A’

To,

The Members,

ESSAR SHIPPING LIMITED

EBTSL Premises, ER-2 Building
P.B. No 7 Taluka, Devbhumi Dwarka,
Khambhalia Jamnagar,
Gujarat 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. The minutes, documents, records and other information checked for the purpose of audit were received from the Company in soft copy and through electronic mail due to the precautionary measures towards Covid-19 (Coronavirus).
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. 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.
7. 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

PR: 951/2020

UDIN: F006221D000410647

Place: Mumbai

Date: 27th May, 2022

ANNEXURE - D

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

Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-2022 and percentage increase in the remuneration of each Director and Key Managerial Personnel (KMP) during the financial year 2021-2022 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. N. Srinivasan*	Independent Director & Chairman	N.A.	N.A.
2.	Capt. B. S. Kumar*	Independent Director	N.A.	N.A.
3.	Mr. Ranjit Singh	Chief Executive Officer	10.63:1	87.33
4.	Capt. Subimal Mahato**	Ex-Whole-time Director	1.76:1	N.A.
5.	Mr. Rajesh Desai**	Executive Director	N.A.	Nil
6.	Mr. Ketan Shah	Chief Financial Officer	7.88:1	74.08
7.	Ms. Nisha Barnwal***	Company Secretary	N.A.	Nil
8.	Mr. Suresh Ramamirtham*	Independent Director	N.A.	N.A.
9.	Mr. Jayakumar*	Independent Director	N.A.	N.A.
10.	Mrs. Saraswathy Subramaniam*	Non- Executive Director	N.A.	N.A.

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

The Company had **10** employees excluding the offshore employees on the rolls of the company as on March 31, 2022.

*During the year no remuneration was paid to Mr. N Srinivasan, Capt. B. S. Kumar, Mr. Suresh Ramamirtham, Mr. Jayakumar & Mrs. Saraswathy Subramaniam being non-executive directors. The details of sitting fees paid to them are covered in the Corporate Governance Report and are not being repeated here for the sake of brevity.

**Capt. Subimal Mahato resigned from the Board w.e.f. November 11, 2021 however he was relieved from Board w.e.f. November 30, 2021. Designation of Mr. Rajesh Desai was changed from Non- Executive Director to Executive Director with effect from November 01, 2021 duly approved by Board members in the Board Meeting held on November 12, 2021. As such, their remuneration is considered proportionately.

*** Ms. Nisha Barnwal was appointed as Company Secretary and Compliance Officer w.e.f 23rd September, 2021.

For and on behalf of the Board

Ranjit Singh
President & CEO
Mumbai, May 30, 2022

N. S. Srinivasan
Chairman
DIN: 00004195

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	Qualification	Designation	Date of Commencement of employment	Experience (Years)	Gross Remuneration	Previous Employment
Mr. Ranjit Singh	61	Class I (Motor)	President & CEO	02-May-08	39	2,03,67,239.00	Qatar Shipping Co.
Mr. Ketan Shah	52	ICWA	Chief Financial Officer	01-Feb-19	32	1,51,10,405.00	Essar Steel India Limited
Capt. Rahul Bhargava	61	Master Mariner	Chief Operating Officer	11-Sep-12	42	94,29,720.00	JSW Steel Limited
Capt. Sandeep Phadke	51	Master FG,; BSc Nautical Science	General Manager	01-Aug-2007	30	58,04,442.00	Tolani Shipping Limited
Mr. Vipin Jain	43	Chartered Account	Joint General Manager	26-Oct-2010	15	56,29,343.56	Abbott India Limited
Mr. Dinyar Jivaasha	69	LLB	Advisor	02-Jan-20	44	50,83,330.00	Essar Steel India Limited
Mr. Umesh Shimpi	52	B. Com	Joint General Manager	02-Aug-2000	30	47,38,497.00	Peninsular
Mr. Bhudeba Prasad Tripathy	51	PG Diploma	Chief Technical Officer	21- Sep- 2020	27	45,10,280.00	Global offshore
Mr. Hardik Sheth	36	Chartered Account	Head- accounts & Taxation	06- Dec- 2012	12	39,75,316.00	-
Mr. Srikrishna Sahu	53	Diploma	Technical Superintendent	10- Jan-2017	25	34,81,706.00	Crowleyaccord shipping limited

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
President & CEO
 Mumbai, May 30, 2022

N. S. Srinivasan
Chairman
 DIN: 00004195

Form No. AOC – 2

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

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

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

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

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

Sr. No.	Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (Rs. In crore)	Date(s) of approval by the Board, if any	Amount paid as advances, if any (Rs. In crore)
1.	Essar Shipping DMCC	Subsidiary Company	Time Charter Hire Income	1 Month	4.92	08.06.2021	Nil
2.	Essar Shipping DMCC	Subsidiary Company	Management fees income	5 Month	1.41	08.06.2021	Nil
3.	Essar Bulk Terminal Limited	Fellow Subsidiary Company	Agency fess and port charges paid	1 Year	0.09	08.06.2021	Nil
4.	Arkay Logistics Limited	Associate	Agency fess and port charges paid	1 Year	0.30	08.06.2021	Nil
5.	Essar Shipping (Cyprus) Limited	Fellow Subsidiary Company	Time Charter Charges paid	23 days	2.01	29.09.2021	Nil
6.	AGC Networks Limited	Fellow Subsidiary Company	Information Technology Maintenance charges	1 Year	0.24	08.06.2021	Nil
7.	Futura Travels Limited	Fellow Subsidiary Company	Ticket charges	1 Year	0.07	12.11.2021	Nil
8.	Essar Shipping DMCC	Subsidiary Company	Interest on Finance Lease	3 months	5.81	08.06.2021	Nil
9.	Essar Steel Metal Trading Limited	Fellow Subsidiary Company	Sale of Preference shares	One time	0.06	08.06.2021	Nil
10.	Essar Shipping DMCC	Subsidiary Company	Gain on Foreclosure of Finance Lease	One time	294.16	08.06.2021	Nil

ESSAR SHIPPING LIMITED

11.	Essar Shipping Staff Provident Fund Trust	Trust	Contribution of Office Staff Provident Fund	12 months	1.07	08.06.2021	Nil
12.	Essar Foundation	Trust	Donation paid	One time	0.15	08.06.2021	Nil
13.	Essar Shipping DMCC	Subsidiary Company	Provision for Impairment	One time	795.71	08.06.2021	Nil
14.	Arkay Logistics Limited	Associate	Reversal of provision for Impairment	One time	35.77	08.06.2021	Nil
15.	OGD Services Limited	Subsidiary Company	Reversal of provision for Impairment	One time	0.66	08.06.2021	Nil
16.	Essar Shipping DMCC	Subsidiary Company	Loans & advances given (Net)	One time	25.20	08.06.2021	Nil
17.	Essar Steel Metal Trading Limited	Fellow Subsidiary Company	Loans & advances given	One time	2.19	08.06.2021	Nil
18.	Bhagwat Power Salaya Limited	Fellow Subsidiary Company	Loans & advances given	One time	40.00	08.06.2021	Nil
19.	OGD Services Limited	Subsidiary Company	Loans & advances given	One time	2.19	08.06.2021	Nil

For and on behalf of the Board

Ranjit Singh
President & CEO
Mumbai, May 30, 2022

N. S. Srinivasan
Chairman
DIN: 00004195

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 2022 are as follows:

(Rupees in crores except currency rates)

Particulars	Energy II Limited, Bermuda	Essar Shipping DMCC, Dubai	OGD Services Holdings Limited, Mauritius	OGD Services Limited India	Starbit Oilfield Services India Limited, India
Reporting period for the subsidiary	31 March, 2022	31 March, 2022	31 March, 2022	31 March, 2022	31 March, 2022
Reporting currency	USD (\$)	USD (\$)	USD (\$)	INR (Rs.)	INR (Rs.)
Exchange rate as on the last date of the financial period	75.8071	75.8071	75.8071	75.8071	75.8071
* All figures are in Rs. Crore					
Share capital (including share application money pending allotment)	404.93	283.09	2520.76	2075.03	0.05
Reserves & surplus	62.16	(692.44)	(3457.92)	(3048.30)	(12.48)
Total liabilities	0.00	520.33	1042.60	1091.26	16.56
Total assets	467.10	110.99	105.44	117.99	4.13
Turnover	-	168.25	-	10.79	-
Profit / (loss) before taxation	(0.02)	(599.60)	(53.47)	(0.21)	(0.14)
Provision for taxation	-	-	-	-	-
Profit / (loss) after taxation	(0.02)	(599.60)	(53.47)	(0.21)	(0.14)
% of shareholding	73.08%	100.00%	100.00%	100.00%	100.00%

For and on behalf of the Board

Ranjit Singh
President & CEO
Mumbai, May 30, 2022

N. S. Srinivasan
Chairman
DIN: 00004195

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2021 -2022

In accordance with Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereto) ('Listing Regulations'), hereinafter referred to as SEBI Listing Regulations, the Board of Directors of the Company has pleasure in presenting the Company's report containing the details of governance systems and processes for the FY 2021-2022.

1. STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company believes that Corporate Governance is critical to sustaining corporate development, increasing productivity and competitiveness. The governance process should ensure that available resources are utilized in a manner that meets the aspirations of all its stakeholders. Your Company's essential charter is shaped by the objectives of transparency, professionalism and accountability. The Company continuously endeavors to improve on these aspects on an ongoing basis.

The Company ensures to comply with the requirements of Corporate Governance listed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Listing Regulations').

2. BOARD OF DIRECTORS
Composition:

The Board has a Non-Executive Chairman who is not related to promoter or person occupying management position at the level of Board of Directors or at one level below the Board of Directors of the Company and the numbers of independent Directors are one-third of the total numbers of Directors. None of the Directors on the Board

is a Member in more than 10 Committees and Chairman of more than 5 Committees (as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015), across all the companies in which he is a Director.

Further, in terms of Regulation 17(1)(c) of SEBI (LODR) Regulations, 2015, Board of top 2000 listed entities w.e.f. April 01, 2020 shall comprises of at least six Directors. During the year there were 6 Directors on the Board of the Company in compliance with the Regulation 17. During the year due to resignation of Mr. Sumit Agarwal a Non-Executive Director on August 06, 2021, the composition of the Board was below six for a period, however Mr. Jayakumar and Mr. Suresh Ramamirtham were appointed as Directors with effect from August 31, 2021.

Attendance at Meetings:

During the financial year ended March 31, 2022 under review, the Board of Directors met 8 times, that is on June 08, 2021, June 24, 2021, August 11, 2021, August 31, 2021, October 19, 2021, November 12, 2021, February 09, 2022 & March 28, 2022. The gap between two meetings during the year did not exceed one twenty days. Due to the ongoing outbreak of COVID-19, all the meetings were held through Video Conferencing and the required guidelines with respect to Video conferencing meeting was adhered by the Company.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting held on September 29, 2021, and also the number of Committee Memberships held by them in other public companies including the names of listed companies where the person is Director and the category of Directorship are given below:

Name of the Director	Category	No. of Board Meetings attended during the year ended March 31, 2022	Whether attended AGM held on September 29, 2021	Names of Listed companies where the person is Director and the category of Directorship as on March 31, 2022	No. of Committee positions held in other public Listed companies incorporated in India as on March 31, 2022		No. of Ordinary Shares held as on March 31, 2022
					Chairman	Member	
Mr. Natesan Srinivasan	Independent Non-Executive	8	Yes	Nil	0	0	None
Capt. Bhupinder Singh Kumar	Independent Non-Executive	8	Yes	Nil	0	0	None
Ms. Sunita Kotian	Non-Promoter Non-Executive	4	Yes	Nil	0	0	None
Ms. Saraswathy Subramanian	Non-Promoter Non-Executive	4	Yes	Nil	0	0	None

ESSAR SHIPPING LIMITED

Mr. Rajesh Desai	Non-Promoter Non-Executive	8	Yes	Nil	0	0	None
Capt Subimal Mahato	Non-Promoter Executive	6	Yes	Nil	0	0	None
Mr. Sumit Agarwal	Non-Promoter Non-Executive	2	Not Applicable	Nil	0	0	None
Mr. Suresh Ramamirtham	Independent Non-Executive	2	Yes	Nil	0	0	None
Mr. Jayakumar	Independent Non-Executive	4	Yes	Nil	0	0	None

Notes:

1. The Committees considered for the purpose of calculation of membership and/or chairmanship as mentioned above are those as specified in the Listing Regulations i.e. Audit Committee and Stakeholder Relationship Committee and our Company is not considered in the said calculation.
2. Mr. Sumit Agarwal resigned from the Board w.e.f. August 06, 2021 and Capt. Subimal Mahato resigned from the Board w.e.f. November 11, 2021 however, relieving of Capt. Subimal Mahato was subject to hand over of all his responsibilities. He was relieved from Board w.e.f. November 30, 2021.
3. Ms. Sunita Kotian ceased to be a Non- Executive Director (Women Director) of the Company w.e.f. September 29, 2021 as she retired by rotation and Ms. Saraswathy Subramanian was appointed as a Non – Executive Director (Women Director) by the members of the Company in 11th Annual General Meeting held on September 29, 2021.
4. Designation of Mr. Rajesh Desai was changed from Non- Executive Director to Executive Director with effect from November 01, 2021 duly approved by Board members in the Board Meeting held on November 12, 2021
5. Ms. Jayakumar Rajaraman and Mr. Suresh Ramamirtham were appointed as Additional Director (Independent Director) on the Board of the Company in the Board meeting held on August 31, 2021 and later their appointment was regularized by the members of the Company in the 11th Annual General meeting held on September 29, 2021

Other Provisions: Disclosure of relationships between Directors inter-se

The Company confirms that it did not have any material pecuniary relationship or transaction with any Non-Executive Director during the year ended March 31, 2022, except for the payment of Sitting Fees for attending the Board and/or the Committee meetings.

The information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is being made available to the Board. The Audit Committee of the Board of Directors periodically reviews the compliance report submitted by the Chief Executive Officer regarding compliance with the various laws applicable to the Company. The Company has a succession plan in place for appointment to the board of Directors and senior management.

Code of Conduct

The Board of Directors has laid down a code of conduct for all Board Members and Senior Management of the Company. The said code of conduct has been posted on the website of the Company at https://www.essar.com/wp-content/uploads/2020/06/EssarShip_Code_of_Conduct.pdf

Further, all the Board Members and Senior Management personnel have affirmed compliance with the said code of conduct for the year ended March 31, 2022. Necessary declaration to this effect signed by the Mr. Ranjit Singh, CEO forms a part of the Annual Report of the Company for the year ended March 31, 2022.

Familiarization programs 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 programs, 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.

The detail of such familiarization Programme conducted during the financial year 2021-22 can be accessed on the Company's website at https://www.essar.com/wp-content/uploads/2022/06/EShipL_Policy_Familiarisation-Programme.pdf

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A chart or a matrix setting out the skills/expertise/competence of the Board of Directors:

Sr. No.	Name of Director	Skills/Expertise/ Competencies
1.	Mr. Natesan Srinivasan	Finance & Accounts
2.	Capt. Bhupinder Singh Kumar	Expertise in Shipping Operation
3.	Mr. Rajesh Desai	Finance & Accounts
4.	Mr. Jayakumar	Projects, Insurance & Procurement
5.	Mr. Suresh Ramamirtham	Expertise in Marketing, Operations, HR, and Finance
6.	Ms. Saraswathy Subramanian	Expertise in shipping administration and floating staff movement

3. AUDIT COMMITTEE

The Composition of the Audit Committee as on March 31, 2022 is as follows:

S. No.	Particular	Designation
1.	Mr. Natesan Srinivasan	Chairman
2.	Captain Bhupinder Singh Kumar	Member
3.	Mr. Rajesh Desai	Member

Statutory auditors, internal auditors and Chief Financial Officer along with Chief Executive Officer attends the meetings of the Committee at the invitation of the Chairman. The Company Secretary acts as the Secretary of the Committee. All the members are financially literate and possess necessary expertise in finance or accounting or any other comparable experience or background.

The Company has complied with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as regards composition of Audit Committee.

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of the auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before

submission to the Board for approval, with particular reference to:

- Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub - Section 3 of Section 134 of Companies Act, 2013.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by Management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
 6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 8. Approval or any subsequent modification of transactions of the Company with related parties;
 9. Scrutiny of inter-corporate loans and investment;
 10. Valuation of undertakings or assets of the Company, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official

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- heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
 15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post – audit discussion to ascertain any area of concern;
 17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 18. To review the functioning of the Whistle Blower Mechanism;
 19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;
 20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee has also been granted powers as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit Committee reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

During the year under review, Audit Committee met 6 times on June 08, 2021, June 24, 2021, August 11, 2021, November 12, 2021 & February 09, 2022 & March 28, 2022 with a gap of not more than four months. All the Audit committee meetings were held through video conferencing due to pandemic COVID-19. All the requirements with respect to Video conferencing meeting were adhered to during the Audit Committee meeting. The details of the meetings attended by the Directors are given below:

Composition	Meeting Dates and Attendance					
	June 08, 2021	June 24, 2021	August 11, 2021	November 12, 2021	February 08, 2022	March 28, 2022
Mr. Natesan Srinivasan – Chairman	Yes	Yes	Yes	Yes	Yes	Yes
Captain Bhupinder Singh Kumar – Member	Yes	Yes	Yes	Yes	Yes	Yes
Captain Subimal Mahato – Member*	Yes	Yes	Yes	Yes	NA	NA
Mr. Rajesh Desai – Member**	NA	NA	NA	NA	Yes	Yes

Note:

* Owing to resignation as Director on account of Pre- occupation, Captain Subimal Mahato ceased to Member of Audit Committee w.e.f. November 12, 2021, however, his relieving was subject to hand over of all his responsibilities. He was relieved from Board w.e.f. November 30, 2021

** Board unanimously elected Mr. Rajesh Desai as Member of Audit Committee w.e.f. November 12, 2021

VIGIL MECHANISM

With a view to provide for adequate safeguards against victimization of persons, the Company has established vigil mechanism (Whistle Blowing).

It is the policy of the Company to provide adequate safeguards against victimisation of employees and not to allow retaliation against the employee who makes a good faith report about possible violation of Company's Code of Conduct. Suspected violation of this Code, evidence of illegal or unethical behaviour may be reported to the President & CEO on designated email ID. All reported violations are appropriately investigated.

Employees are expected to fully cooperate in internal investigations of misconduct. Their identity shall be kept strictly confidential by the Company. In exceptional cases,

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employees can have direct access to Mr. Natesan Srinivasan, Chairman of the Audit Committee on the designated email id for the purpose of bringing to the attention of the Audit Committee any issues, questions, concerns or complaints they may have regarding accounting, internal accounting controls, auditing matters or other genuine concerns.

Essar at group level has implemented a whistle blower mechanism where an Independent third party hotline has been authorized through KPMG Advisory Services Private Limited for reporting of protected disclosure through various channel. The service was also been extended to the vendors and customers of the Company other than employees to ensure the fairness and transparency in the corporate affairs of the Company.

However it may please be noted that the whistle blower policy previously adopted by the Company and hosted on the website remains unaltered. The hotline contact details has been suitable hosted on the Company website.

Details of the above mechanism are posted on Company's website https://www.essar.com/wp-content/uploads/2018/03/ESL_Whistle_Blower_Policy.pdf

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, 2022 are as follow:

Composition	Meeting Dates and Attendance			
	May 03, 2021	August 31, 2021	November 12, 2021	February 08, 2021
Captain Bhupinder Singh Kumar – Chairman	Yes	Yes	Yes	Yes
Mr. Natesan Srinivasan – Member	Yes	Yes	Yes	Yes
Ms. Sunita Kotian- Member*	Yes	Yes	NA	NA
Ms. Saraswathy Subramanian- Member**	NA	NA	Yes	Yes

Note:

*Owing to cessation as Director on account of retirement by rotation, Ms. Sunita Kotian ceased to Member of Audit Committee w.e.f. September 29, 2021;

**Board unanimously elected Ms. Saraswathy Subramanian as Member of Audit Committee w.e.f. November 12, 2021

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 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.

Acceptance of recommendations of committee by Board:

There were no instances where the Board of Directors had not accepted any recommendation of any committee of the board which is mandatorily required, in the financial year 2021-2022.

Performance Evaluation of Board and Directors

In line with the Corporate Governance Guidelines of your Company, annual performance evaluation was conducted for all Board Members, for Individual Director including Independent Directors, its Committees and Chairman of the Board. This evaluation was led by the Board as a whole on the basis of the parameters provided in the evaluation framework. The Board evaluation framework has been designed in compliance with the requirements under the Companies Act, 2013 and the Listing Regulations. The Board evaluation was conducted through qualitative parameters and feedback based on ratings.

In view of the above the Company conducted a formal Board Effectiveness Review as a part of its efforts to evaluate, identify improvements and thus enhance the effectiveness of the Board of Directors (Board), its Committees and individual Directors.

As per the requirement of Regulation 17(10) of Listing Regulations, the Board evaluated the Independent Directors of the Company. Their evaluation was based

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on their performance and their fulfillment of the independence criteria as specified in these regulations and their independence from the management.

Criteria for evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, during the year under review, the Board carried out the annual evaluation of its own performance. A structured questionnaire covering various aspects of functioning of the Board, Committees and Directors such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligation and governance was distributed to each member of the Board and inputs were received. The Directors expressed their satisfaction with the evaluation process.

5. Details of Remuneration to Directors

(Amount in Rupees)

Name of Director	Basic Salary	Provident Fund	Allowances and other benefits	Sitting Fees	Total
Mr. Natesan Srinivasan	-	-	-	6,50,000	6,50,000
Captain Bhupinder Singh Kumar	-	-	-	6,50,000	6,50,000
Ms. Sunita Kotian	-	-	-	1,70,000	1,70,000
Mr. Rajesh Desai	4,00,000	-	-	1,80,000	5,80,000
Capt. Subimal Mahato	33,02,853	74,184	-	-	33,02,853
Mr. Sumit Agarwal	-	-	-	-	-
Mr. Jayakumar	-	-	-	1,80,000	1,80,000
Mr. Suresh Ramamirtham	-	-	-	1,20,000	1,20,000
Ms. Saraswathy Subramanian	-	-	-	2,80,000	2,80,000

Notes:

- Ms. Sunita Kotian retired by rotation as Non- Executive Director in the 11th Annual General Meeting held on September 29, 2021 and Ms. Saraswathy Subramanian was appointed in her place in the 11th Annual General Meeting. The remuneration is on proportionate basis.
- Capt. Subimal Mahato resigned from the Board w.e.f. November 11, 2021 however, his relieving was subject to hand over of all his responsibilities. He was relieved from Board w.e.f. November 30, 2021. Designation of Mr. Rajesh Desai was changed from Non- Executive Director to Executive Director w.e.f. November 12, 2021. After becoming Executive Director Mr. Rajesh

Desai was given salary, before that he was given sitting fees for attending meetings.

- Mr. Sumit Agarwal resigned with effect from August 06, 2021 and as per the group Company's HR policy, if a person is an employee of any group Company and drawing remuneration from that Company then that person will not get paid any fees or remuneration if he/she is representing on the Board of any other group Company. Since Mr. Sumit Agarwal was employee of Essar Capital the sitting fees is NIL
- Mr. Jayakumar and Mr. Suresh Ramamirtham were appointed on Board as Additional Director (Independent Directors) with effect from August 31, 2021 and were duly regularized in the 11th Annual General Meeting held on September 29, 2021.

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'.

Criteria of making payment to Non-Executive Directors

The Company has policy on making payment of Remuneration which includes Criteria of making payments to non-executive Directors. The said policy is available on website of the Company and the same can be access at: https://www.essar.com/wp-content/uploads/2017/10/ESL_Directors_appointment_policy.pdf

6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The term of reference of the Stakeholder's Relationship Committee include redressing shareholder and investor complaints like non – receipt of transfer and transmission of shares, non - receipt of duplicate share certificate, non - receipt of balance sheet, non - receipt of dividends etc. and to ensure expeditious share transfer process.

During the year under review, the Committee met once on February 09, 2022

The Composition of the Stakeholders' Relationship Committee along with the details of the meetings attended by the Directors is given below:

Names of Members	Category	No. of Meetings attended during the year ended March 31, 2022
Captain Bhupinder Singh Kumar – Chairman	Independent	1
Capt. Subimal Mahato- Member*	Non- Executive	NA

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Mr. Rajesh Desai- Member	Non-Executive	1
Ms. Sunita Kotian- Member*	Non-Executive	NA
Ms. Saraswathy Subramanian- Member	Non- Executive	1

Note:

- Ms. Sunita Kotian retired by rotation as Non- Executive Director in the 11th Annual General Meeting held on September 29, 2021 and Ms. Saraswathy Subramanian was appointed in her place in the 11th Annual General Meeting.
- Capt. Subimal Mahato resigned w.e.f November 11, 2021, however, he was relieved from Board w.e.f. November 30, 2021 and Mr. Rajesh Desai became member of the Committee w.e.f November 12, 2021

Name and Designation of Compliance Officer: Ms. Nisha Barnwal, Company Secretary and Compliance Officer.

Ms. Jyotsna Gupta, resigned as a Company Secretary & Compliance Officer w.e.f. August 01, 2021. However, her relieving was subject to hand over of all his responsibilities. She was relieved from Board w.e.f. September 29, 2021 and in her place Ms. Nisha Barnwal was appointed as Company Secretary and Compliance Officer w.e.f 21st September, 2021.

Status of Complaints received during the year ended March 31, 2022:

Nature of Complaints	Received	Resolved	Pending
Relating to Transfer, Transmission etc. and other/Miscellaneous	91	91	Nil
TOTAL	91	91	Nil

Pending Transfers:

There were no pending transfers as on March 31 2022.

INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on March 28, 2022, inter alia to discuss:

- Evaluation of the performance of Non-Independent Directors
- Evaluation of the performance of Chairman of the Company
- Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably to perform its duties.

The following Independent Directors were present at the Meeting:

- Mr. Natesan Srinivasan
- Captain Bhupinder Singh Kumar
- Mr. Jayakumar
- Mr. Suresh Ramamirtham

All Independent Directors have given declarations that they meet the criteria of independence as laid down in Regulation 16(1) (b) of SEBI (LODR), Regulations, 2015 read with Section 149(6) of the Companies Act, 2013. In the opinion of the Board of Directors, all Independent Director fulfills the above criteria and are independent of the management.

Resignation of an Independent Director:

No Independent Director has resigned from the position of Independent Director before the expiry of the tenure during the Financial Year 2021-2022. In the ensuing Annual General Meeting tenure of Mr. Natesan Srinivasan and Capt Bhupinder Singh Kumar will get completed.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to Section 135 of the Companies Act, 2013, a Corporate Social Responsibility Committee consists of three Directors. The composition of committee as on 31st March 2022 is as follows:

- Captain Bhupinder Singh Kumar
- Ms. Saraswathy Subramanian
- Mr. Rajesh Desai

Terms of reference of the Corporate Social Responsibility Committee include formulating and recommending to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company, recommending the amount of expenditure to be incurred on the activities referred to in CSR Policy and monitoring the CSR Policy of the Company from time to time.

DISCLOSURE

- 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 IND AS-24 and the transactions entered into with them.

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- b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: NIL
- c) 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: <https://www.essar.com/wp-content/uploads/2018/03/ESL-Whistle-Blower-Policy.pdf>
- d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015:

All the mandatory items of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, inter alia as listed below, have been complied with and covered in this report:

- (i) Brief statement on Company's philosophy on code of governance;
 - (ii) Board of Directors;
 - (iii) Audit Committee;
 - (iv) Nomination and Remuneration Committee;
 - (v) Remuneration of Directors
 - (vi) Stakeholders' Relationship Committee;
 - (vii) General Body Meetings;
 - (viii) Other Disclosures;
 - (ix) Means of Communication;
 - (x) General Shareholder Information.
- e) Policy for determining 'material' subsidiaries
- Details of the Policy for determining 'material' subsidiaries is available on the website and the link for the same is: https://www.essar.com/wp-content/uploads/2020/06/EssarShip_Materiality_of_Events_Information.pdf

- f) Details of the Policy for dealing with Related Party Transactions is available on the website and the link for the same is: https://www.essar.com/wp-content/uploads/2022/06/EShipL_Policy_Related-Party-Transactions.pdf

Board Disclosures:

The Company follows adequate procedures to inform Board members about the risk assessment and minimization procedures.

Prevention of Insider Trading

The Company has framed and implemented a Code on Prevention of Insider Trading in accordance with the Code prescribed by SEBI (Prohibition of Insider Trading) Regulation, 2015 and disclosed on the website of the Company viz.: https://www.essar.com/wp-content/uploads/2017/10/EssarShipping_Code_Insider-Trading-Regulation.pdf

The President & 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, 2022.

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:

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.

Key Managerial Personnel

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

- a) Mr. Ranjit Singh, President and CEO
- b) Mr. Ketan Shah, Chief Financial Officer

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- c) *Ms. Jyotsna Gupta, Company Secretary
d) *Ms. Nisha Barnwal, Company Secretary

* Ms. Jyotsna Gupta resigned from the post of Company Secretary with effect from August 01, 2021 however her relieving was subject to hand over of all her responsibilities and completion of the annual general meeting held on September 29, 2021. Ms. Nisha Barnwal was appointed w.e.f September 23, 2021 as Company Secretary & Compliance Officer of the Company duly approved by the Board in Board Meeting held on August 31, 2021.

CEO and CFO Certification:

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Ranjit Singh, President & CEO and Mr. Ketan Shah, CFO have issued certificates to the Board of Directors which forms a part of the Annual Report of the Company for the year ended March 31, 2022.

Certificate from Company Secretary in Practice:

Mr. Martinho Ferrao of M/s. Martinho Ferrao & Associates, Practicing Company Secretary has issued a certificate as required under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, confirming that none of Directors of the Company are debarred or disqualified from being appointed or to continue as Directors of the Company by the SEBI/Ministry of Corporate Affairs or any another Statutory Authority. **The said Certificate is enclosed.**

Details total fees paid to statutory auditors:

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors are as follows:

Particulars	Financial Year 2021-2022 (INR in Crores)
Audit fees	0.22
For other services (Certifications, etc.)	0.01
Reimbursement of Expenses	0.00
Total	0.23

GENERAL BODY MEETING

Details of the last three Annual General Meetings held from the year 2018-2019 to 2020-2021 are given below, in the ascending order:

2018-2019:	The Ninth Annual General Meeting of the Company was held on December 23, 2019 at 10:30 am at the registered office of the Company situated at EBTSL Premises, ER-2 Building (Admn. Building) Salaya 44 KM, P.B. No 7 Taluka, Khambhalia, Devbhumi Dwarka Khambhalia Jamnagar – 361305
2019-2020:	The Tenth Annual General Meeting of the Company was held on September 30, 2020 at 3:00 pm through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) venue recorded at 5th floor, Essar house, 11 K.K. Marg, Mahalaxmi, Mumbai – 400034
2020-2021:	The Eleventh Annual General Meeting of the Company was held on September 29, 2021 at 3:00 pm through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) venue recorded at 5th floor, Essar house, 11 K.K. Marg, Mahalaxmi, Mumbai – 400034

Details of the Special Resolutions passed in the previous three Annual General Meetings:

At the Ninth Annual General Meeting held on December 23, 2019, Special Resolution was passed pertaining to:

- Approval for Related Party Transactions of the Company- Approved.
- Adoption of Memorandum of Association of the Company as per Companies Act 2013.
- Adoption of Articles of Association of the Company as per Companies Act 2013.

At the Tenth Annual General Meeting held on September 30, 2020, Special Resolution was passed pertaining to:

- Approval for Related Party Transactions of the Company
- Transfer, sell, lease or dispose of (including but not limited to by way of organizing an auction sale) from time to time, one or more vessels, directly /indirectly owned by the Company including all movable and assets forming part of the respective vessel(s) at such price(s) and on such term(s) and condition(s) as may be approved by the Board for / in relation to settlement of outstanding credit facilities / debts availed by the Company from time to time, from various banks and other lenders within the borrowing limits earlier approved by the members i.e. Rupees Five Thousand Crores only over and above the aggregate of the paid up share capital of the Company and its free reserves

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At the Eleventh Annual General Meeting held on September 29, 2021, Special Resolution was passed pertaining to:

- (i) Appointment of Mr. Jayakumar Rajaram (DIN: 09300654) as an Independent Director of the Company
- (ii) Appointment of Mr. Suresh Ramamirtham (DIN: 09299459) as an Independent Director of the Company:
- (iii) Approval for Related Party Transactions of the Company

Details of special resolution passed last year through postal ballot:

- A. Special Resolution passed through Postal Ballot in the Financial Year 2021-2022: NIL
- B. Person who conducted the postal ballot exercise: Not Applicable
- C. Whether any Special Resolution is proposed to be passed through Postal Ballot: NIL
- D. Procedure for Postal Ballot: NIL

Means of Communication:

Quarterly / Half Yearly / Annual Financial Results and other Information about the Company	The Quarterly and Annual Financial Results are displayed on the Company's website: https://www.essar.com/investors/essar-shipping-limited/ Published in newspapers such as Business Standard and Jai Hind in compliance with Listing Regulations
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.

9. GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting details

Date	Thursday, September 08, 2022
Venue	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) in accordance with the provisions of General Circular No. Circular No. 20/2020, 14/2020, 17/2020, 10/2021, 20/2021, 02/2022 and 03/ 2022 dated 5th May, 2020, 8th April, 2020 13th April, 2020, 23 June, 2021, 8 December, 2021, 5 May, 2022 both issued by the Ministry of Corporate Affairs, Government of India and applicable Provisions of the Companies Act, 2013 and the rules made there under. Venue recorded at 5th floor, Essar House, 11 K.K. Marg, Mahalaxmi, Mumbai - 400034
Time	03:00 PM
Book Closure Dates	September 01, 2022 to September 08, 2022 (Both days inclusive)

Financial year: 1st April 2021 to 31st March 2022

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

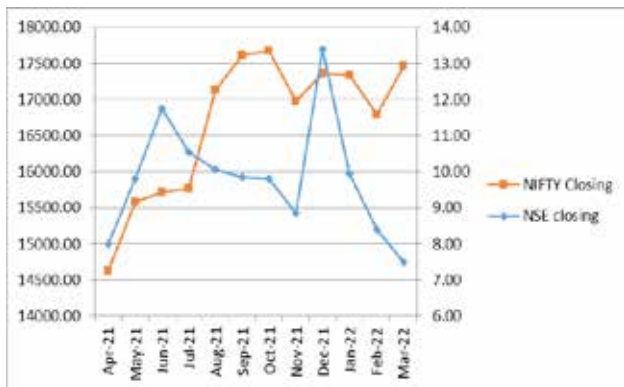
The Company hereby confirms that Annual Listing Fees for financial year 2021-22 is paid to BSE and NSE. The applicable listing fees have been paid to respective stock exchanges.

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Performance of share price in comparison to BSE Sensex



Performance of share price in comparison to Nifty



Market price data (High/Low) during each month in the Year 2021-2022

BSE Limited		
Month	Highest	Lowest
April 2021	9.50	7.26
May 2021	12.00	7.84
June 2021	13.31	9.41
July 2021	12.36	10.40
August 2021	11.34	8.85
September 2021	10.95	9.47
October 2021	14.02	8.10
November 2021	10.90	8.65
December 2021	13.52	8.62
January 2022	16.15	9.40
February 2022	10.55	8.03
March 2022	8.94	7.33

Scrip Code: 533704

National Stock Exchange of India Limited		
Month	Highest	Lowest
April 2021	9.00	7.15
May 2021	11.90	7.80
June 2021	13.35	9.35
July 2021	12.30	10.30
August 2021	11.45	8.85
September 2021	11.05	9.45
October 2021	13.95	9.15
November 2021	10.30	8.70
December 2021	13.40	8.85
January 2022	16.15	9.40
February 2022	1.45	7.90
March 2022	8.95	7.30

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, 2022

No. of Equity Shareholders	No of Share-holders	% of Share-holders	Total No of Shares	% of Holding
Upto 5000	103066	98.97	20396956	9.85
5001 to 10000	594	0.57	4619006	2.23
10001 to 20000	269	0.26	3827280	1.85
20001 to 30000	76	0.07	1899458	0.92
30001 to 40000	35	0.03	1234761	0.60
40001 to 50000	31	0.03	1462427	0.71
50001 TO 100000	39	0.04	2685818	1.30
100001 AND ABOVE	29	0.03	170850366	82.55
TOTAL	104139	100.00	206976072	100.00

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Dematerialisation of Shares as on March 31, 2022

Mode	No. of Shares	No. of Folio	%
Physical	2186355	45424	1.06
Demat	204789717	58715	98.94
TOTAL	206976072	104139	100.00

Disclosures with respect to demat suspense account/ unclaimed suspense account:

Following is the details of shares in the demat suspense account or unclaimed suspense account, as applicable during the Financial Year 2021-2022:

Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	Nil
Number of shareholders who approached listed entity for transfer of shares from suspense account during the year;	Nil
Number of shareholders to whom shares were transferred from suspense account during the year	Nil
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	Nil
That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.	Nil

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

As on March 31, 2022, 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 with original maturity on 24th August, 2015 were extended to a term of 2 years ending on 24th August, 2017 and a further term of 2 years ending on August 24, 2019 and Series B FCCBs with original maturity on August 24, 2017 and extension sought till 24th August, 2019. The RBI approval for extension of maturity are in place.

An application for extension of term further by 2 years of FCCBs of Series A and Series B has further been made to RBI from 24th August, 2019 to 24th August 2021 and the approval for the extension is pending from the Regulator amid pandemic. Further, an application for extension of the maturity term of FCCB was made to RBI on 22nd June 2021 for extending the term of maturity by further two years i.e. from August 2021 to August 2023. However, amid the pandemic the approval for extension of maturity applied in May 2019 to seek the extension from July 2019 to August 2021 is still awaited. Meanwhile the Company has made another application, as such approval of extension from July 2019 to August 2023 is now awaited from RBI.

These FCCBs are convertible into 122,852,787 equity shares of Rs. 10 each of the Company at a conversion rate of Rs. 91.70 per equity share at a fixed exchange rate of Rs. 46.94.

Compliance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to uphold and maintain the dignity of women employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. In the Board meeting held on November 12, 2021, the Committee under the Prevention of Sexual Harassment Act has been reconstituted.

The below table provides details of complaints received/ disposed during the financial year 2021-2022:

Number of complaints filed during the financial year	NIL
Number of complaints disposed of during the financial year	NIL
Number of complaints pending as on end of the financial year.	NIL

Reconciliation and Share Capital Audit

As per the requirement of Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018; a qualified practicing Company Secretary (M/s. V. Mahesh & Associates) carries out secretarial audit on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and the total issued and listed capital. The audit confirms that the total Issued/Paid up Capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Secretarial Audit

M/s Martinho Ferrao & Associates, Practicing Company Secretaries has conducted the secretarial Audit for the Financial Year 2021-2022. The Secretarial Audit Report is annexed with the Directors' Report.

Compliance Officer: Ms. Nisha Barnwal, Company Secretary

Designated Email ID for Investors/Members:
esl.secretarial@essarshipping.co.in

Registered Office: EBTSI Premises, ER-2 Building (Admn. Bldg.), 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

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

Email: esl.secretarial@essarshipping.co.in

CEO & CFO CERTIFICATE

[Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Board of Directors,

Essar Shipping Limited

Subject: Certificate on financial statements for the financial year ended March 31, 2022 pursuant to Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir(s),

We, Mr. Ranjit Singh, Chief Executive Officer and Mr. Ketan Shah, Chief Financial Officer, have reviewed the financial statements and the cash flow statement of the Company for the financial year ended March 31, 2022 and that to the best of our knowledge and belief, we hereby certify that:

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken to rectify these deficiencies.
- (d) we have indicated to the Auditors and Audit Committee that:
 - (i) There are no significant changes in internal control over financial reporting during the year;
 - (ii) There are no significant changes in accounting policies during the year; and
 - (iii) There are no instances of significant fraud of which we are aware and which involve management or any employees, having significant role in the Company's internal control system over financial reporting.

For Essar Shipping Limited

Ranjit Singh
President & Chief Executive Officer
Mumbai, May 30, 2022

Ketan Shah
Chief Financial Officer

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 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, 2022

For Essar Shipping Limited

Ranjit Singh
President & CEO
May 30, 2022

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members,
ESSAR SHIPPING LIMITED
EBTSL Premises, ER-2 Building
(Admn. Building) Salaya 44 KM,
P.B. No 7 Taluka, Devbhumi Dwarka,
Khambhalia Jamnagar, Gujarat 361305

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Rajesh Dhirubhai Desai	08848625	30/09/2020
2.	Srinivasan Natesan	00004195	23/05/2011
3.	Bhupinder Singh Kumar	00284649	07/08/2013
4.	Saraswathy Subramanian	09276003	29/09/2021
5.	Jayakumar	09300654	31/08/2021
6.	Suresh Ramamirtham	09299459	31/08/2021

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

For Martinho Ferrao & Associates
Company Secretaries
Martinho Ferrao
Proprietor
F.C.S. No. 6221
C.P. No. 5676
PR 951/2020
UDIN: F006221D000462644

Place: Mumbai
Date: 04th June 2022

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**To the Members of****Essar Shipping Limited**

1. This Certificate is issued in accordance with the terms of our engagement letter dated 20 December, 2021.
2. This report contains details of compliance of conditions of Corporate Governance by Essar Shipping Limited ("the Company"), for the year ended 31 March 2022, as stipulated in Regulation 17 to 27, clause (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations") pursuant to the Listing Agreement of the Company with stock exchanges.

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

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

Auditor's Responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.
5. Pursuant to the requirements of the SEBI Listing Regulations, it is our responsibility to provide a reasonable assurance as to whether the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended 31 March, 2022.
6. 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.
7. 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

8. In our opinion, and to the best of our information and according to explanations given 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 the above-mentioned SEBI Listing Regulations for the year ended 31 March 2022.
9. 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

10. This certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the aforesaid regulations and should not be used by any other person or may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or any duty or any care for any other purpose or any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For C N K & Associates LLP
Chartered Accountants
Firm Registration No. 101961 W / W - 100036
Diwakar Sapre
Partner
Membership No. 040740
UDIN: 22040740AOIFHS4896

Place: Mumbai

Date: 5th August, 2022

ESSAR SHIPPING LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Members of Essar Shipping Limited

Report on the Audit of the Standalone Financial Statements Opinion

We have audited the Standalone Financial Statements of Essar Shipping Limited ("the Company"), which comprises of the balance sheet as at 31st March 2022, the statement of profit and loss (including Other Comprehensive Income), statement of cash flows and the statement of changes in equity for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2022, the loss (financial position including Other Comprehensive Income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note No. 28 to the Standalone Financial Statements, which indicates that as on 31st March 2022 the Company has accumulated losses of Rs.8,514.52 crore against capital and reserves of Rs.5,011.19 crore. The Company has also defaulted on several loans and some of the lenders

of the Company have filed application before the High Court / National Company Law Tribunals / Debt Recovery Tribunals for recovery of overdue amounts and / or enforcement of guarantees. The Company has disposed off most of its assets with a view to pay off its outstanding dues to lenders / vendors and has no revenue generating assets as at the year end. The value of the security offered in connection with various borrowings as at 31st March 2022 is substantially lower than the amounts outstanding to the lenders. The Company's current liabilities substantially exceed its current assets as on 31st March 2022. This indicates that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. The Company, however, has represented that, as mentioned in Note No. 28 to the Standalone Financial Statements, necessary steps are being taken to explore new revenue generating avenues to meet liabilities as and when they become due for payment.

Our opinion on the Standalone Financial Statements is not modified for the above matter.

Emphasis of Matter

- a. We draw attention to Note No. 6(E) of the Standalone Financial Statements relating to recognition of revenue amounting to Rs. 369.81 crore (including accrued interest up to 31st March 2018) in the financial year 2017-18 based on compensation granted to the Company in the arbitration proceedings for breach of contract terms by a charterer of which Rs. 305.81 crore remains outstanding receivable as on 31st March 2022. The Company is confident of full recovery of its claims. However, pending conclusion of the said proceedings, no interest is accrued on the same for the period 1st April 2018 till 31st March 2022;
- b. We draw attention to Note No. 9(A) of the Standalone Financial Statements which states that the Company had issued Standby Letter of Credit (SBLC) with three banks for Rs. 687.37 crore to secure a loan availed by a subsidiary, which were invoked in an earlier year. The Company has taken up matter with respective banks to settle the loans through monetization of assets. Out of dues to three banks, dues to two banks have been paid/ settled and dues to one bank amounting to Rs. 340.80 crore (including interest of Rs.162.89 crore) is outstanding as at 31st March 2022.
- c. We draw attention to Note No. 9(A) and Note NO. 6(D) of the Standalone Financial Statements, relating to netting off of amount payable to a wholly owned overseas subsidiary with the amount receivable from the said subsidiary. This is subject to pending application and approval from the regulatory authorities.

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- d. The Company has availed loans from banks and financial institutions which are secured by charge over various movable and immovable assets of the Company as well as subsidiary/ associate/ group companies and corporate guarantee of the ultimate Parent Company. The value of the security as at 31st March 2022 is substantially lower than the amount outstanding as at that date.
- e. The Company has issued Non-Convertible Debentures which are inter alia secured by a charge over six rigs owned by one of its subsidiary. Out of the six rigs, three rigs owned by the said subsidiary stacked at Dubai in the yard of a vendor have been disposed off / sold by the said vendor with a view to recover the dues from the Company to the said vendor. The said transaction has been intimated by the subsidiary to the debenture holder.

- f. Borrowings from various lenders are subject to confirmation/ reconciliation

Our opinion is not modified in respect of the above matters and in case of paragraphs (a) to (c) above, our opinion was not modified in respect of previous year as well.

Key Audit Matters

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

Key Audit Matter	Auditor's Response
<p><u>Going concern</u></p> <p>As on 31st March 2022, the Company has accumulated losses of Rs. 8,514.52 crore as against capital and reserves of Rs. 5,218.17 crore.</p> <p>The Company has also defaulted on several loans and lenders have initiated recovery proceedings as mentioned in Note No. 28 of the Standalone Financial Statements. The Company has disposed off most of its assets with a view to pay off its outstanding dues to lenders / vendors and has no revenue generating assets as at the year end. The value of the security offered in connection with various borrowings as at 31st March 2022 is substantially lower than the amounts outstanding to the lenders. The Company's current liabilities exceeds its current assets as on 31 March, 2022 (Refer Note No. 28 of Standalone Financial Statements). All these factors indicate that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern.</p>	<p>Our audit included but was not limited to the following activities:</p> <ol style="list-style-type: none"> 1. Requested external confirmation of balances from each of these lenders to confirm the balance outstanding as on 31 March, 2022; 2. Assessing management's steps being taken to meet liabilities as and when they become due for payment; 3. Obtained and evaluated the Company's plans to repay these loans (with interest) through communication letters and the extent of stepstaken for the same; 4. Obtaining and evaluating various communications with the lenders for the one- time settlement proposed by the Company. 5. Evaluating legal and other developments related to the Company and / or its subsidiaries based on Minutes of the Audit Committee and Board of Directors <p>We found the key assumptions were supported by the available evidence. Based on the audit procedures performed, we found disclosures in the Standalone Financial Statements to be appropriate.</p>

<p><u>Evaluation of Litigation matters</u></p> <p>The Company has certain significant open legal proceedings including under arbitration for various matters with the Lenders & Customers, continuing from earlier years (Refer Note No. 22 of Standalone Financial Statements)</p>	<p>Our audit included but was not limited to the following activities:</p> <ol style="list-style-type: none"> 1. Assessing management’s position through discussions with the management including review of external legal opinions obtained by the Company (where considered necessary) on both, the probability of success in the aforesaid cases and the magnitude of any potential loss; 2. Discussion with the management on the development in these litigations during the year ended 31st March 2022; 3. Review of the disclosures made by the Company in the Standalone Financial Statements in this regard; 4. Obtaining representation letter from the management on the assessment of these matters (including the basis of the judgement).
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Information other than the Standalone financial Statements and Auditor’s Report thereon

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

Our opinion on the Standalone Financial Statements does not cover the Other Information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

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

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of

the Company in accordance with Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor’s Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the Standalone Financial Statements of the Company to express an opinion on the Standalone Financial Statements.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - 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;

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- 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 standalone Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account;
- d. In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. The matters described under “Emphasis of Matter” paragraph and the Going Concern matter described under the “Material Uncertainty Related to Going Concern” paragraph, 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 31st March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2022 from being appointed as a director in terms of Section 164(2) of the Act;
- g. With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in “**Annexure B**”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls with reference to Standalone Financial Statements;
- h. With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- i. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - a) The Company does not have any pending litigations on its financial position in its Standalone Financial Statements, other than as mentioned in Note No. 22 to the Standalone Financial Statements;
 - b) The Company did not have any long-term contracts including derivative for which there were any material foreseeable losses;
 - c) The Company is not required to transfer any amount to the Investor Education and Protection Fund during the ended 31st March 2022;
 - d) i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts (refer Note no.30), no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - i) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts (refer Note No.31), no funds have been received by the company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

ESSAR SHIPPING LIMITED

- ii) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
- e) The Company has not declared or paid any dividend during the year.

For **C N K & Associates LLP**
Chartered Accountants
Firm Registration No.: 101961 W/W - 100036
Himanshu Kishnadwala
Partner
Membership No. 37391
UDIN: 22037391AJVRSF2466

Place: Mumbai
Date: 30th May, 2022

Annexure – A to the Independent Auditor’s Report

Referred to in Para 1 ‘Report on Other Legal and Regulatory Requirements’ in our Independent Auditor’s Report to the members of the Company on the Standalone Financial Statements for the year ended 31st March 2022.

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- (i) In respect of the Company’s Property, Plant and Equipment and Intangible Assets:
 - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
 - (B) The Company has maintained proper records showing full particulars of intangible assets;
 - (b) Property, plant and equipment have been physically verified by the management at reasonable intervals in accordance with a regular program of verification which, in our opinion, provides for reasonable assurance for the same. The discrepancies noticed on such verification, which in our opinion are not material, have been appropriately dealt with in the books of account;
 - (c) Based on our examination of the registered sale deeds provided to us, we report that the title deeds of all the immovable properties, comprising of land and building which are freehold, are held in the name of the Company as at the balance sheet date;

- (d) The Company has not revalued its Property, Plant and Equipment (including right-of-use assets) and intangible assets or both during the year;
- (e) The Company does not have any proceedings initiated or pending for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder;
- (ii) (a) The inventory has been physically verified by the Management during/at the end of the year. In our opinion, the frequency of verification is reasonable. Considering the size of the Company and nature of its operations the coverage and procedures are adequate. The discrepancies noticed on physical verification of inventory did not exceed 10% or more for each class of inventory and has been appropriately dealt with in the books of account;
- (b) The Company has not been sanctioned working capital limits in excess of Rs. 5 Crore at any time during the previous year from banks or financial institutions. Hence, clause 3(ii)(b) of the Order is not applicable to the Company for the year under audit.
- (iii) The Company has not made investments in, provided any guarantee or security or granted any loan or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Hence, clause 3(iii)(a) to (f) of the Order is not applicable to the Company for the year under audit;

ESSAR SHIPPING LIMITED

- (iv) The Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and securities, as applicable;
- (v) The Company has not accepted any deposits or amounts deemed to be deposits to which directives of the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under apply. Accordingly, clause 3(v) of the Order is not applicable to the Company.
- (vi) The Company is not required to maintain cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of section 148 of the Act. Accordingly, clause 3(vi) of the Order are not applicable to the Company.
- (vii)(a) On the basis of our examination of records and according to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including provident fund, duty of customs, goods and service tax and other material statutory dues as applicable with appropriate authorities. There are no undisputed statutory dues outstanding as at 31st March 2022, for a period of more than six months from the date they became payable;
- (b) On the basis of our examination of records and according to the information and explanations given to us, the particulars of dues of Income Tax, Goods and Service tax, Duty of Customs and Duty of Excise or cess as at 31st March 2022 which have not been deposited on account of a dispute, are as follows:

(Rs. In crore)

Name of the Statute	Nature of Dues	Amount	Period to which the amount relates	Forum where the matter is pending
Income Tax Act, 1961	Income Tax	7.29	A.Y. 1993-94	The High Court of Bombay
Income Tax Act, 1961	Income Tax	18.13	A.Y. 2012-13	CIT-Appeals
Income Tax Act, 1961	Income Tax	37.55	A.Y. 2014-15	CIT-Appeals
Income Tax Act, 1961	Income Tax	43.57	A.Y. 2016-17	CIT-Appeals
Income Tax Act, 1961	Income Tax	56.95	A.Y. 2017-18	CIT-Appeals

- (viii) There are no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, (43 of 1961);
- (ix) a) The Company has defaulted in repayment of loans and borrowings to Financial Institution, banks, government or dues to Debenture holders as at the balance sheet date details of which are as under:

(Amount in Rs. Cr)

Lender Name	Amount of default of principal as at the balance sheet date	Amount of default of interest as at the balance sheet date	Period of Default
Debenture Holders			
Life Insurance Corporation	607.76	964.95	2839 days
Rajasthan Rajya Vidyut Prasaran Nigam Limited	10.00	2.99	1884 days
Banks			
Yes Bank (Invoked SBLIC)	177.91	162.89	989 days
Financial Institutions			
IGOF	25.00	10.41	2517 days
ILFS	25.28	1.32	1057 days
Total	845.95	1142.56	

- b) As informed to us, the Company has not been declared wilful defaulter by any bank or financial institution or other lender;
- c) On an examination of records of the Company, we report that the term loans were applied for the purpose for which the loans were obtained;
- d) On an overall examination of the Standalone Financial Statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company;
- e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;

ESSAR SHIPPING LIMITED

- f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies;
- (x) a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence, clause 3(x) (a) of the Order is not applicable to the Company for the year under audit;
- b) The Company has not made any preferential allotment or private placement of shares or fully or partly or optionally convertible debentures during the year under review. Therefore, clause 3(xiv) of the Order is not applicable to the Company for the year under audit;
- (xi) a) There are no instances of fraud by the Company or on the Company noticed or reported during the year;
- b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report;
- c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year;
- (xii) The Company is not a Nidhi company and therefore clause 3 (xii) of the Order is not applicable to the Company for the year under Audit;
- (xiii) The Company is in compliance with sections 177 and 188 of Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards;
- (xiv) a) In our opinion, the Company has an internal audit system which is commensurate with the size and nature of its business.
- b) Based on the Internal Audit Reports made available to us, we have considered the observations of the internal auditors of the Company, in determining the nature, timing and extent of our audit procedures, for the year under audit;
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable to the Company for the year under audit;
- (xvi) a) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and therefore, clause 3(xvi)(a), (b) and (c) of the Order is not applicable to the Company;
- b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi) (d) of the Order is not applicable to the Company;
- (xvii) The Company has incurred cash losses of Rs. 204.49 Crore during the financial year after considering exceptional items. The Company has also incurred cash losses of Rs. 185.16 Crore during immediately preceding financial year.
- (xviii) There has been no resignation of the Statutory Auditors of the Company during the year and accordingly the reporting under clause 3(xviii) is not applicable for the year under audit.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, whether the auditor is of the opinion that the material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;
- (xx) Considering that the Company does not have profits, provisions relating to Corporate Social Responsibility are not applicable to the Company. Accordingly, clause 3(xx) of the Order is not applicable to the Company for the year under audit.

For **C N K & Associates LLP**

Chartered Accountants

Firm Registration No.: 101961 W/W - 100036

Himanshu Kishnadwala

Partner

Membership No. 37391

UDIN: 22037391AJVRSF2466

Place: Mumbai

Date: 30th May, 2022

Annexure - B to the Independent Auditors' Report of even date on the standalone financial statements of Essar Shipping Limited**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")****Opinion**

We have audited the internal financial controls with reference to financial statements of **Essar Shipping Limited** ("the Company") as of 31 March, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March, 2022, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness

exists, and testing and evaluating the design and operating effectiveness of internal control with respect to financial statements based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

For **C N K & Associates LLP**

Chartered Accountants

Firm Registration No.: 101961 W/W - 100036

Himanshu Kishnadwala

Partner

Membership No. 37391

UDIN: 22037391AJVRSF2466

Place: Mumbai

Date: 30th May, 2022

Balance Sheet as at 31 March, 2022

(₹ in crore)

Particulars	Note no.	As at 31 March, 2022	As at 31 March, 2021
ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	2	0.14	687.58
(b) Investments	3	35.77	252.66
(c) Other non-current assets	4	1.84	9.07
Total non-current assets		37.75	949.31
2 Current assets			
(a) Inventories	5	-	9.27
(b) Financial assets			
i. Investments in Mutual Funds	6 (A)	1.61	6.23
ii. Trade and other receivables	6 (B)	5.50	12.77
iii. Cash and bank balances	6 (C)	18.93	13.19
iv. Loans	6 (D)	0.00	6.41
v. Other financial assets	6 (E)	310.57	440.22
(d) Other current assets	7	26.93	39.76
Total current assets		363.54	527.85
TOTAL ASSETS		401.29	1,477.16
EQUITY AND LIABILITIES			
1 Equity			
Equity share capital	8 (A)	206.98	206.98
Other Equity			
Reserves and surplus	8 (C)	(3,503.31)	(3,253.58)
Total equity		(3,296.34)	(3,046.61)
Liabilities			
2 Non-current liabilities			
(a) Financial liabilities			
i. Borrowings	9 (A)	1,664.99	1,853.58
Total non-current liabilities		1,664.99	1,853.58
3 Current liabilities			
(a) Financial liabilities			
i. Short Term Borrowings	9 (A)	846.55	1,449.55
ii. Trade payables			
- Total outstanding dues to micro and small enterprises	9 (B)	-	0.27
- Total outstanding dues to creditors other than micro and small enterprises	9 (B)	32.57	146.08
iii. Other financial liabilities	9 (C)	1,150.50	1,062.47
(b) Employee benefit obligations	10	2.83	2.48
(c) Other current liabilities	11	0.19	9.33
Total current liabilities		2,032.64	2,670.18
Total liabilities		3,697.63	4,523.76
TOTAL EQUITY AND LIABILITIES		401.29	1,477.16

See accompanying notes forming part of the Standalone Financial Statements

As per our attached report of even date

For and on behalf of the Board

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

Rajesh Desai
 Director
 (DIN: 08848625)

N. Srinivasan
 Director
 (DIN: 0004195)

Himanshu Kishnadwala
 Partner
 Membership No. 37391
 Mumbai
 30 May, 2022

Ketan Shah
 Chief Financial Officer
 Mumbai
 30 May, 2022

Nisha Barnwal
 Company Secretary
 Membership No. ACS 66804

Standalone Statement of Profit and Loss for the year ended 31 March, 2022

(₹ in crore)

Particulars	Note no.	Year ended 31 March, 2022	Year ended 31 March, 2021
Income:			
Revenue from operations	12	140.03	165.92
Other income	13	162.06	9.97
Total		302.09	175.89
Expenses:			
Operating expenses	14	61.22	84.35
Employee benefits expense	15	33.39	52.62
Finance costs	16	180.22	212.16
Depreciation	2	45.26	112.53
Other expenses	17	6.56	12.29
Total expenses		326.66	473.95
Loss before exceptional items and tax		(24.57)	(298.06)
Exceptional items	18		
Income		570.56	0.79
Expenses		(795.71)	-
Loss after exceptional items and before tax		(249.71)	(297.27)
Current tax	19	(0.26)	(0.62)
Profit / (loss) for the year after exceptional items		(249.97)	(297.89)
Items that will not be reclassified subsequently to profit and loss account			
Actuarial gain / (loss) on remeasurement of the Defined Benefit Plans		0.23	0.20
Total other comprehensive gain / (loss) for the year		0.23	0.20
Total comprehensive profit / (loss) for the year		(249.75)	(297.69)
Earnings per share before exceptional items (EPS)			
(a) Basic (in Rs.)		(1.20)	(14.43)
(b) Diluted (in		(1.20)	(14.43)
Earnings per share after exceptional items (EPS)			
(a) Basic (in Rs.)		(12.08)	(14.39)
(b) Diluted (in		(12.08)	(14.39)

See accompanying notes forming part of the Standalone Financial Statements

As per our attached report of even date

For and on behalf of the Board

For C N K & Associates LLP

Chartered Accountants

Firm Registration No. : 101961 W/W-100036

Himanshu Kishnadwala

Partner

Membership No. 37391

Mumbai

30 May, 2022

Rajesh Desai

Director

(DIN: 08848625)

Ketan Shah

Chief Financial Officer

Mumbai

30 May, 2022

N. Srinivasan

Director

(DIN: 0004195)

Nisha Barnwal

Company Secretary

Membership No. ACS 66804

Standalone Statement of Cash Flows for the year ended 31 March, 2022

(₹ in crore)

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	(249.71)	(297.27)
Adjustments for :		
Exceptional Items		
- Reversal of Provision for impairment of loans & advances receivable from subsidiary	(0.66)	(0.79)
- Provision for Impairment as per Ind AS 36 in the fair value of subsidiaries based on management assessment and valuation report**	252.66	-
- Provision for impairment as per Ind AS 36 in the fair value of an associate based on management assessment and valuation report	-	-
- Reversal of provision for impairment as per Ind AS 36 in the fair value of an associate based on management assessment.	(35.77)	-
- Provision for Impairment of loans and advances receivable from Subsidiary**	543.05	-
- Gain on foreclose of Finance Lease	(294.16)	-
- Profit on sale of compulsory convertible preference shares of OGD Services Ltd.	(0.06)	-
Gain on sale/Fair Vale of current investment measured at FVTPL	(0.33)	(0.28)
Gain on One Time Settlement	(239.91)	-
Other non-operating income	(46.55)	-
Depreciation	45.26	112.53
Finance costs	180.22	212.16
Profit on sale of fleet	(99.35)	-
Interest income	(15.10)	(1.27)
Unrealised foreign exchange gains	(0.83)	4.47
Operating profit before working capital changes	38.76	29.55
Changes in working capital:		
(Increase) / Decrease in inventories	9.27	0.73
(Increase) / Decrease in trade receivables, loans and advances and other assets	(118.00)	26.61
Increase / (Decrease) in trade payables, other liabilities and short term provisions	45.54	5.56
Cash generated from operations	(24.43)	62.45
Income taxes refunded / (paid), net	8.05	41.78
Net cash generated from operating activities	(16.38)	104.23
B CASH FLOW FROM INVESTING ACTIVITIES		
Payment of capital expenditure on Property, Plant and Equipment including capital advances and Capital Work in Progress	-	(52.89)
Proceeds from sale of property, plant and equipment	-	-
Proceeds from sale of vessel	358.37	-
(Purchase) / Sale of Current Investments (Net)	4.95	(5.95)
Proceeds/(Investment) in Bank deposits	(11.43)	0.02
Proceeds from sale of investments	0.06	-
Intercorporate deposits given to Subsidiary	(6.41)	(6.00)
Intercorporate deposits repaid back by Subsidiary	98.19	0.79
Interest received	15.10	1.27
Net cash (used in) / generated from investing activities	458.83	(62.76)

C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Deposits	129.66	-
Proceeds from intercorporate deposits	-	10.30
Repayment of intercorporate deposits	(70.25)	(11.69)
Repayment of long-term loans	(508.03)	(18.16)
Repayment of short-term loans	-	-
Finance costs paid	0.49	(15.09)
Net cash used in financing activities	(448.13)	(34.64)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(5.69)	6.83
Unrealised foreign currency loss on cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	13.19	6.36
Cash and cash equivalents at the end of the year	7.50	13.19

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

Particulars	As at	As at
	31 March, 2022	31 March, 2021
Cash and cash equivalents as per cash flow statement	7.50	13.19
Add: Margin money deposits not considered as cash and cash equivalents as per Ind AS-7	4.00	0.02
Cash and bank balances (Restricted and Unrestricted)	11.50	13.21

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

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

See accompanying notes forming part of the Standalone Financial Statements

As per our attached report of even date
For and on behalf of the Board

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

Rajesh Desai
Director
(DIN: 08848625)

N. Srinivasan
Director
(DIN: 0004195)

Himanshu Kishnadwala
Partner
Membership No. 37391
Mumbai
30 May, 2022

Ketan Shah
Chief Financial Officer
Mumbai
30 May, 2022

Nisha Barnwal
Company Secretary
Membership No. ACS 66804

Standalone Statement of Changes in Equity for the period ended 31 March, 2022
A. Equity Share Capital
(1) For the year ended March 31, 2022
(₹ in crore)

Balance as at April 1, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at the April 1, 2021	Changes in equity share capital during the year 2021-22	Balance as at March 31,2022
206.98	-	206.98	-	206.98

(2) For the year ended March 31, 2021
(₹ in crore)

Balance as at April 1, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance as at the April 1, 2020	Changes in equity share capital during the year 2020-21	Balance as at March 31,2021
206.98	-	206.98	-	206.98

B. Other Equity
(1) For the year ended March 31, 2022
(₹ in crore)

	Reserves and Surplus								Total
	Securities Premium	Retained Earnings	Debenture Redemption Reserve	Share options outstanding reserve	Tonnage tax (utilised) reserve	Tonnage tax reserve	General reserve	Other comprehensive income	
Balance as on 1 April, 2021	3.36	(8,264.54)	101.17	0.61	33.00	68.00	4,799.22	5.60	(3,253.58)
Changes in accounting policy or prior period errors									
Restated balance at the beginning of the current reporting period									
On Account of Adoption of Ind AS during the year									
Profit after tax for the year		(249.97)							(249.97)
Other Comprehensive Income (Net of tax expenses) for the year								0.23	0.23
Total Comprehensive Income for the current year		(249.97)						0.23	(249.75)
Transferred to General Reserve					(33.00)	(68.00)	101.00		
Balance as on 31 March, 2022	3.36	(8,514.51)	101.17	0.61	-	-	4,900.22	5.83	(3,503.32)

(2) For the year ended March 31, 2021

(₹ in crore)

	Reserves and Surplus								Total
	Securities Premium	Retained Earnings	Debenture Redemption Reserve	Share options outstanding reserve	Tonnage tax (utilised) reserve	Tonnage tax reserve	General reserve	Other comprehensive income	
Balance as on 31 March, 2020	3.36	(7,966.65)	101.17	0.61	33.00	68.00	4,799.22	5.41	(2,955.89)
Changes in accounting policy or prior period errors									
Restated balance at the beginning of the current reporting period									
On Account of Adoption of Ind AS during the year									
Profit after tax for the year		(297.89)							(297.89)
Other Comprehensive Income (Net of tax expenses) for the year								0.20	0.20
Total Comprehensive Income for the current year		(297.89)						0.20	(297.69)
Transferred to General Reserve									
Balance as on 31 March, 2021	3.36	(8,264.54)	101.17	0.61	33.00	68.00	4,799.22	5.60	(3,253.58)

See accompanying notes forming part of the Standalone Financial Statements

As per our attached report of even date

For and on behalf of the Board

For C N K & Associates LLP

Chartered Accountants

Firm Registration No. : 101961 W/W-100036

Himanshu Kishnadwala

Partner

Membership No. 37391

Mumbai

30 May, 2022

Rajesh Desai

Director

(DIN: 08848625)

Ketan Shah

Chief Financial Officer

Mumbai

30 May, 2022

N. Srinivasan

Director

(DIN: 0004195)

Nisha Barnwal

Company Secretary

Membership No. ACS 66804

Notes forming part of the standalone financial statements as at 31 March, 2022

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 crore.

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

Authorisation of Financial Statements: The Financial Statements were authorized for issue in accordance with a resolution of the Board of Directors in its meeting held on 30th May, 2022.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value amount:

- Certain financial assets and liabilities (including derivative instruments) and
- Defined Benefit Plans - Plan assets.

Going concern basis of accounting

These accounts have been prepared on a going concern basis.

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

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

Refer Note 28 for further details.

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.

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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 10

Estimation of current tax expenses and Payable - refer note 19

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

Impairment of investments in subsidiaries & associate – refer note 3 and 18

Going Concern- refer note 28

Contingent Liabilities – refer note 22

Fair Value measurement of financial instrument – refer note 20

c) Current versus non-current classification

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

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

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

d) Property, plant and equipment

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

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

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

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

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

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

Capital Work in Progress:

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

Depreciation:

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

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Act, 2013

Assets costing less than Rs. 5,000/- are fully depreciated in the year of capitalization. Depreciation on additions/deductions to PPE made during the year is provided on a pro-rata basis from / up to the date of such additions /deductions, as the case may be.

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

e) **Borrowing costs**

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

f) **Leases**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

(A) Lease Liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using incremental borrowing rate.

(B) Right-of-use assets

Initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives.

Subsequent measurement

(A) Lease Liability

Company measure the lease liability by (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications.

(B) Right-of-use assets

Subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight line basis over the shorter of the lease term and useful life of the under lying asset.

Short term lease:

Short term lease is that, at the commencement date, has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease. If the company elected to apply short term lease, the lessee shall recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis. The lessee shall apply another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

As a lessor

Leases for which the company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Lease income is recognised in the statement of profit and loss on straight line basis over the lease term.

Transition to Ind AS 116

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning 1st April, 2019 and applied the standard prospectively to its leases.

g) Impairment of non-financial assets

Non-financial assets other than inventories 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 is required for an asset or group of Assets, called Cash Generating Units (CGU), the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset’s carrying amount exceeds its recoverable amount. In case of non-financial assets company estimates asset’s recoverable amount, which is higher of an asset’s or Cash Generating Units (CGU’s) 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. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

h) Valuation of Inventory

Cost of Inventories 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.

i) Revenue recognition

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

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

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

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

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

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

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

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

Supervision and Management Fees

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

Interest income

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

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income (FVTOCI), 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.

j) 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.

k) 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 @ 8.5%, 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.

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

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

iv) Employee Options

The fair value of the options granted under the value of the Company, Employee Option Plan is recognised as employee benefits expense with the corresponding increase in equity. The total amount to be expensed is determined by the reference to the fair value of the options granted:

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

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

1) 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 yearend exchange rates are generally recognised in Statement of Profit and loss. They are deferred in Equity if they relate to qualifying cash flow hedges. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the Company's net investment in that foreign operations.

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

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

In case of an asset, expense or income where a non-monetary advance is paid/received, the date of transaction is the date on which the advance was initially recognised. If there were multiple payments or receipts in advance, multiple dates of transactions are determined for each payment or receipt of advance consideration.

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.

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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.

m) Investment in Subsidiaries and Associates

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

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 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.

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 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.

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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 (FVTOCI) or Fair Value through Profit and Loss (FVTPL).

Financial Assets measured at amortised cost

Financial Assets 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 and loss.

Financial Assets measured at FVTOCI

A Financial Asset 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.

Financial Assets 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).

Financial Assets measured at FVTPL

FVTPL is a residual category for Financial Assets excluding investments in subsidiary and associate companies. Any Financial Asset, 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 Statement of Profit and loss.

Derecognition

A financial Asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or

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- 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 Financial Assets (other than Financial Assets measured at FVTOCI) and equity investments (measured at FVTPL) are recognized in the Statement of Profit and Loss. Gains and losses in respect of Financial Assets measured at FVTOCI and that are accumulated in OCI are reclassified to Statement of Profit And Loss on de-recognition. Gains or losses on equity investments measured at FVTOCI that are recognized and accumulated in OCI are not reclassified to Statements of Profit and Loss on de-recognition.

Impairment of financial assets

In accordance with Ind AS 109, 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 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.

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 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 Statement of Profit and 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 and 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 Statement of Profit and 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

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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 and 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 Statement of Profit and 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 Statement of Profit and 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 Statement of Profit and Loss as other gains/(losses).

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

Foreign currency convertible bonds (FCCBs)

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

Offsetting of Financial Assets and Liabilities

In accordance with Ind AS 32, 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 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

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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.

s) 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.

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 Standalone balance sheet.

u) 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.

v) Segment reporting

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

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

w) Exceptional items

When items of income or expense are of such nature, size or incidence that their disclosure is necessary to explain the performance of the Company for the year, the Company makes a disclosure of the nature and amount of such items separately under the head "Exceptional Items".

Notes forming part of the standalone financial statements as at 31 March, 2022

2. Property, plant and equipment

Particulars	Land (₹ in crore)	Buildings (₹ in crore)	Fleet (₹ in crore)	Fleet (taken on lease) (₹ in crore)	Furniture and fixtures (₹ in crore)	Vehicles (₹ in crore)	Office equipment (₹ in crore)	Total (₹ in crore)
Gross Block								
As at 01.04.2020	0.13	2.26	658.94	579.51	0.11	0.12	0.43	1,241.50
Additions	-	-	-	-	-	-	-	-
Dry-docking capitalised	-	-	51.85	7.42	-	-	-	59.27
Exchange differences	-	-	(1.43)	-	-	-	-	(1.43)
Disposals	-	-	-	-	-	-	-	-
As at 31.03.2021	0.13	2.26	709.37	586.93	0.11	0.12	0.43	1,299.35
Additions	-	-	(8.52)	-	-	-	-	(8.52)
Dry-docking capitalised	-	-	-	-	-	-	-	-
Exchange differences	-	-	0.72	-	-	-	-	0.72
Disposals	-	(0.05)	(617.78)	(589.45)	-	(0.09)	-	(1,207.37)
As at 31.03.2022	0.13	2.21	83.79	(2.51)	0.11	0.03	0.43	84.18
Accumulated Depreciation								
As at 01.04.2020	-	1.94	349.64	147.14	0.11	0.05	0.35	499.23
Additions	-	0.30	67.59	44.59	0.00	0.01	0.04	112.53
Disposals	-	-	-	-	-	-	-	-
As at 31.03.2021	-	2.24	417.23	191.73	0.11	0.06	0.39	611.77
Additions	-	0.02	68.67	11.30	-	0.01	0.03	80.03
Disposals	-	(0.05)	(402.12)	(205.54)	-	(0.04)	-	(607.76)
As at 31.03.2022	-	2.21	83.78	(2.51)	0.11	0.03	0.42	84.04
Net Block								
As at 31.03.2021	0.13	0.02	292.13	395.20	(0.00)	0.06	0.04	687.58
As at 31.03.2022	0.13	0.00	0.00	(0.00)	(0.00)	(0.00)	0.01	0.14

(I) Leased assets

The Company had taken 2 vessels on Finance lease. During the year, the Company cancelled the lease contract and re-delivered both the vessels to owner back. Refer Note 21 for terms of leasing arrangements and related disclosures.

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

(III) Assets given as security for borrowings

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

3 Non-current investments

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore

a) Investments in equity shares of subsidiaries/ associate (unquoted, fully paid up)

39,037,276 (previous year 39,037,276) Equity shares of US\$ 1 each of Energy II Limited	175.36	175.36
Less: Provision for impairment	(175.36)	(175.36)
137,122 (previous year 137,122) Equity shares of AED 1,000/- each of Essar Shipping DMCC, Dubai	252.66	252.66
Less: Provision for impairment	(252.66)	-

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246,600,001 (previous year 246,600,001) Equity shares of US\$1/- each of OGD Services Holdings Limited	4,747.78	4,747.78
Less: Provision for impairment	(4,747.78)	(4,747.78)
Total (a)	-	252.66
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
Less: Provision for impairment	-	(35.77)
Total (b)	35.77	-
c) Investments in equity shares - others (unquoted, fully paid up)		
2,500 (previous year 2,500) Equity shares of ₹10/- each of Ultra LNG Haldia Limited (₹ 25,000/-only)	0.00	0.00
Total (c)	0.00	0.00
d) Investments in preference shares of subsidiaries (unquoted, fully paid up)		
20,723,227 (previous year 20,723,227) 0.01% compulsory convertible preference shares of US\$ 10 each of OGD Services Holdings Limited	1,326.80	1,326.80
Less: Provision for impairment	(1,326.80)	(1,326.80)
NIL (previous year 629,000,000) 0.01% compulsory convertible preference shares of ₹10 each of OGD Services Limited	-	629.00
Less: Provision for impairment	-	(629.00)
Total (d)	-	-
Total (a+b+c+d)	35.77	252.66
Aggregate amount of unquoted non - current investments	6,538.37	7,167.37
Less: Aggregate amount of provision for impairment other than temporary in value of investments	(6,502.60)	(6,914.71)
Total non-current investments	35.77	252.66
4 Other non-current assets		
Particulars	As at 31 March, 2022 ₹ in crore	As at 31 March, 2021 ₹ in crore
Income tax assets	1.84	9.07
Total other non-current assets	1.84	9.07
5 Inventories		
Particulars	As at 31 March, 2022 ₹ in crore	As at 31 March, 2021 ₹ in crore
At lower of cost and net realisable value		
Fuel, oil and lubricants	-	9.27
Total Inventories	-	9.27

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6 (A) Current investments

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Investment in Mutual Funds (quoted)		
SBI Liquid Fund Direct Growth	1.61	6.23
4,839.217 (Previous Year 19,339.243) Units of SBI Liquid Fund Direct Growth of Face Value ₹ 1,000		
Total current investments	1.61	6.23

6 (B) Trade and other receivables

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	5.50	12.77
Trade receivables which have significant increase in credit risk	4.42	4.42
Trade receivables - credit impaired	-	-
Less : Loss allowance	(4.42)	(4.42)
Total trade and other receivables	5.50	12.77

Particulars	Outstanding as on 31-03-2022 for following periods from due date of payment#					Total
	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	4.04	0.17	0.54	-	-	4.75
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	0.07	0.68	-	-	0.75
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

Particulars	Outstanding as on 31-03-2021 for following periods from due date of payment#					Total
	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	10.01	(3.65)	3.82	3.71	(1.12)	12.77
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

ESSAR SHIPPING LIMITED
6 (C) Cash and cash equivalents

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Balances with banks in current accounts	7.50	13.19
Margin money deposits	4.00	-
Term Deposit	7.43	-
Total Cash and bank balances	18.93	13.19

6 (D) Loans (Current) - Unsecured - Considered Good

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Loan to subsidiaries (including interest accrued thereon) (refer note 27)*	887.57	892.97
Less: adjusted against payable to subsidiary company (Current Liabilities - Note 11)	(331.26)	(886.97)
Less: Provision for Impairment (Not considered good)	(556.31)	-
Loans to employees	-	0.41
Total loans (Current)	0.00	6.41

* The Company has issued Stand by Letter of Credit (SBLC) to foreign subsidiary company in past. Due to default by the subsidiary Company, their respective banks have invoked the SBLC and then has been paid by Indian banks to foreign banks on behalf of the Company. The same amount we have shown as receivable from subsidiary company and charged interest rate range between 14% to 20%.

6 (E) Other financial assets (current)

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Insurance claim receivable	-	1.67
Other receivables (See Note Below)	310.04	369.81
Security deposits	0.53	68.74
Total other financial assets (current)	310.57	440.22

Recognition of revenue amounting to Rs. 369.81 crore (including accrued interest up to 31st March 2018) in the financial year 2017-18, based on compensation granted to the Company in the arbitration proceedings for breach of contract terms by a charterer of which Rs. 305.81 crore remains outstanding receivable as on 31st March 2022. The Company is confident of full recovery of its claims. However, pending conclusion of the said proceedings, no interest is accrued on the same for the period 1st April 2018 till 31st March 2022;

7 Other Current assets

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Income taxes (Net)	18.95	20.03
Prepayments	-	0.38
Balances with revenue authorities	3.46	4.18
Other advances	4.51	14.85
Advance for capital expenditure	-	0.32
Total other current assets	26.93	39.76

Note: All above other current assets considered good and recoverable in future.

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8 Equity Share capital and other equity
8 (A) Equity Share Capital

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	Number	₹ in crore	Number	₹ in crore
Authorised equity share capital				
Equity shares of ₹10/- each	500,000,000	500.00	500,000,000	500.00
	500,000,000	500.00	500,000,000	500.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each	206,976,072	206.98	206,976,072	206.98
Issued during the year	-	-	-	-
Total	206,976,072	206.98	206,976,072	206.98

8 (B) Preference Share Capital

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	Number	₹ in crore	Number	₹ in crore
Authorised preference share capital				
Preference shares of ₹10/- each	150,000,000	150.00	150,000,000	150.00
	150,000,000	150.00	150,000,000	150.00
Issued, subscribed and fully paid up				
Preference shares of ₹ 10/- each	-	-	-	-
Issued during the year	-	-	-	-
Total	-	-	-	-
b) Others (if holding shares more than 5%)	-	-	-	-

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

S. No	Shares held by Promoters at end of the year			% change during the year ***		
	Promoter Name	No of shares **	% of total shares	No of shares **	% of total shares	% Changes
1	Essar Shipping Mauritius Holdings Limited, Mauritius	124,362,408	60.09%	124,362,408	60.09%	0.00%
2	IDH International Drilling Holdco Limited, Cyprus	21,406,365	10.34%	21,406,365	10.34%	0.00%
3	Essar Ports and Shipping Limited, Mauritius	33	0.00%	33	0.00%	0.00%
4	Imperial Consultants and Securities Limited, India	6,878,409	3.32%	6,878,409	3.32%	0.00%

8 (C) Reserves and surplus

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Debenture redemption reserve	101.17	101.17
Share options outstanding account	0.61	0.61
Tonnage tax (utilised) reserve	-	33.00
Tonnage tax reserve	-	68.00
Securities Premium	3.36	3.36
General reserve	4,900.22	4,799.22
Retained earnings	(8,514.51)	(8,264.54)
Other Comprehensive Income	5.83	5.60
Total Reserves and surplus	(3,503.32)	(3,253.58)

Debenture Redemption Reserve

In terms of rule 18(7) of the Companies (Share Capital and Debentures) Rules 2014, the Company is required to create a Debenture Redemption Reserve (DRR) of ₹ 185 crore (previous year: ₹ 185 crore) in respect of debentures issued and outstanding as on 31 March, 2021. However, in view of losses the Company has not created such DRR entirely.

Share options outstanding reserve

This reserve contains the intrinsic value of unvested employee stock options.

Tonnage tax (utilised) and Tonnage tax reserve

Companies who opt for tonnage tax scheme are required to transfer an amount to this reserve as per the provisions of section 115VT of the Income Tax Act, 1961. In view of losses during the year, the Company has not created any new reserve. Further amount lying in Tonnage tax (utilised) reserve and Tonnage tax reserve has been transferred to General reserve.

Securities Premium

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

General reserve

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

Retained earnings

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

Other Comprehensive Income

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

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9 (A) Borrowings
Long - term borrowings

Particulars	Non - current		Current	
	As at	As at	As at	As at
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Secured				
(a) Debentures				
11.35%, 7,000 non convertible debentures of ₹10,00,000 each for normal business operations, secured by first charge on six land rigs of a subsidiary (refer note a), two tugs of a Group Company, mortgage of immovable property of the Company, first charge on eight barges and pledge of 49% of investment in equity shares of an associate. [refer foot note (a)] (current portion overdue)	-	-	607.76	700.00
13.10%, 0 (previous year 140) non convertible debentures and 12.30%, 100 (previous year 205) non convertible debentures of ₹10,00,000 each to meet regular working capital and other corporate requirements, secured by mortgage of immovable property, repayable in single bullet payment. [refer foot note (b)] (current portion overdue)	-	26.10	10.00	8.40
(b) Term loans				
(i) from banks				
Foreign currency term loans to part finance acquisition of 2 Bulk carrier vessels (secured by first charge on two bulk carriers and its receivables. Interest rate of 4.5% + LIBOR (Previous year: Interest rate of 4.5% + LIBOR)) [refer foot note (c)]	-	-	(0.00)	55.42
Rupee term loan to part finance acquisition of 1 Very Large Crude Carrier and 2 Bulk carrier vessels (secured by Corporate Guarantee of Subsidiary Company and 51% shares of Subsidiary Company and first charge on Movable & Immovable assets of the Subsidiary Company. Interest rate of 21% (Previous year: Interest rate range between 14.85% - 16.00%)) [refer foot note (d)] (current portion overdue)	-	-	177.91	634.85
(ii) from others				
Rupee term loan to meet General Corporate purpose / working capital (secured by first charge on one mini bulk carrier and four tugs of an associate company, three mini bulk carriers of an unrelated entity and corporate guarantee of the ultimate parent company. Interest rate range between 14.00% to 16.50% (Previous year: Interest rate range between 14.00% - 16.50%)) (Subservient charge on movable fixed assets and current assets of the Company by way of Hypothecation, Demand Promissory notes) (current portion overdue)	127.36	179.48	50.28	25.28
Total secured loans [A]	127.36	205.58	845.95	1,423.95
Unsecured				
(a) Foreign currency convertible bonds (FCCBs) for Capital Expenditure / Investment in overseas Wholly-owned subsidiary. Interest rate of 5% (Previous year: Interest rate of 5%) [refer note (e) below]	1,537.62	1,537.62	-	-
(b) Finance lease obligations for vessel taken on Bare-boat [refer note 21 (a) and note (f) below]. Interest rate of 4.5% (Previous year: Interest rate of 4.5%)	-	431.54	-	167.09

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Less: Adjusted against loan receivables (current)	-	(321.16)	-	(167.09)
(c) Inter Corporate Deposits payable on demand to meet General Corporate purpose (current portion overdue). Interest rate of 16.5% (Previous year: Interest rate range between 14.00% to 16.5%)	-	-	0.60	25.60
Total unsecured loans [B]	1,537.62	1,648.00	0.60	25.60
Total [A+B]	1,664.99	1,853.58	846.55	1,449.55
Less: Unamortised upfront fees	-	-	-	-
Less: Amount disclosed under the head 'Borrowings' (refer note 9 (C))	-	-	(846.55)	(1,449.55)
Total Long - term borrowings	1,664.99	1,853.58	-	-

Nature of borrowing, including debt securities	Name of lender	Principal amount (in crs) not paid on due date	Interest amount (in crs) not paid on due date	Whether principal or interest	No. of days delay or unpaid
11.35%, 7,000 non convertible debentures of ₹10,00,000 each, secured by first charge on three land rigs of a subsidiary, two tugs of a Group Company, mortgage of immovable property of the Company, first charge on eight barges and pledge of 49% of investment in equity shares of an associate	Life Insurance Corporation of India Limited	608	965	Principal and Interest	2839
12.30% 100 (previous year 205) non convertible debentures of ₹10,00,000 each, secured by mortgage of immovable property, repayable in single bullet payment	Rajasthan Rajya Vidhyut Karamchari Super Annuation Fund Trust	10	3	Principal and Interest	1884
Rupee Term Loan, secured by Corporate Guarantee of Subsidiary Company (Essar Shipping DMCC) and 51% shares of Essar Shipping DMCC and Movable & Immovable assets of the Subsidiary (Essar Shipping DMCC)	Yes Bank Limited	178	163	Principal and Interest	989
Rupee Term Loan, (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)	IL&FS Financial Services Limited	25	1	Principal and Interest	1057
Rupee Term Loan, secured by Subservient charge on movable fixed assets and current assets of the Company by way of Hypothecation, Demand Promissory notes	India Growth Opportunities Fund	25	10	Principal and Interest	2517
	Essar Steel Metal Trading Limited	51	-	Principal	-
	Seros Shipping Private Limited	36	-	Principal	-
	Bhagwat Power Hazira Limited	40	-	Principal	-

Foot notes:

Repayment terms:

a) Secured debentures: 2,000 Non-Convertible Debentures issued on 25 March 2010 and 5,000 Non-Convertible debentures issued on 22 June 2009 are redeemable at the expiry of 10 years with put and call option exercisable after five years from their respective dates of issue. The Company has received notice from the debenture holder invoking the put option. During the year, the debenture holder has withdrawn Rs. 82.24 crores from the deposit placed with the Bombay High Court after taking approval from the Bombay High Court. Further, out of six land rigs charged against Non-Convertible debentures, three rigs owned by the Subsidiary Company and stacked at Dubai in a yard of a vendor have been disposed off / sold by the vendor with a view to recover the dues from the Subsidiary Company to the said vendor. The said rigs were provided by way of security to debenture holders towards borrowings by the Holding Company.

b) Secured debentures: 100 debentures issued on 22nd June 2012 were redeemable at the expiry of five years from their respective date of issue. The Lender has sent the loan recall notice due to delay in debt servicing.

c) Secured Foreign currency term loan from bank: During the year, the Company has settled the Foreign Currency Term Loan by monetising the security offered under the facility.

d) Secured Rupee term loans from banks: During the year, the Company has settled the two Rupee Term Loan by monetising the securities offered under the facility. The Company has also settled the loan of balance lender by monetising the security offered under the facility but no due certificate will be received on completion of agreed milestones.

e) Foreign currency convertible bonds: i) FCCBs of US\$ 111,428,571 (Series B) due on 24 August, 2017 and US\$ 128,571,429 (Series A) due on 24 August, 2015 got extended to 24 August, 2023 (subject to the approval from Reserve Bank of India), carry interest @ 5% per annum payable semi annually. The FCCBs are convertible into 122,852,787 fully-paid equity shares of ₹ 10 each of the Company, any time upto the date of maturity, at the option of the FCCB holders at conversion price of ₹ 91.70 per share at a predetermined exchange rate of ₹ 46.94 per US\$. The FCCBs, if not converted till the maturity date, will be redeemed at par.

f) Finance lease obligation: The Company had taken 2 vessels on Finance lease and same was repayable in monthly instalments starting from November 2016 to April 2027. During the year, the Company has cancelled the lease contract and re-delivered both the vessels to the owner.

g) The classification of loans between current liabilities and non - current liabilities continues based on repayment schedule under respective agreements and on the basis of demands raised by banks & debenture holders. 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 14.81% per annum (previous year: 13.33% per annum)

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

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Not Later than one year	846.55	1,616.64
Later than one year but not later than five years	1,664.99	1,976.95
Later than five years	-	197.79

9 (B) Trade payables

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Trade payables:		
- Total outstanding dues to micro and small enterprises (refer note below)	-	0.27
- Total outstanding dues to creditors other than micro and small enterprises	32.57	146.08
Total trade payable	32.57	146.35

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

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Principal amount due and remaining unpaid	-	0.27
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	-	-

Particulars	Outstanding as on 31-03-2022 for following periods from due date of payment					Total
	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	7.17	(0.67)	7.83	(1.45)	19.70	32.57
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-

Particulars	Outstanding as on 31-03-2021 for following periods from due date of payment					Total
	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
(i) MSME	0.27	-	-	-	-	0.27
(ii) Others	62.44	(0.30)	2.79	21.73	59.42	146.08
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-

9 (C) Other financial liabilities - Current

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Interest accrued	1,145.47	1,124.72
Less: Adjusted against loans receivable from subsidiary company (current)* (including overdue at the year end ₹ 1140.49 (previous year ₹ 1122.97) crore)	-	(67.46)
Advance from customers*	5.04	5.21
Total financial liabilities	1,150.51	1,062.47

* Advance from customer of ₹ 5.04 crs is more than 365 days old.

10 Employee benefit obligations

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Defined benefit plans	2.64	2.29
Defined contribution schemes	0.19	0.19
Total Employee benefit obligations	2.83	2.48

10. Employee benefit obligations:

I. Details of retirement benefits:

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

The Company has recognised the following amounts in the Statement of Profit and Loss during the year under Contribution to staff provident and other funds. (refer note 15)

Particulars	(₹ in crore)	
	Year ended 31 March, 2022	Year ended 31 March, 2021
a) Employer's contribution to gratuity fund (offshore crew staff)	0.05	0.08
b) Group accident policy premium (all employees)	-	-
c) Employer's contribution to pension fund (offshore crew staff)	0.04	0.12
d) Employer's contribution to provident fund (offshore crew staff)	0.07	0.13
Total	0.16	0.33

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, 2022 by the certified actuarial valuer. The present value of the defined benefit obligation, related current service cost and past service cost were measured using the projected unit credit method.

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

Particulars	Gratuity	Gratuity	Provident fund	Gratuity	Gratuity	Provident fund
	(funded)	(non-funded)	(funded)	(funded)	(non-funded)	(funded)
	31.03.22	31.03.22	31.03.22	31.03.21	31.03.21	31.03.21
Present value of defined benefit obligations as at the beginning of the year	1.35	2.47	42.00	1.58	2.19	36.05
Transfer in/(out) obligation	-	-	-	-	-	(0.08)
Current service cost	0.15	0.29	-	0.14	0.26	0.72
Current service contribution-employee	-	-	-	-	-	0.76
Interest cost	0.06	0.15	-	0.08	0.13	2.30
Other adjustments	-	-	-	-	-	-
Benefits paid	(0.84)	-	-	(0.38)	-	(3.96)
Actuarial (gain)/loss on obligations	(0.14)	(0.07)	-	(0.07)	(0.12)	6.21
Present value of defined benefit obligations as at the end of the year	0.57	2.84	42.00	1.35	2.47	42.00

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

Particulars	Gratuity	Provident fund	Gratuity	Provident fund
	(funded)	(funded)	(funded)	(funded)
	31.03.22	31.03.22	31.03.21	31.03.21
Fair value of plan assets at the beginning of the year	1.53	42.82	1.60	42.20
Transfer in/(out) plan assets	-	-	-	(0.08)
Return on plan assets	0.02	-	0.01	0.47
Interest income on plan assets	0.07	-	0.09	2.70
Contributions by the employer/ employees	0.03	-	0.21	1.49
Benefits paid	(0.84)	-	(0.38)	(3.96)
Other adjustments	-	-	-	-
Fair value of plan assets as at the end of the year	0.81	42.82	1.53	42.82

(C) Amount recognised in balance sheet:

Particulars	Gratuity	Gratuity	Provident fund	Gratuity	Gratuity	Provident fund
	(funded)	(non-funded)	(funded)	(funded)	(non-funded)	(funded)
	31.03.22	31.03.22	31.03.22	31.03.21	31.03.21	31.03.21
Present value of defined benefit obligations as at the end of the year	0.57	2.84	42.00	1.35	2.47	42.00
Fair value of plan assets as at end of the year	0.81	-	-	1.53	-	42.00
Liability recognised in the Balance Sheet (included in provisions) (note 10)	(0.24)	2.84	42.00	(0.18)	2.47	-

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

Particulars	Gratuity	Gratuity	Provident fund	Gratuity	Gratuity	Provident fund
	(funded)	(non-funded)	(funded)	(funded)	(non-funded)	(funded)
	31.03.22	31.03.22	31.03.22	31.03.21	31.03.21	31.03.21
Current service cost	0.15	0.29	-	0.14	0.26	0.72
Past service cost- plan amendments	-	-	-	-	-	-
Net interest on net defined benefit liability/ (asset)	(0.01)	0.15	-	(0.01)	0.13	-
Total expenses recognised in the Statement of Profit and Loss (Included in Contribution to provident and other funds (note no. 15))	0.13	0.44	-	0.13	0.39	0.72

(E) Amount recognised in other comprehensive income

Particulars	₹ in crore	
	31.03.22	31.03.21
Experience adjustments	0.23	0.20
Total	0.23	0.20

(F) Category of plan assets:

Particulars	Gratuity	Provident fund	Gratuity	Provident fund
	(funded)	(funded)	(funded)	(funded)
	31.03.22	31.03.22	31.03.21	31.03.21
Administered by Life Insurance Corporation of India *	100%	-	100%	-
Government of India securities (Central and State)	-	32.00%	-	31.00%
Public sector bonds/ TDRs	-	68.00%	-	69.00%

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

(G) Sensitivity analysis

Particulars	Gratuity	
	(funded)	(funded)
	31.03.22	31.03.21
DBO On base assumptions		1.57
A. Discount Rate	5.65%	5.60%
1. Effect due to 0.5% increase in discount rate	(0.56)	(1.32)
2. Effect due to 0.5% decrease in discount rate	0.58	1.37
B. Salary Escalation Rate	5.00%	5.00%
1. Effect due to 0.5% increase in salary escalation rate	0.57	1.37
2. Effect due to 0.5% decrease in salary escalation rate	(0.56)	(1.33)
C. Withdrawal Rate	8.00%	8.00%
1. Effect due to 5% increase in withdrawal rate	(0.57)	(1.35)
2. Effect due to 5% decrease in withdrawal rate	0.56	1.35

Risk exposure- asset volatility

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

(H) Actuarial assumptions

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

(I) General assumptions:

Particulars	Gratuity	Gratuity	Provident fund	Gratuity	Gratuity	Provident fund
	(funded)	(non-funded)	(funded)	(funded)	(non-funded)	(funded)
	31.03.22	31.03.22	31.03.22	31.03.21	31.03.21	31.03.21
Discount rate (per annum)	5.65%	6.70%	6.60%	5.60%	6.50%	6.60%
Rate of return on plan assets (for funded scheme)	0.00%	0.00%	8.00%	5.60%		8.00%
Withdrawal rate	8.00%	7.00%		8.00%	7.00%	
Expected returns on EPFO	-	-	8.00%	-		8.25%
Rate of increase in compensation	5.00%	5.00%		5.00%	5.00%	

ii) Mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2012-14) Table. (Indian Assured Lives Mortality (2006-08)) mortality table.

iii) Leave policy: Leave balance as at the valuation date and each subsequent year following the valuation date to the extent not availed by the employee accrued till 31 December, 2014, is available for encashment on separation from the Company up to a maximum of 120 days.

iv) The contribution to be made by the Company for funding its liabilities for gratuity (funded and non funded) and towards provident fund during the financial year 2021-22 amounts to ₹ 0.03 crore.

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- 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.

11 Other current liabilities

Particulars	Year ended	Year ended
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Statutory and other related dues	0.19	2.02
Advance received against sale consideration	331.26	331.26
Less: Adjusted against loans receivable from subsidiary company (Loans current - Note 6(D))*	(331.26)	(331.26)
Deferred profit on sale and lease back	-	5.46
Unearned revenue on services	-	1.85
Total other current liabilities	0.19	9.33

12 Revenue from operations

Particulars	Year ended	Year ended
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Sale of services		
Fleet operating and chartering earnings	137.87	152.15
Other operating income		
Supervision / Management fees	2.16	13.77
Total revenue from operations	140.03	165.92

13 Other income

Particulars	Year ended	Year ended
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Interest income		
- from banks	0.17	0.00
- from others	14.93	1.27
Net gain / loss on foreign currency translation and transaction (other than considered as finance cost)	0.83	-
Profit on sale of fleet	99.35	1.02
Other non operating income	46.79	7.68
Total interest income	162.06	9.97

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14 Operating expenses

Particulars	Year ended	Year ended
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Consumption of stores and spares	6.09	11.98
Consumption of fuel, oil and water	27.96	40.82
Direct voyage expenses	15.85	10.62
Commission, brokerage and agency fees	0.96	0.97
Standing costs	5.63	10.55
Insurance, protection and indemnity club fees	4.73	9.41
Total operating expenses	61.22	84.35

15 Employee benefits expense

Particulars	Year ended	Year ended
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Offshore staff		
Salaries, wages and bonus	18.48	35.39
Contribution to staff provident and other funds	1.14	0.96
Staff welfare expenses	2.51	4.98
Office staff		
Salaries, wages and bonus	9.65	9.39
Contribution to staff provident and other funds	0.61	0.65
Staff welfare expenses	1.00	1.25
Total employee benefits expense	33.39	52.62

16 Finance costs

Particulars	Year ended	Year ended
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Interest expense		
- on bank loans	5.79	6.86
- on loans from financial Institutions	-	-
- on finance lease obligations	6.10	21.33
- on foreign currency convertible bonds	-	-
- on debentures	164.45	155.26
- on others	1.11	27.65
Loan commitment / processing charges, guarantee fees and other charges	2.78	1.06
Total finance costs	180.22	212.16

17 Other expenses

Particulars	Year ended	Year ended
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Rent	1.23	0.45
Rates and taxes	0.10	0.19
Repairs and maintenance		
-buildings	0.01	0.01
-others	0.80	1.36
Legal and professional fees	2.81	3.87

Travelling and conveyance	0.24	0.23
Auditor's remuneration (refer note below)	0.23	0.41
Net loss on foreign currency translation and transaction (other than considered as finance cost)	-	4.78
Sundry balances written-off (Net)	0.24	0.08
Other establishment expenses	0.92	0.91
Total other expenses	6.56	12.29

Particulars	Year ended	Year ended
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
As auditors	0.22	0.37
Reimbursement of expenses	0.00	0.01
For other services	0.01	0.03
Total	0.23	0.41

18 Exceptional items

Particulars	Year ended	Year ended
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
a) Income		
Reversal of Provision for impairment of loans & advances receivable from subsidiary	0.66	0.79
Reversal of provision for impairment as per Ind AS 36 in the fair value of an associate based on management assessment.	35.77	-
Gain on foreclose of Finance Lease	294.16	-
Profit on sale of Compulsory Convertible Preference Shares of the Subsidiary Company *	0.06	-
Gain from One Time Settlement of Loans	239.91	-
Total	570.56	0.79
b) Expense		
Provision for Impairment as per Ind AS 36 in the fair value of subsidiaries based on management assessment and valuation report**	252.66	-
Provision for Impairment of loans and advances receivable from Subsidiary**	543.05	-
Total exceptional items	795.71	-

*The Company has already provided impairment provision of Rs. 629 crs related to Compulsory Convertible Preference Shares (CCPS) held in Indian Subsidiary company as on 31 March 2019. Now during the year the same has been sold for Rs. 6,29,000/- and hence net impact of reversal of impairment provision (Rs. 629 crs) and loss on sale of CCPS (Rs. 628.94) has been shown as exceptional income.

**The Management of the Company has evaluated the Company's investments and receivables from the foreign subsidiary company. Due to negative net-worth of the foreign subsidiary Company and various operational assumptions which impact the estimated future cash flows from the subsidiary company, it seems to be non-recoverable. Accordingly the impairment on investment of ₹ 252.66 crores and receivable of ₹ 543.05 crores considered during the year as per the Ind AS 36 "Impairment of assets".

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19 Income taxes

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

Particulars	Year ended	Year ended
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Current income taxes	0.26	0.62
Income tax expense for the year	0.26	0.62
Effective tax rate (%)	0.00%	0.00%

The reconciliation of income tax expense applicable to accounting loss before income tax at statutory income tax rate to income tax expense at the Company's effective income tax rate for the year ended 31 March, 2022 and 31 March, 2021 are as follows:

Particulars	Year ended	Year ended
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Profit / (Loss) before taxes	(249.71)	(297.27)
Effective tax rate in India: 25.1680%*	-	-
Tax effect of adjustment for profits subject to tonnage tax regime / presumptive taxation	0.26	0.62
Income tax expense recognised in the profit and loss account	0.26	0.62

***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 applicable tax laws. Effective tax rate calculated as per the Section 115BAA of the Income Tax Act, 1961.

20 Financial Instruments
(i) Capital management

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

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Debt (including borrowings from related and unrelated parties and finance lease obligations)	2,511.54	3,791.39
Less: Cash and cash equivalent including short term deposits (restricted)	(18.93)	(13.19)
Less: Current Investments in Mutual Fund	(1.61)	(6.23)
Net debt (A)	2,491.00	3,778.20
Total equity (B)	(3,296.34)	(3,046.61)
Net debt to equity ratio (A/B)	(0.76)	(1.24)

(ii) Categories of financial instruments

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
<u>At amortised cost</u>				
Cash and bank balances	18.93	18.93	13.19	13.19
Loans and other receivables	5.50	5.50	19.18	19.18
Other financial assets	310.57	310.57	440.22	440.22
<u>At fair value through profit and loss</u>				
Investments in Mutual Funds	1.61	1.61	-	-
Total	336.61	336.61	472.59	472.59
Financial liabilities:				
<u>At amortised cost</u>				
Borrowings	2,511.54	2,511.54	3,192.76	3,192.76
Finance lease payables	-	-	598.63	598.63
Trade and other payables	32.57	32.57	146.35	146.35
Other financial liabilities	1,150.51	1,150.51	1,129.93	1,129.93
Total	3,694.63	3,694.63	5,067.66	5,067.66

Fair value measurements recognised in the Balance sheet:

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

- 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.

All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.

Fair Value Hierarchy

Particulars	As at 31 March, 2022	As at 31 March, 2021
	₹ in crore	₹ in crore
	Level 2	Level 2
Assets		
Investments in Mutual Fund	1.61	-

(iii) 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.

(iv) 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.

(v) Market risk:

(a) Foreign currency risk:

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

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

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
	Financial assets	Financial Liabilities	Financial assets	Financial Liabilities
United States Dollars (US\$)	11.91	19.48	925.60	810.57
Currencies other than INR & US\$	0.43	0.20	2.16	3.43
Total	12.34	19.68	927.76	814.00

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

Particulars	As at 31 March, 2022	As at 31 March, 2021
	₹ in crore	₹ in crore
US\$ impact (impact on profit before tax)	(0.37)	5.69

(b) Interest rate risk:

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

Interest rate sensitivity analysis:

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's loss for the year ended 31 March, 2022 would increase/decrease by ₹ 5.95 crore (previous year ₹ 6.99 crore). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings

(c) Commodity price risk:

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given.

(d) Other price risk:

The Company is not exposed to any significant equity price risks arising from equity investments, as on 31 March 2022. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

Equity price sensitivity analysis:

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

(vi) Credit risk:

The credit risk is primarily attributable to the Company's trade and other receivables and guarantees given by the Company on behalf of others. The amounts presented in this standalone statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and their assessment of the current economic environment. The maximum related party credit exposure at 31 March, 2022 on account of carrying amount of advances /deposit, trade and other receivables and guarantees is disclosed in note 27 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.

(vii) Liquidity risk:

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

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

Liquidity table:

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

Particulars	As at 31 March, 2021			
	Not later than one year	Later than one year but not later than five		Total
		years	More than five years	
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Financial instruments:				
Borrowings	1,449.55	1,743.21	-	3,192.76
Finance lease payables	167.09	233.75	197.79	598.63
Trade and other payables	146.35	-	-	146.35
Other financial liabilities	1,129.93	-	-	1,129.93
Total financial liabilities	2,892.92	1,976.96	197.79	5,067.67

Particulars	As at 31 March, 2022			
	Not later than one year	Later than one year but not later than five years	More than five years	Total
Financial instruments:				
Borrowings	846.55	1,664.99	-	2,511.54
Finance lease	-	-	-	-
Trade and other payables	32.57	-	-	32.57
Other financial liabilities	1,150.51	-	-	1,150.51
Total financial liabilities	2,029.63	1,664.99	-	3,694.63

21 Leases

Details of leasing arrangements:

a) Finance leases : Company as a lessee

Particulars	As at 31 March, 2022			
	Not later than one year	Later than one year but not later than five years	More than five years	Total
As at 31 March, 2021				
Future minimum lease payments	186.21	286.99	203.58	676.78
Unmatured finance charges	19.12	53.25	5.79	78.16
Present value of minimum lease payments	167.09	233.74	197.79	598.62
As at 31 March, 2022				
Future minimum lease payments	-	-	-	-
Unmatured finance charges	-	-	-	-
Present value of minimum lease payments	-	-	-	-

b) Operating leases: Company as a lessee

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

22 Contingent liabilities (to the extent not provided for)

a) Claims against the company not acknowledged as debts	As at	
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Guarantee given by a bank against disputed custom duty demand of ₹ 27.40 crore by DGFT	-	30.00
Income tax demand- appeal filed by the company with Commissioner of Income tax - Appeals and Income Tax Appellate Tribunal	156.20	138.38
Income tax demand - appeal filed by the Income tax department in the High court of Bombay against the orders of Appellate Tribunal in favour of the Company	39.09	7.29

b)	Nature of the Company for which Guarantees given by the Company	Purpose for which the Guarantee is proposed to be utilised by the recipient	As at	As at
			31 March, 2022	31 March, 2021
			₹ in crore	₹ in crore
i) Corporate guarantees on behalf of subsidiaries & associates				
	A) OGD Services Holdings Limited, Mauritius	Corporate guarantee given for subsidiary Debts	-	29.22
	B) OGD Services Limited, India	Corporate guarantee given for subsidiary Debts	905.33	825.61
	C) Varada Drilling One Pte Ltd, Singapore and Varada Drilling Two Pte Limited, Singapore	Corporate guarantee given for subsidiary Debts	227.42	219.16
			1,132.75	1,073.99

23 Segment reporting

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:

Particulars	Year ended	Year ended
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
India	67.59	75.37
Singapore	54.07	22.05
Cyprus	18.76	12.14
United Arab Emirates	-	19.84
Taiwan	-	21.70
Kuwait	-	9.84
Denmark	(0.06)	2.25
Bangladesh	(0.33)	3.11
Total	140.03	166.30

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

24 Earning per share

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

Particulars	Year ended	Year ended
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Loss for the year before exceptional items	(24.57)	(298.06)
Loss for the year after exceptional items	(249.97)	(297.89)
Equity shares at the beginning of the year (no's)	206,976,072	206,976,072
Equity shares issued during the year	-	-
Equity shares at the end of the year (no's)	206,976,072	206,976,072
Weighted average equity shares for the purpose of calculating basic earnings per share (no's)	206,976,072	206,976,072
Weighted average equity shares for the purpose of calculating diluted earnings per share (no's)	206,976,072	206,976,072
Earning per share before exceptional items - basic (face value ₹10/- each)	(1.20)	(14.43)
Earning per share before exceptional items - diluted (face value ₹10/- each)	(1.20)	(14.43)
Earning per share after exceptional items - basic (face value ₹10/- each)	(12.08)	(14.39)
Earning per share after exceptional items - diluted (face value ₹10/- each)	(12.08)	(14.39)

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.

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

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	Amount Outstanding	Maximum amount Outstanding	Amount Outstanding	Maximum amount Outstanding
	₹ in crore	₹ in crore	₹ in crore	₹ in crore

Subsidiary Companies:

OGD Services Limited*	-	12.54	19.91	20.71
Essar Shipping DMCC*	-	712.84	886.97	886.97

* As on date no amount are outstanding from subsidiary companies because the Company has already made Impairment provision of receivables in the books.

26 Employee Stock Option Scheme

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

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

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

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

Since the period of ESOP scheme has been expired the Company has already passed a Board resolution to close the trust and the Company is in process of the same.

27 Related party relationships, transactions and balances: (as per IND-AS 24)
a) Holding companies

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

b) Subsidiaries / Step down subsidiaries

- Energy II Limited, Bermuda
- OGD Services Holding Limited, Mauritius (formerly known as Essar Oilfields Services Limited)
- OGD Services Limited, India (formerly known as Essar Oilfield Services India Limited)
- Essar Shipping DMCC, Dubai

c) Associates

- Varada Drilling One Pte. Limited, Singapore
- Varada Drilling Two Pte. Limited, Singapore
- Arkay Logistics Limited, India

d) Key management personnel

- Mr. Ranjit Singh (President & CEO)
- Capt. Rahul Bhargava (Executive Director till 30.09.2020)
- Mr. Subimal Mahato (Wholtime Director till 30.11.2021)
- Mr. Rajesh Desai (Non-Executive Director till 11.11.2021 and Executive Director from 12.11.2021)
- Mr. N. Srinivasan (Non- Executive Independent Director)
- Capt. B. S. Kumar (Non- Executive Independent Director)
- Mr. Ketan Shah (Chief Financial Officer)

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- viii) Ms. Jyotsna Gupta (Company Secretary till 01.08.2021)
- ix) Ms. Nisha Barnwal (Company Secretary from 23.09.2021)
- x) Mr. Jayakumar (Non- Executive Independent Director from 31.08.2021)
- xi) Ms. Sunita Kotian (Non- Executive Director till 30.09.2021)
- xii) Ms. S Saraswathy – (Non- Executive Director from 30.09.2021)
- Xiii) Mr. R Suresh (Non- Executive Independent Director from 31.08.2021)

e) Fellow subsidiaries where there have been transactions

- i) Essar Bulk Terminal Limited
- ii) Essar Shipping (Cyprus) Limited
- iii) Essar Steel Metal Trading Limited
- iv) AGC Networks Limited
- v) Essar Power (Orissa) Limited
- vi) Essar Foundation
- vii) Futura Travels Limited
- viii) Edwell Infrastructure Hazira Limited
- ix) Bhagwat Power Salaya Limited

f) Trust

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

g) Details of transactions with related parties during the year

₹ in crore

Nature of transactions	Holding Companies / Promoter group companies		Subsidiaries / Step down subsidiaries		Fellow subsidiaries / Trusts / Associates		Managerial remuneration / Sitting fees		Total	
	Year ended 31 March, 2022	Year ended 31 March, 2021	Year ended 31 March, 2022	Year ended 31 March, 2021	Year ended 31 March, 2022	Year ended 31 March, 2021	Year ended 31 March, 2022	Year ended 31 March, 2021	Year ended 31 March, 2022	Year ended 31 March, 2021
INCOME										
Revenue from operations										
Essar Shipping DMCC	-	-	6.34	1.43	-	-	-	-	6.34	1.43
Essar Shipping (Cyprus) Limited	-	-	-	-	-	12.14	-	-	-	12.14
Essar Power (Orissa) Limited	-	-	-	-	-	0.09	-	-	-	0.09
Total	-	-	6.34	1.43	-	12.23	-	-	6.34	13.66
Sale of Preference Shares										
Essar Steel Metal Trading Limited	-	-	-	-	0.06	-	-	-	0.06	-
Total	-	-	-	-	0.06	-	-	-	0.06	-
Gain on Foreclosure of Finance Lease										
Essar Shipping DMCC	-	-	294.16	-	-	-	-	-	294.16	-
Total	-	-	294.16	-	-	-	-	-	294.16	-

Managerial remuneration #											
Ranjit Singh	-	-	-	-	-	-	2.04	1.09	2.04	1.09	
Capt Rahul Bhargava	-	-	-	-	-	-	-	0.62	-	0.62	
Ketan Shah	-	-	-	-	-	-	1.51	0.87	1.51	0.87	
Jyotsna Gupta	-	-	-	-	-	-	0.23	0.29	0.23	0.29	
Subimal Mahato	-	-	-	-	-	-	0.34	0.44	0.34	0.44	
Rajesh Desai	-	-	-	-	-	-	0.04	-	0.04	-	
Nisha Barnwal	-	-	-	-	-	-	0.03	-	0.03	-	
Total	-	-	-	-	-	-	4.18	3.30	4.18	3.30	
Sitting fees paid to Non-Executive Directors											
Director sitting fees	-	-	-	-	-	-	0.22	0.21	0.22	0.21	
Total	-	-	-	-	-	-	0.22	0.21	0.22	0.21	
Direct Voyage expenses											
Essar Shipping (Cyprus) Limited	-	-	-	-	2.01	-	-	-	2.01	-	
Arkay Logistics Limited	-	-	-	-	0.30	0.03	-	-	0.30	0.03	
Essar Bulk Terminal Limited	-	-	-	-	0.09	0.78	-	-	0.09	0.78	
Total	-	-	-	-	2.39	0.81	-	-	2.39	0.81	
Repairs & Maintenance Charges											
AGC Networks Limited	-	-	-	-	0.24	0.75	-	-	0.24	0.75	
Ticket Charges											
Futura Travels Limited	-	-	-	-	0.07	-	-	-	0.07	-	
Contribution to staff provident fund											
Essar Shipping Staff Provident Fund Trust	-	-	-	-	1.07	2.06	-	-	1.07	2.06	
Interest on finance lease obligations											
Essar Shipping DMCC	-	-	5.81	20.09	-	-	-	-	5.81	20.09	
Donation paid											
Essar Foundation	-	-	-	-	0.15	-	-	-	0.15	-	
Provision for Impairment											
Essar Shipping DMCC	-	-	795.71	-	-	-	-	-	795.71	-	
Total	-	-	801.52	20.09	1.53	2.81	-	-	803.04	22.90	
Reversal of Provision for Impairment											
OGD Services Limited	-	-	0.66	0.79	-	-	-	-	0.66	0.79	
Arkay Logistics Limited	-	-	-	-	35.77	-	-	-	35.77	-	

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Total	-	-	0.66	0.79	35.77	-	-	-	36.43	0.79
Loans & Advances given / repaid										
Essar Shipping DMCC (net amount)	-	-	25.20	-	-	-	-	-	25.20	-
Essar Steel Metal Trading Limited	-	-	-	-	2.19	-	-	-	2.19	-
Bhagwat Power Salaya Limited	-	-	-	-	40.00	-	-	-	40.00	-
OGD Services Limited (net amount)	-	-	5.89	6.00	-	-	-	-	5.89	6.00
Total	-	-	31.09	6.00	42.19	-	-	-	73.28	6.00

does not include the amount payable towards gratuity and compensated absences by the Company, as the same is calculated by the Company as a whole on actuarial basis.

h) Outstanding balances with related parties:

Nature of transactions	Holding Companies / Promoter group companies		Subsidiaries / Step down subsidiaries		Fellow subsidiaries / Trusts / Associates		Managerial remuneration / Sitting fees		Total	
	As at 31 March, 2022	As at 31 March, 2021	As at 31 March, 2022	As at 31 March, 2021	As at 31 March, 2022	As at 31 March, 2021	As at 31 March, 2022	As at 31 March, 2021	As at 31 March, 2022	As at 31 March, 2021
Trade and other receivables										
Essar Shipping DMCC	-	-	0.62	0.44	-	-	-	-	0.62	0.44
Essar Shipping (Cyprus) Limited	-	-	-	-	-	9.81	-	-	-	9.81
Total	-	-	0.62	0.44	-	9.81	-	-	0.62	10.25
Loans and advances (including interest accrued)										
OGD Services Limited*	-	-	-	6.00	-	-	-	-	-	6.00
Essar Shipping DMCC*	-	-	-	886.97	-	-	-	-	-	886.97
IDH International Drilling Holdco Limited	0.48	0.47	-	-	-	-	-	-	0.48	0.47
Essar Shipping Employee Stock Options Trust (*Receivables has been impaired in the books)	-	-	-	-	-	0.41	-	-	-	0.41
Total	0.48	0.47	-	892.97	-	0.41	-	-	0.48	893.85
Finance lease obligation										
Essar Shipping DMCC	-	-	-	598.63	-	-	-	-	-	598.63
Advance received from customer										
Arkay Logistics Limited	-	-	-	-	4.50	4.50	-	-	4.50	4.50

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Advance received against sale of vessel										
Essar Shipping DMCC	-	-	331.26	331.26	-	-	-	-	331.26	331.26
Intercorporate deposits payable										
Essar Steel Metal Trading Limited	-	-	-	-	51.36	64.48	-	-	51.36	64.48
Edwell Infra Hazira	-	-	-	-	0.60	0.60	-	-	0.60	0.60
Bhagwat Power Salaya Limited	-	-	-	-	40.00	80.00	-	-	40.00	80.00
Total	-	-	-	-	91.96	145.08	-	-	91.96	145.08
Trade Payables										
Arkay Logistics Limited	-	-	-	-	0.56	0.58	-	-	0.56	0.58
Essar Shipping Staff Provident Fund Trust	-	-	-	-	0.03	0.10	-	-	0.03	0.10
Essar Bulk Terminal Limited	-	-	-	-	3.81	3.72	-	-	3.81	3.72
AGC Networks Limited	-	-	-	-	0.29	0.84	-	-	0.29	0.84
Essar Shipping DMCC	-	-	-	-	7.40	5.79	-	-	7.40	5.79
Essar Shipping (Cyprus) Limited	-	-	-	-	8.16	16.40	-	-	8.16	16.40
Total	-	-	-	-	20.25	27.43	-	-	20.25	27.43
Interest accrued on finance lease obligation										
Essar Shipping DMCC	-	-	-	67.46	-	-	-	-	-	67.46
Guarantees given on behalf of others										
OGD Services Limited	-	-	905.33	1,073.99	-	-	-	-	905.33	1,073.99
OGD Services Holding Limited	-	-	-	29.22	-	-	-	-	-	29.22
Varada Drilling One Pte. Limited & Varada Drilling Two Pte. Limited	-	-	-	-	227.42	219.16	-	-	227.42	219.16
Total	-	-	905.33	1,103.21	227.42	219.16	-	-	1,132.75	1,322.37

28 Going Concern

A) Pursuant to approval taken from Shareholders in the meeting held on 30 September, 2020, the Company has monetised the assets and proceeds from the same has been paid to lenders, which has reduced the current liabilities of the Company. The Company re-paid term loans aggregating to Rs. 524 crore approx by monetising its assets and recognised Rs. 239.91 crore (Rs. 210.56 during the quarter) as Gain from One Time Settlement of Loans as exceptional income. No due certificates received from the respective lenders.

B) Such monetisation included sale of one Tanker vessel & three Bulker vessels (two bulker vessels during the quarter) and the Company has recognised profit on sale of vessel of Rs. 99.35 crore (Rs. 8.41 crores during the quarter) in the Statement of Profit & Loss. The Company has disposed off most of its assets with prior approval of the lenders to pay off its outstanding dues to lenders / vendors and has no revenue generating assets as at the year-end.

C) The Company has availed loans from banks and financial institutions which are secured by charge over various movable and immovable assets of the Company as well as subsidiary/ associate/ group companies and corporate guarantee of the ultimate Parent Company. The value of the security as at 31st March 2022 is lower than the amount outstanding as at that date due to downturn in shipping and oilfield markets from last several years.

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As on 31 March 2022, the net worth of the Company is eroded as it is incurring losses since last several years. The Company has accumulated losses of Rs. 8,514.51 crore as against share capital and reserves of Rs. 5,011.19 crore and the Company's current liabilities exceeds its current assets. The Management is exploring business opportunity of In-chartering in the Shipping sector. In view of these, the Financials have been prepared on a Going Concern basis.

29 Expenditure on corporate social responsibility (CSR)

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

Other Statutory Disclosure

30 The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

31 The Company has not received any funds from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

32 The Company is not declared a wilful defaulter by any bank or financial institution or other lenders.

33 The Company has no borrowings from banks or financial institutions on the basis of security of current assets.

34 The Company does not have any transaction that are not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

35 There are no proceedings initiated or pending for holding any benami property under the Benami Transaction (Prohibition) Act, 1988

36 There is no Investment Property held by Company.

37 The Company has neither traded in nor holds Crypto Currency or Virtual Currency during the year.

38 During the current year, the company has not made any Loans or advances in the nature of Loans are granted to Promoters, Directors, KMPs and the related parties (as define under Companies Act, 2013) either severally or jointly with any other person, that are: (a) repayable on demand: or (b) without specifying any term or period of repayment.

39 The Company does not have any transaction with companies struck off under section 248 of the Company Act 2013, or section 560 of Companies Act, 1956.

40 During the Year, Company has not taken any term loan from any bank of financial Institutions.

41 Comparative Ratio Analysis							
Sr No	Ratio	Numerator	Denominator	March 2022	March 2021	% Variances	Reason for Variance (if +/- 25%)
i	Current Ratio	Current Asset	Current Laibility	0.18	0.20	(9.53)	
ii	Debt to Equity Ratio	Total Long Term Debt	Share Holders Equity	-1.11	-1.43	(22.49)	
iii	Debt Service Coverage Ratio	EBITDA	Interest + Installment	0.36	0.78	(54.37)	During the year the Company has monetised the assets and sale proceeds of the same has been utilised to settled the loan
iv	Return on Equity	Net Income	Share Holders Equity	0.08	0.10	(23.41)	

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v	Inventory Turn Over Ration	Cost of goods sold or Sales	Avg Inventory	0	0	-	Not Applicable because the Company is in service industry
vi	Trade Receivable Turnover Ratio	Credit Sale	Avg Account Receivable	15.33	7.44	105.96	The Receivables from debtors got reduced due to recovery from them at the end of current financial year
vii	Trade Payable Turnover Ratio	Total Purchase	Avg Account Payable	0	0	-	Not Applicable because the Company is in service industry
viii	Working Capital Turnover Ration	Net Annual Sale	Working Capital	-0.07	-0.08	(13.12)	
ix	Net Profit Ratio	Net Revenue	Revenue	-1.79	-1.80	(0.57)	
x	Return on Capital Employed	EBIT	Capital Employed	0.43	-0.07	(760.03)	During the year, Earning before interest and tax increased due to profit on sale of vessels and capita employed decrease due to repayment of loan

42 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 and on behalf of the Board

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

Rajesh Desai
Director
(DIN: 08848625)

N. Srinivasan
Director
(DIN: 0004195)

Himanshu Kishnadwala
Partner
Membership No. 37391
Mumbai
30 May, 2022

Ketan Shah
Chief Financial Officer

Mumbai
30 May, 2022

Nisha Barnwal
Company Secretary
Membership No. ACS 66804

INDEPENDENT AUDITOR'S REPORT

To the Members of Essar Shipping Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of **Essar Shipping Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and joint venture comprising of the Balance Sheet as at 31 March, 2022, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated statement of Cash Flows and Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group and its associate and joint venture as at 31 March, 2022 and their consolidated loss (including other comprehensive income), their Consolidated Cash Flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note No.27 of the Consolidated Financial Statements wherein it is stated that

- The Group has accumulated losses of Rs. 8,421.05 crore as against capital and reserves of Rs. 3,300.28 crore as on 31st March, 2022.
- Some of the lenders of the Company's subsidiary (where the holding company is a Guarantor) and the company's lender and Public Financial Institution have filed application before the High court / National Company Law Tribunals/ Debt Recovery Tribunals for recovery of overdue amounts and / or enforcement of guarantees.
- The Group's Holding Company has disposed off most of its assets with a view to pay off its outstanding dues to lenders / vendors and has no revenue generating assets as at the year end.
- The value of the security offered in connection with various borrowings as at 31st March 2022 is lower than the amounts outstanding to the lenders.
- The net worth of the Group eroded and it is incurring continuous losses since last several years.

The above factors give rise to material uncertainty related to the Group's ability to continue as a Going Concern.

Further, as informed to us, the management is exploring business opportunity of In-chartering in the shipping sector.(as referred in Note No. 27 of Consolidated Financial Results)

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

Our opinion on the Consolidated Financial Statements is not modified for the above matter.

Emphasis of Matter

- a. We draw attention to our observations in paragraph 4 above whereby, inspite of several factors mentioned therein, the results are prepared on "going Concern" basis;
- b. We draw attention to Note No. 4E of the Consolidated Financial Statements wherein the Group had recognized revenue in the previous year amounting to Rs. 369.81 crore (including accrued interest upto 31 March 2018) based on compensation granted to the Holding company in arbitration proceedings for breach of contract terms by a charterer of which Rs.305.81 crore remains outstanding as on 31 March, 2022. The Group is confident of full recovery of its claims. However pending conclusion of the said arbitration proceedings and quantification of the interest, no interest is accrued on the same for the period 1st April 2018 till 31st March, 2022;

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- c. In case of certain subsidiaries, the respective auditors have pointed out that the concerned financial statements have been prepared on going concern basis, in view of the representation by the management that it is confident of rolling over its short term borrowings to address cash flow mismatches.
- d. In case of holding company, the Company had issued Standby Letter of Credit (SBLC) with three banks for Rs. 687.37 crore to secure a loan availed by a subsidiary, which were invoked in an earlier year. The Company has taken up matter with respective banks to settle the loans through monetization of assets. The company has paid dues to three banks. Of the three banks, two banks have issued No Due Certificate for the same. Balance one bank will provide No Due Certificate on the basis of agreed milestone as mentioned in One Time Settlement (OTS).
- e. We draw attention to Note No. 9(A) and Note No. 6(D) of the Consolidated Financial Statements, relating to netting off of amount payable to a wholly owned overseas subsidiary with the amount receivable from the said subsidiary. This is subject to pending application and approval from the regulatory authorities.
- f. In case of one subsidiary, during the year Bare Boat Charter Demise with the Holding Company has been cancelled resulting in loss of USD 39.59 Mn on foreclosure of lease. Further, the vessels repossessed have since been sold resulting in a loss of USD 39.02 Mn.
- g. In case of holding and a subsidiary, the Company has availed loans from banks and financial institutions which are secured by charge over various rigs, other movable assets and corporate guarantee of the intermediate Holding Company. Majority of the rigs have either been held for sale or have been sold. The value of the security as at 31st March 2022 is lower than the amount outstanding as at that date due to downturn in shipping and oilfield markets from last several years.
- h. In case of holding company, the Company has issued Non-Convertible Debentures which are inter alia secured by a charge over six rigs owned by one of its subsidiary. Out of the six rigs, three rigs owned by the said subsidiary stacked at Dubai in a yard of a vendor have been disposed off / sold by the said vendor with a view to recover the dues from the Company to the said vendor. The said transaction has been intimated by the subsidiary to the debenture holder.
- i. In case of a subsidiary, during the year, the Company has entered into a settlement agreement with one of its lenders to settle the outstanding dues to the said party. The Company has made upfront payment in terms of the said settlement agreement but has defaulted in payment of the dues payable on or before 31st March 2022. Further, the Company is in the process of reconciling the amount payable under the settlement agreement. Pending reconciliation of amounts payable and compliance with payment requirements under the settlement agreement, no effect has been given to the settlement agreement in the accounts for the year ended 31st March 2022.
- j. In case of holding and a subsidiary, borrowings from various lenders are subject to confirmation/ reconciliation.

Our Opinion is not modified in respect of the above matters.

Key Audit Matters

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

Key Audit Matter	Auditor's Response
<p><u>Going concern evaluation</u></p> <p>As on 31 March, 2022 the Group has accumulated losses of Rs. 8,421.05 crore as against capital and reserves of Rs. 3,300.28 crore. The Group has also defaulted on several loans and lenders have initiated recovery proceedings as mentioned in Note No.27 of the Consolidated Financial Statements.</p> <p>The Group's holding and one of the subsidiary has disposed off most of its assets with a view to pay off its outstanding dues to lenders/ vendors and has no revenue generating assets as at the year end. The value of security offered in connection with various borrowings as at 31st March, 2022 is substantially lower than the amounts outstanding to the lenders.</p>	<p>Our audit included but was not limited to the following activities:</p> <ol style="list-style-type: none"> 1. Requested external confirmation of balances from each of these lenders to confirm the balance outstanding as on 31 March, 2022; 2. Assessing management's steps to be taken to meet liabilities as and when they become due for payment; 3. Obtained and evaluated the Groups plans to repay these loans (with interest) through communication letters and the extent of steps taken for the same; 4. Obtaining and evaluating various communications with the lenders for the one-time settlement proposed by the company.

<p>The Group's current liabilities exceeds its current assets as on March 31, 2022 (Refer Note No.27 of Consolidated Financial Statements). All these factors indicates that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern.</p>	<p>We have obtained supporting evidence for the key assumptions made and the disclosures in the Consolidated Financial Statements.</p>
<p>Evaluation of Litigation matters The Group has certain significant open legal proceedings including under arbitration for various matters with the Lenders and Customers, continuing from earlier years (Refer Note No. 22 and 27 of Consolidated Financial Statements)</p>	<p>Our audit included but was not limited to the following activities:</p> <ol style="list-style-type: none"> 1. Assessing management's position through discussions with the external legal opinions obtained by the Group (where considered necessary) on both, the probability of success in the aforesaid cases, and the magnitude of any potential loss; 2. Discussion with the management on the development in these litigations during the year ended 31 March, 2022; 3. Review of the disclosures made by the Company in the Consolidated Financial Statements in this regard; 4. Obtained representation letter from the management on the assessment of these matters (including the basis of the judgement).

Information other than the Consolidated Financial Statements and Auditor's Report thereon

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

Our opinion on the Consolidated Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

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

Responsibilities of the management and those charged with governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Group in accordance with Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, 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.

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

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

Auditor's Responsibility for the Audit of Consolidated Financial Statements

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, its associate and joint venture to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial information of the entities included in the Consolidated Financial Statements. We remain solely responsible for our audit opinion.

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

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

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

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

Other Matters

- a. The accompanying Consolidated Financial Results include Audited Financial Statements of one subsidiary which reflect net assets of Rs. (946.91) crore as at March 31, 2022, total revenues of Rs. 17.48 crore, and total comprehensive income/(loss) (comprising of net loss after tax and other comprehensive income) of Rs. (62.77) crore for the year ended on March 31, 2022, which have been audited by other auditor whose financial statements, other financial information and auditor's report have been furnished to us by the management. 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

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based solely on the report of such other auditor and the procedures performed by us are as stated in paragraph above.

- b. The Consolidated Financial Results include the Unaudited Financial Results of:
- i. One Step down subsidiary which reflect net assets of Rs. (12.49) Crore as at 31st March, 2022, total revenue of Rs.0.33 Crore, and total Comprehensive Income/(loss) (comprising of net loss after tax and other comprehensive income) of Rs. (0.20) Crore for the year ended on 31st March, 2022,
 - ii. One jointly controlled entity share of profit / (loss) of Rs. 0.06 Crore and Rs. 0.12 Crore for the quarter and year ended 31st March, 2022 respectively.
 - iii. One associate, share of profit / (loss) of Rs. (6.18) Crore and Rs. 2.88 Crore for the quarter and year ended 31st March, 2022 respectively.

These Unaudited Financial Statements and other unaudited financial information have been furnished to us by the Board of Directors and our opinion on the Consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and associate and jointly controlled entity is based solely on such unaudited Financial Statements and other unaudited financial information. In our opinion and according to the information and explanation given to us by the Board of Directors, these Unaudited Financial Statements and the other unaudited financial information are not material to the group.

- c. One Subsidiary and two associate companies have been liquidated and not forming part of Consolidated Financial Statements.

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 and other unaudited financial information certified by the Board of Directors.

Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;

- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept by the Holding company, its subsidiaries included in the group and associate companies and joint venture so far as it appears from our examination of those books and the reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- (d) In our opinion the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with the relevant rules issued there under;
- (e) The matters described under “Emphasis of Matter” paragraph and the Going Concern matter described under the “Material Uncertainty Related to Going Concern” paragraph, in our opinion, may have an adverse effect on the functioning of the Group;
- (f) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2022, taken on record by the Board of Directors of the Holding Company and its subsidiaries incorporated in India, none of the directors of the Group’s companies, its associate and joint venture, incorporated in India, is disqualified as on March 31, 2022 from being appointed as directors in terms of Section 164 (2) of the Act;
- (g) With respect to the adequacy of the internal financial controls with reference to Consolidated Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate report in ‘Annexure A’. Our report is modified on the adequacy and operating effectiveness of the Group’s internal financial controls with reference to Consolidated Financial Statements;
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, remuneration paid by the Holding Company, its subsidiary, its associate and joint venture incorporated in India to its directors during the year is in accordance with requisite approvals mandated by the provisions of Section 197, read with Schedule V of the Act.

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- (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:
- a) The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March, 2022 on the consolidated financial position of the Group, its associate and joint venture - Refer Note No. 22 to the Consolidated Financial Statements;
 - b) The Group did not have any long-term contracts including derivative contracts for which there were material foreseeable losses;
 - c) There were no amounts that were required to be transferred to the investor education protection fund by the Holding Company, its subsidiary company, associate and joint venture, incorporated in India.
 - (d) i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts (refer Note No.29) no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group, its associate and joint venture to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group, its associate and joint venture ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- ii) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts (refer Note no.30) no funds have been received by the Group, its associate and joint venture from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - iii) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
- (a) The Company has not declared or paid any dividend during the year.

For **C N K & Associates LLP**
Chartered Accountants
Firm registration number: 101961 W/W-100036
Himanshu Kishnadwala
Partner

Membership number: 37391
UDIN: 22037391AJVRPW3849

Place: Mumbai
Date: 30th May, 2022

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")

Opinion

In conjunction with our audit of the Consolidated Financial Statements of **Essar Shipping Limited** ("the Holding Company") for the year ended March 31, 2022, we have audited the internal financial controls with reference to Consolidated Financial Statements of the Holding Company, its subsidiary companies, its associate and joint venture, incorporated in India as of that date.

In our opinion and to the best of our information and according to the explanations given to us, except In case of a step down subsidiary, although mitigating controls exist, the preventive controls with respect to inventory module needs to be strengthened, the Holding Company and its subsidiary companies, incorporated in India have, in all material respects, an adequate internal financial controls system with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at 31 March, 2022, based on the internal control with reference to Consolidated Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

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

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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 Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

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

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

For **C N K & Associates LLP**

Chartered Accountants

Firm registration number: 101961 W/W-100036

Himanshu Kishnadwala

Partner

Membership number: 37391

UDIN: 22037391AJVRPW3849

Place: Mumbai

Date: 30th May, 2022

Consolidated Balance Sheet as at 31 March, 2022

(₹ in crore)

Particulars	Note no.	As at	
		31 March, 2022	31 March, 2021
ASSETS			
1 Non-current assets			
(a) Property, plant and equipments	2 (A)	111.91	883.66
(b) Capital work- in- progress	2 (A)	0.00	16.41
(c) Investments	3	38.77	0.00
(d) Financial assets			
- Other financial assets	4 (E)	-	0.50
(e) Other non-current assets	5	1.84	9.07
Total non-current assets		152.52	909.64
2 Current assets			
(a) Inventories	6	9.02	20.38
(b) Financial assets			
i. Investments in Mutual Funds	4 (A)	1.61	6.23
ii. Trade and other receivables	4 (B)	24.56	30.32
iii. Cash and bank balances	4 (C)	29.56	27.58
iv. Loans	4 (D)	455.94	466.66
v. Other financial assets	4 (E)	395.75	511.06
(c) Other current assets	7	67.47	112.17
(d) Asset classified as held for sale		33.50	-
Total current assets		1,017.41	1,174.40
TOTAL ASSETS		1,169.93	2,084.04
EQUITY AND LIABILITIES			
1 Equity			
Equity share capital	8 (A)	206.98	206.98
Other Equity			
Reserves and surplus	8 (B)	(5,120.77)	(5,020.12)
Non-controlling Interests	8 (B)	267.88	263.96
Total equity		(4,645.91)	(4,549.18)
Liabilities			
2 Non-current liabilities			
Financial liabilities			
Borrowings	9 (A)	1,678.07	1,743.21
Total non-current liabilities		1,678.07	1,743.21
3 Current liabilities			
Financial liabilities			
i. Borrowings	9 (A)	2,234.30	2,855.71
ii. Trade payables			
- Total outstanding dues to micro and small enterprises	9 (B)	9.02	7.87
- Total outstanding dues to creditors other than micro and small enterprises	9 (B)	85.18	254.30
iii. Other financial liabilities	9 (C)	1,767.40	1,720.10
Employee benefit obligations	10	3.03	2.70
Current tax liabilities	11 (A)	30.23	28.56
Other current liabilities	11 (B)	8.61	20.77
Total current liabilities		4,137.77	4,890.01
Total liabilities		5,815.84	6,633.22
TOTAL EQUITY AND LIABILITIES		1,169.93	2,084.04

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
Place: Mumbai
Date: 30 May, 2022

For and on behalf of the Board

Rajesh Desai
Director
(DIN: 08848625)

Ketan Shah
Chief Financial Officer
Place: Mumbai
Date: 30 May, 2022

N. Srinivasan
Director
(DIN: 0004195)

Nisha Barnwal
Company Secretary
Membership No. ACS 66804

Consolidated Statement of Profit and Loss for the year ended 31 March, 2022

(₹ in crore)

Particulars	Note no.	Year ended 31 March, 2022	Year ended 31 March, 2021
Income:			
Revenue from operations	12	328.34	472.00
Other income	13	224.84	36.16
Total income		553.18	508.16
Expenses:			
Operating expenses	14	204.46	345.06
Employee benefits expense	15	39.97	72.86
Finance costs	16	356.47	488.69
Depreciation	2 (A)	105.92	173.76
Other expenses	17	20.93	24.32
Total expenses		727.75	1,104.69
Profit / (loss) before exceptional items and tax		(174.57)	(596.53)
Exceptional items	18		
Income		387.22	-
Expenses		(293.42)	(23.41)
Profit / (loss) after exceptional items and before tax		(80.77)	(619.94)
Current tax	20	(0.26)	(0.62)
Profit / (loss) for the year before share in loss of associates		(81.03)	(620.56)
Share in profit / (loss) of associate		3.00	-
Profit / (loss) for the year after exceptional items		(78.03)	(620.56)
Attributable to:			
Shareholders of the parent		(78.49)	(620.41)
Non controlling interests		0.46	(0.15)
Profit / (loss) for the year after exceptional items		(78.03)	(620.56)
Items that will not be reclassified subsequently to profit and loss account			
Actuarial gain / (loss) on remeasurement of the Defined Benefit Plans		0.23	(0.10)
Total other comprehensive gain / (loss) for the year		0.23	(0.10)
Total comprehensive profit / (loss) for the year		(77.80)	(620.66)
Attributable to:			
Shareholders of the parent		(78.26)	(620.51)
Non controlling interests		0.46	(0.15)
Earnings per share before exceptional items (EPS)			
Basic (in ₹)	25	(8.30)	(28.85)
Diluted (in ₹)	25	(8.30)	(28.85)
Earnings per share after exceptional items (EPS)			
Basic (in ₹)	25	(3.77)	(29.98)
Diluted (in ₹)	25	(3.77)	(29.98)

See accompanying notes forming part of the Consolidated Financial Statements

As per our attached report of even date

For and on behalf of the Board

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

Rajesh Desai
Director
(DIN: 08848625)

N. Srinivasan
Director
(DIN: 0004195)

Himanshu Kishnadwala
Partner
Membership No. 37391
Place: Mumbai
Date: 30 May, 2022

Ketan Shah
Chief Financial Officer
Place: Mumbai
Date: 30 May, 2022

Nisha Barnwal
Company Secretary
Membership No. ACS 66804

Consolidated Statement of Cash Flows for the year ended 31 March, 2022

(₹ in crore)

Particulars	Year ended 31 March, 2022 Audited	Year ended 31 March, 2021 Audited
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	(80.77)	(619.94)
Adjustments for :		
Exceptional Items		
- Provision / Impairment for doubtful receivables / advances	30.76	23.41
- Impairment of fixed assets / capital work-in-progress**	262.66	-
- Gain on One Time Settlement with bank*	(351.45)	-
- Reversal of Provision for impairment as per Ind AS 36 in the fair value of the associate based on management assessment & valuation report.	(35.77)	-
Gain on sale/Fair Vale of current investment measured at FVTPL	(0.33)	(0.28)
Depreciation	105.92	173.76
Finance costs	356.47	488.69
Interest income	(39.61)	(26.95)
Unrealised foreign exchange gain	(0.83)	(0.06)
Operating profit before working capital changes	247.05	38.63
Changes in working capital:		
(Increase) / Decrease in inventories	11.36	1.27
(Increase) / Decrease in trade receivables, loans and advances and other assets	71.12	73.69
Increase / (Decrease) in trade payables, other liabilities and short term provisions	(203.37)	(75.18)
Cash generated from operations	126.16	38.41
Income taxes refunded / (paid), net	14.14	58.15
Net cash generated from operating activities	140.30	96.56
B CASH FLOW FROM INVESTING ACTIVITIES		
Payment of capital expenditure on Property, Plant and Equipment including capital advances and Capital	-	(55.27)
Proceeds from sale of property, plant and equipment	411.08	-
(Purchase) / Sale of Current Investments (Net)	4.95	(5.95)
Loans given	-	(1.89)
Security deposit received/(refunded)	-	0.60
Proceeds/(Investment) in Bank deposits	57.80	4.67
Interest received	19.13	4.18
Net cash (used in) / generated from investing activities	492.95	(53.66)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from intercorporate deposits	129.66	15.11
Repayment of intercorporate deposits	(70.25)	(14.10)
Repayment of long-term loans	(683.18)	(56.59)
Finance costs paid	(2.98)	(30.64)
Net cash used in financing activities	(626.75)	(86.23)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	6.50	(43.32)
Foreign currency translation reserve	(15.45)	31.28
Cash and cash equivalents at the beginning of the year	27.08	39.12
Cash and cash equivalents at the end of the year	18.13	27.08

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Note:

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

Particulars	As at 31 March, 2022	As at 31 March, 2021
Cash and cash equivalents as per cash flow statement	18.13	27.08
Add: margin money deposits not considered as cash and cash equivalents as per Ind AS-7	4.00	0.50
Cash and bank balances (Restricted and Unrestricted)	22.13	27.58

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

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

See accompanying notes forming part of the Consolidated Financial Statements

As per our attached report of even date

For and on behalf of the Board

For C N K & Associates LLP

Chartered Accountants

Firm Registration No. : 101961 W/W - 100036

Himanshu Kishnadwala

Partner

Membership No. 37391

Place: Mumbai

Date: 30 May, 2022

Rajesh Desai

Director

(DIN: 08848625)

Ketan Shah

Chief Financial Officer

Place: Mumbai

Date: 30 May, 2022

N. Srinivasan

Director

(DIN: 0004195)

Nisha Barnwal

Company Secretary

Membership No. ACS 66804

Consolidated Statement of Changes in Equity for the period ended 31 March, 2022

A. Equity Share Capital

(1) For the year ended March 31, 2022

(₹ in crore)

Balance as at April 1, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at the April 1, 2021	Changes in equity share capital during the year 2021-22	Balance as at March 31, 2022
206.98	-	206.98	-	206.98

(2) For the year ended March 31, 2021

(₹ in crore)

Balance as at April 1, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance as at the April 1, 2020	Changes in equity share capital during the year 2020-21	Balance as at March 31, 2021
206.98	-	206.98	-	206.98

B. Other Equity

(1) For the year ended March 31, 2022

(₹ in crore)

	Reserves and Surplus										Total
	Securities Premium	Retained Earnings	Debenture Redemption Reserve	Share options outstanding reserve	Tonnage tax (utilised) reserve	Tonnage tax reserve	General reserve	Foreign currency translation reserve	Other comprehensive income	Non-controlling Interests	
Balance as on 1 April, 2021	60.82	(10,221.96)	101.17	0.61	33.00	68.00	4,799.22	133.98	5.04	263.96	(4,756.16)
Additions during the year	1.75							(65.05)		3.92	(59.38)
Share of profit of associate											-
Profit / (loss) of non-controlling interest											-
Profit / (loss) for the year		(37.59)							0.25		(37.34)
Total Comprehensive Income for the current year	1.75	(37.59)	-	-	-	-	-	(65.05)	0.25	3.92	(96.72)
Transferred to General Reserve	-	-	-	-	(33.00)	(68.00)	101.00	-	-	-	-
Balance as on 31 March, 2022	62.57	(10,259.55)	101.17	0.61	-	-	4,900.22	68.93	5.29	267.88	(4,852.88)

(2) For the year ended March 31, 2021

(₹ in crore)

	Reserves and Surplus										Total
	Securities Premium	Retained Earnings	Debenture Redemption Reserve	Share options outstanding reserve	Tonnage tax (utilised) reserve	Tonnage tax reserve	General reserve	Foreign currency translation reserve	Other comprehensive income	Non-controlling Interests	
Balance as on 31 March, 2020	60.82	(9,601.45)	101.17	0.61	33.00	68.00	4,799.22	105.07	5.13	261.46	(4,166.97)
Additions during the year								28.91			28.91
Share of profit of associate											-
Profit / (loss) of non-controlling interest										2.50	2.50
Profit / (loss) for the year		(620.51)							(0.09)		(620.60)
Total Comprehensive Income for the current year	-	(620.51)	-	-	-	-	-	28.91	(0.09)	2.50	(589.19)
Transferred to General Reserve											
Balance as on 31 March, 2021	60.82	(10,221.96)	101.17	0.61	33.00	68.00	4,799.22	133.98	5.04	263.96	(4,756.16)

See accompanying notes forming part of the Consolidated Financial Statements

As per our attached report of even date

For and on behalf of the Board

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

Rajesh Desai
Director
(DIN: 08848625)

N. Srinivasan
Director
(DIN: 0004195)

Himanshu Kishnadwala
Partner
Membership No. 37391
Place: Mumbai
Date: 30 May, 2022

Ketan Shah
Chief Financial Officer
Place: Mumbai
Date: 30 May, 2022

Nisha Barnwal
Company Secretary
Membership No. ACS 66804

Notes forming part of the consolidated financial statements for the year ended 31 March, 2022**Corporate information**

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

1) BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES**a) Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (hereinafter referred to as Ind-AS) notified under section 133 of Companies Act, 2013 read with the relevant rules issued thereunder.

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

Authorization of Financial Statements: The Consolidated Financial Statements were authorized for issue in accordance with a resolution of the Board of Directors in its meeting held on 30 May, 2022.

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 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;
- Expected settlement with lenders and asset monetization plans;
- 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 27 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 and joint venture. The consolidated financial statements have been prepared in accordance with the requirements of Ind AS 110, ‘Consolidated Financial Statements’ on the following basis:

- 1) The financial statements of the subsidiary companies and associates used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March, 2022. These have been consolidated based on latest available financial statements.
- 2) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealized profits or losses, unless cost cannot be recovered.
- 3) The consolidated financial statements include the share of profit / loss of the associate and joint venture 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 and joint venture companies (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.

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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 and Surplus', in the consolidated financial statements. The 'Goodwill' / 'Capital Reserve' is determined separately for each subsidiary company and such amounts are not set off between different entities.

- 4) The difference between the cost of investment in the associate and joint venture and the share of net assets at the time of acquisition of shares in the associate and joint venture is identified in the consolidated financial statements as Goodwill or Capital reserve as the case may be.
- 5) Following subsidiary companies and associates have been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				31 March, 2022	31 March, 2021
OGD Services Holdings Limited ("OGDSHL") (fka Essar Oilfields Services Limited)	Subsidiary	Mauritius	ESL	100%	100%
OGD Services Limited ("OGD") (fka Essar Oilfield Services India Limited)	Subsidiary	India	OGDSHL	100%	100%
Energy II Limited ("EII")	Subsidiary	Bermuda	ESL	73%	73%
Essar Shipping DMCC ("ES DMCC")	Subsidiary	United Arab Emirates	ESL	100%	100%
Starbit Oilfield Services India Limited ("SOSIL") (Note i)	Subsidiary	India	OGD	100%	100%
Arkay Logistics Limited ("ALL") (Note i)	Associate	India	ESL	49%	49%
OGD-EHES JV Private Limited (Note iii)	Joint venture	India	OGD	26%	26%

Notes:

- i. The financial statements of Arkay Logistics Limited, Starbit Oilfield Services India Limited and OGD-EHES JV Private Limited are 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, OGD had purchased 2,600 equity shares of Rs. 10/- each in joint venture. OGD is holding 26% equity share in joint venture along with another group company, which is having 74% equity share.

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 10

Estimation of current tax/ deferred tax expenses and payable - refer note 19

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

Impairment of financial and non-financial assets- refer notes 18

Going Concern- refer note 27

c) Current versus non-current classification

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

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

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

d) Property, plant and equipment

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

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

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

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

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

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

Capital Work in Progress:

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

Depreciation:

Depreciation on PPE is provided as per straight line method as per the useful life prescribed in Schedule II of the Companies Act, 2013 except in case of following category of PPE in whose case the life of the items of PPE has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, manufacturer's warranties and maintenance support etc.

Nature of property, plant and equipment	Useful Life
Rigs	3-18 years

Depreciation on the plant and equipment of the Group's foreign subsidiaries, and associates has been provided on straight-line method/ written down value method as per the estimated useful life of such assets as follows:

Nature of property, plant and equipment	Useful life
Plant and machinery	8-15 years
Vehicles	5 years
Computers	3 years
Furniture and fixtures	10 years
Office equipment	3 years

Assets costing less than ₹ 5,000/- are fully depreciated in the year of capitalization. Depreciation on additions/deductions to PPE made during the year is provided on a pro-rata basis from / up to the date of such additions /deductions, as the case may be.

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

e) Borrowing costs

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

f) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

(A) Lease Liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using incremental borrowing rate.

(B) Right-of-use assets

Initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives.

Subsequent measurement

(A) Lease Liability

Group measure the lease liability by (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications.

(B) Right-of-use assets

Subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight line basis over the shorter of the lease term and useful life of the under lying asset.

Short term lease:

Short term lease is that, at the commencement date, has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease. If the company elected to apply short term lease, the lessee shall recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis. The lessee shall apply another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

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As a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Lease income is recognised in the statement of profit and loss on straight line basis over the lease term.

g) 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.

h) Impairment of non-financial assets

Non-financial assets other than inventories 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 is required for an asset or group of Assets, called Cash Generating Units (CGU), the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. In case of non-financial assets Group estimates asset's recoverable amount, which is higher of an asset's or Cash Generating Units (CGU's) 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. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of 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 and chartering earnings represent the value of charter hire earnings, demurrage, freight earnings, fleet management fees and lighterage earnings, and are accounted on accrual basis in accordance with Ind AS 115. Freight earnings are recognised on a pro-rata basis for voyages in progress at balance sheet date after loading of the cargo is completed and Bill of lading is obtained. Revenues and related expenses for voyages where cargo has not been loaded as on the balance sheet date are deferred and recognised in the following year.

Rig operating and chartering earnings represent the value of charter hire earnings, rig operating earnings, rig mobilization and demobilization revenue and scrap sales and the same are accounted on accrual basis in accordance with Ind AS 115. Charter hire and rig operating are recognised based on contractual daily rates billed on monthly basis. Rig mobilization and demobilization revenue and scrap sales income are recognized on instance basis. Any agreed deductions from the invoices by the customer is reduced from turnover. In case those deductions are related to previous year, the same will be charged off to profit and loss account.

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

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

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

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

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

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

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

Supervision and Management Fees

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

Interest income

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

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

Dividend income

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

Other Income

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

Insurance Claims

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

k) Operating expenses

All expenses relating to the operations including crewing, insurance, stores, bunkers, charter hire and special survey costs, rig operating expenses, mobilization and de-mobilization charges, transportation and catering are expensed under operating expenses on accrual basis. Dry-docking expenses are amortised over 30 months.

l) Employee benefits

i) Short term employee benefits

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

ii) Long term employee benefits

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

iii) Post employment benefit plan

The Group(employer) and the employees contribute a specified percentage of eligible employees' salary- currently 12%, to the employer established provident fund "Essar Shipping Limited Employees Provident Fund" set up as an irrevocable trust by the Parent company. In case of subsidiaries, contribution is made to the established Government Provident fund. The Group is generally liable for annual contributions and any shortfall in the fund assets and recognizes such provident fund liability, considering fund as the defined benefit plan, based on an independent actuarial valuation carried out at every statutory year end using the Projected Unit Credit Method.

Provision for gratuity for the staff is made as under:

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

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

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

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

iv) Employee Options

The fair value of the options granted under the value of the Company, Employee Option Plan is recognised as employee benefits expense with the corresponding increase in equity. The total amount to be expensed is determined by the reference to the fair value of the options granted:

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

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

m) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transaction and balances

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

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

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

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

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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 Associates and Joint venture

Investments in associates and joint venture 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 balance sheet date and are adjusted to reflect the current best estimate.

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

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements.

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

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 Group for the asset or liability.

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

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

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

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

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

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 Group commits to purchase or sell the asset.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets. Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, the Group classifies financial assets as subsequently measured at amortised cost, fair value through Other Comprehensive Income or fair value through profit and loss.

Financial Assets at amortised cost

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

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

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

Financial Assets at FVTOCI

A 'Financial Asset' 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.

Financial Assets 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).

Financial Assets at FVTPL

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

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

Equity investments

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

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

Derecognition

A financial asset is primarily derecognised when:

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

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

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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.

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 Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Financial liabilities at amortized cost

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

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

Derecognition

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

Borrowings

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

The borrowings are removed from the Balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to

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another party and the consideration paid including any noncash asset transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

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

Foreign currency convertible bonds (FCCBs)

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

Offsetting of Financial Assets and Liabilities

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

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 Group and tax payable on other taxable income for the year determined in accordance with the applicable tax rates and provisions of the Income Tax Act, 1961 and other applicable tax laws.

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

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

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

Further, the companies are paying taxes on the basis of deemed tonnage income or as per the applicable tax laws in their country of incorporation.

t) 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

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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 Balance sheet.

v) 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.

w) Operating segments

The Board of Directors of each of companies is considered to be the 'Chief Operating Decision Maker' (CODM) as defined in Ind AS 108. The operating segment is the level at which discrete financial information is available. The CODM allocates resources and assesses performance at this level. The Group has identified following reportable segments:

- i. Fleet operating and chartering
- ii. Oilfields services

Geographical segments

The CODM has also identified the reportable geographical segments in presenting the segment revenue based on the various risk bearing economic environments in which the Group operates. Revenue from foreign countries has been separately disclosed based on the materiality of the amount of revenue.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

x) Exceptional items

When items of income or expense are of such nature, size or incidence that their disclosure is necessary to explain the performance of the Group for the year, the Group makes a disclosure of the nature and amount of such items separately under the head "Exceptional Items".

Notes forming part of the consolidated financial statements as at 31 March, 2022
2 (A) Property, plant and equipment

Particulars	Land (₹ in crore)	Buildings (₹ in crore)	Fleet (₹ in crore)	Plant and equipment (₹ in crore)	Furniture and fixtures (₹ in crore)	Vehicles (₹ in crore)	Office equipment (₹ in crore)	Total (₹ in crore)	Capital work in progress (₹ in crore)
Gross Block									
As at 01.04.2020	0.13	2.25	1,253.86	2,860.95	0.37	5.47	1.37	4,124.39	77.95
Additions	-	-	59.27	-	-	-	-	59.27	-
Exchange differences	-	-	(1.43)	(143.19)	0.00	-	0.01	(144.61)	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer to asset held for sale	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
As at 31.03.2021	0.13	2.25	1,311.70	2,717.76	0.37	5.47	1.38	4,039.05	77.95
Additions	-	-	(7.80)	9.46	-	-	-	1.66	(5.61)
Exchange differences	-	-	-	163.38	0.02	-	0.02	163.42	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer to asset held for sale	-	-	-	(34.70)	-	-	-	(34.70)	-
Disposals	-	(0.05)	(1,207.23)	(65.19)	-	(0.09)	-	(1,272.56)	(12.00)
As at 31.03.2022	0.13	2.20	96.68	2,790.71	0.39	5.38	1.40	2,896.88	60.34
Accumulated Depreciation									
As at 01.04.2020	-	1.94	542.65	2,570.52	0.26	5.36	0.83	3,121.57	67.15
Additions	-	0.31	112.18	61.13	0.02	0.01	0.12	173.77	-
Exchange differences	-	-	-	(139.92)	(0.01)	-	(0.02)	(139.95)	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer to asset held for sale	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	(5.61)
As at 31.03.2021	-	2.25	654.83	2,491.73	0.27	5.37	0.93	3,155.40	61.54
Additions	-	0.02	79.97	60.60	0.01	0.01	0.09	140.70	-
Exchange differences	-	(0.02)	(30.47)	188.99	0.05	-	0.01	158.56	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer to asset held for sale	-	-	-	-	-	-	-	-	(1.20)
Disposals	-	(0.05)	(607.66)	(61.93)	-	(0.04)	-	(669.68)	-
As at 31.03.2022	-	2.20	96.67	2,679.39	0.33	5.34	1.02	2,784.97	60.34
Net Block									
As at 31.03.2021	0.13	-	656.87	226.03	0.10	0.10	0.45	883.66	16.41
As at 31.03.2022	0.13	-	0.00	111.32	0.06	0.04	0.38	111.91	0.00

(I) Leased assets

The Company had taken 2 vessels on Finance lease. During the year, the Company cancelled the lease contract and re-delivered both the vessels to owner back.

(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. 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 Debentures issued by the company. Three rigs of them during the year have been disposed off / sold by the vendor with a view to recover the dues from the subsidiary company to the said vendor. The Company has accounted for the disposal of the said 3 rigs and recognised the loss on disposal in the books of account. The proceeds of sale, retained by the vendor, have been adjusted against the dues to the vendor as recognised in the books. The balance amount remaining recoverable after the aforesaid adjustment has been provided for as doubtful.

(IV) Impairment testing

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

Rigs: In case of rigs in operation, the Group has considered higher of fair value less costs to sale and value in use for measuring recoverable value as per paragraph 18 of Ind AS 36 while ascertaining the impairment in the books. In the current year, as assessed by the management, there is no impairment.

3 Non-current investments

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
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
Add: Share of profit	2.88	-
Less: Provision for impairment	-	(35.77)
Total (a)	38.65	-
Investments in equity shares of Joint Venture (unquoted, fully paid up)		
2,600 (previous year: Nil) Equity shares of ₹.10/- each of OGD-EHES JV Private Limited (₹ 26,000/-only)	0.00	0.00
Add: Share of profit	0.12	-
Total (b)	0.12	0.00
Investments in equity shares - others (unquoted, fully paid up)		
2,500 (previous year 2,500) Equity shares of ₹.10/- each of Ultra LNG Haldia Limited (₹ 25,000/-only)	0.00	0.00
Total (c)	0.00	0.00
Total (a+b+c)	38.77	0.00
Aggregate amount of unquoted non - current investments	35.77	35.77
Add: Share of profit	3.00	-
Less: Aggregate amount of provision for impairment other than temporary in value of investments	-	(35.77)
Total non-current investments	38.77	0.00

Information about the associates and Joint Venture

Name of the Company	Country of Incorporation and Principal Activities	Proportion of equity interest	
		As at	As at
		31 March, 2022	31 March, 2021
		%	%
Arkay Logistics Limited (Associate)	India, multi-modal transport services	49.00%	49.00%
Varada Drilling One Pte Limited (Associate)	Singapore, Rig operating and chartering services	-	28.57%
Varada Drilling Two Pte Limited (Associate)	Singapore, Rig operating and chartering services	-	28.57%
OGD-EHES JV Private Limited (Joint Venture)	India, Rig operating and chartering services	26.00%	26.00%

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4 (A) Current investments

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Investment in mutual funds (quoted)		
SBI Liquid Fund Direct Growth	1.61	6.23
4,839.217 (Previous Year 19,339.243) Units of SBI Liquid Fund Direct Growth of Face Value ₹1,000		
Total	1.61	6.23

4 (B) Trade and other receivables

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	24.56	30.32
Trade receivables which have significant increase in credit risk	7.51	6.95
Trade receivables - credit impaired	-	-
Less : Loss allowance	(7.51)	(6.95)
Total trade and other receivables	24.56	30.32

Movement in allowances for doubtful debts

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Opening balance	6.95	23.50
Allowances created/(reversed) during the year	0.56	(16.55)
Closing balance	7.51	6.95

Particulars	Outstanding as on 31-03-2022 for following periods from due date of payment					Total
	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	23.71	0.17	0.54	-	(0.62)	23.81
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	0.07	0.68	-	-	0.75
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

Particulars	Outstanding as on 31-03-2021 for following periods from due date of payment#					Total
	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	19.32	2.42	3.80	4.52	0.26	30.32
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

4 (C) Cash and bank balances

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Balances with banks in current accounts	18.13	27.08
Cash in hand	-	-
Margin money deposits (lien marked against guarantee issued by bank & revenue authorities)	4.00	0.50
Term Deposit	7.43	-
Total Cash and bank balances	29.56	27.58

4 (D) Loans (Current)

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Unsecured, considered good		
Loan to related parties*	455.94	466.25
Loans to employees	-	0.41
Total loans (Current)	455.94	466.66

*Loan given to related parties by Foreign Subsidiary companies for Interest rates range between 4% to 5.2% for General Corporate Purpose.

4 (E) Other financial assets (current)

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Insurance claim receivable	-	1.67
Interest accrued	2.38	2.22
Arbitration award receivable (See note below)	310.04	369.81
Receivables from related parties*	82.80	68.60
Security deposits	0.53	68.76
Total other financial assets (current)	395.75	511.06

Recognition of revenue amounting to Rs. 369.81 crore (including accrued interest up to 31st March 2018) in the financial year 2017-18, based on compensation granted to the Company in the arbitration proceedings for breach of contract terms by a charterer of which Rs. 305.81 crore remains outstanding receivable as on 31st March 2022. The Company is confident of full recovery of its claims. However, pending conclusion of the said proceedings, no interest is accrued on the same for the period 1st April 2018 till 31st March 2022.

* Receivables from related parties by Foreign Subsidiary companies for Interest rates range between 4% to 5.2% for General Corporate Purpose.

Other financial assets (non-current)

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Bank deposits held as margin money, pledged against certain bank borrowings	-	0.50
Total other financial assets (non-current)	-	0.50

5 Other non-current assets

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Income tax paid in advance	1.84	9.07
Total other non-current assets	1.84	9.07

6 Inventories

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
At lower of cost and net realisable value		
Stores and spares	9.02	7.44
Fuel, oil and lubricants	-	12.94
Total Inventories	9.02	20.38

7 Other Current assets

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Income taxes	27.14	32.65
Unbilled revenue	-	2.75
Prepayments	0.01	0.44
Balances with revenue authorities	23.12	23.44
Advance for capital expenditure	-	0.32
Other advances	16.14	46.04
Security deposits	1.06	6.53
Total other current assets	67.47	112.17

Note: All above other current assets considered good and recoverable in future.

ESSAR SHIPPING LIMITED
8 Equity Share capital and other equity
8 (A) Equity Share Capital

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	No of shares	₹ in crore	No of shares	₹ in crore
Authorised equity share capital				
Equity shares of ₹10/- each	50,00,00,000	500.00	50,00,00,000	500.00
	50,00,00,000	500.00	50,00,00,000	500.00
Issued, subscribed and fully paid up				
Equity shares of ₹10/- each	20,69,76,072	206.98	20,69,76,072	206.98
Issued during the year	-	-	-	-
Total	20,69,76,072	206.98	20,69,76,072	206.98

(i) Movements in equity share capital

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	No of shares	Amount (₹ in crore)	Number	Amount (₹ in crore)
Opening balance	20,69,76,072	206.98	20,69,76,072	206.98
Issue during the year	-	-	-	-
Closing balance	20,69,76,072	206.98	20,69,76,072	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.

S. No	Shares held by Promoters at end of the year			% change during the year ***		
	Promoter Name	No of shares **	% of total shares	No of shares **	% of total shares	% Changes
1	Essar Shipping Mauritius Holdings Limited, Mauritius	12,43,62,408	60.09%	12,43,62,408	60.09%	0.00%
2	IDH International Drilling Holdco Limited, Cyprus	2,14,06,365	10.34%	2,14,06,365	10.34%	0.00%
3	Essar Ports and Shipping Limited, Mauritius	33	0.00%	33	0.00%	0.00%
4	Imperial Consultants and Securities Limited, India	68,78,409	3.32%	68,78,409	3.32%	0.00%

ESSAR SHIPPING LIMITED
8 (B) Preference Share Capital

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	Number	₹ in crore	Number	₹ in crore
	Authorised preference share capital			
Preference shares of ₹10/- each	15,00,00,000.00	150.00	15,00,00,000.00	150.00
	15,00,00,000.00	150.00	15,00,00,000.00	150.00
Issued, subscribed and fully paid up				
Preference shares of ₹ 10/- each	-	-	-	-
Issued during the year	-	-	-	-
Total	-	-	-	-
b) Others (if holding shares more than 5%)	-	-	-	-

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

Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the date of the Balance Sheet.

Particulars	Year (Aggregate no. of shares)				
	2020-21	2019-20	2018-19	2017-18	2016-17
Equity shares issued for consideration other than cash					
Issued as fully paid up pursuant to a Scheme of arrangement	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	-	-	-	-	-

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 no.25 for details)

(ii) 2,400 Foreign Currency Convertible Bonds (FCCB) are convertible into 122,852,787 equity shares (previous year 122,852,787 equity shares) of ₹ 10/- each refer foot note (f) to note 9(A) for details.

ESSAR SHIPPING LIMITED
8 (C) Reserves and surplus

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Debenture redemption reserve	101.17	101.17
Share options outstanding account	0.61	0.61
Tonnage tax (utilised) reserve	-	33.00
Tonnage tax reserve	-	68.00
Securities Premium	61.14	59.39
General reserve	4,900.22	4,799.22
Foreign currency translation reserve	(1,768.14)	(1,703.08)
Retained earnings	(8,421.05)	(8,383.46)
Other Comprehensive Income	5.29	5.04
Total Reserves and surplus	(5,120.77)	(5,020.12)

9 (A) Borrowings
Long - term borrowings

Particulars	Non - current		Current	
	As at	As at	As at	As at
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore	₹ in crore	₹ in crore

Secured
(a) Debentures

11.35%, 7,000 non convertible debentures of ₹10,00,000 each, secured by first charge on six land rigs of a subsidiary (refer note a), two tugs of a Group Company, mortgage of immovable property of the Company, first charge on eight barges and pledge of 49% of investment in equity shares of an associate. [refer foot note (a)] (current portion overdue)

- - 607.76 700.00

13.10%, 0 (previous year 140) non convertible debentures and 12.30%, 100 (previous year 205) non convertible debentures of ₹10,00,000 each, secured by mortgage of immovable property, repayable in single bullet payment. [refer foot note (b)] (2.80 crore overdue)

- 26.10 10.00 8.40

(b) Term loans
(i) from banks

Foreign currency term loans [refer foot note (c)]

- - - 55.42

(secured by first charge on two bulk carriers and its receivables) (current portion overdue) Interest rate of 4.5% + LIBOR (Previous year: Interest rate of 4.5% + LIBOR)

Rupee term loan [refer foot note (d)]

- - 177.91 634.85

(secured by first charge on a very large crude carrier, two bulk carrier and their receivables) (current portion overdue) Interest rate of 21% (Previous year: Interest rate range between 14.85% - 16.00%)

Foreign currency term loans for refurbishment of Offshore semi submersible rig

- - 698.86 672.15

ESSAR SHIPPING LIMITED

(secured by first charge on a semi submersible rig and corporate guarantee by the Company and IDH International Holdco Limited). Interest rate of 4.5% (Previous year: Interest rate of 4.5%)

Rupee term loan for General Corporate purpose - - 5.61 29.59

(secured by first charge on a very large crude carrier and its receivable). Interest rate of 3 months LIBOR +4% (Previous year: Interest rate of 3 months LIBOR +4%)

Rupee term loan for acquisition and refurbishment of Land rigs - - 41.09 46.59

(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). Interest rate of 12.75% (Previous year: Interest rate of 12.75%)

Rupee term loan for Construction of the Jack-up rigs - - 614.84 621.49

(secured by charge on Jack up rigs and receivable thereon and corporate guarantee by the Company). Interest rate range between 12.75% - 18.30% (Previous year: Interest rate range between 12.75% - 18.30%)

(ii) from financial institutions

Rupee term loan for acquisition and refurbishment of Land rigs - - 17.25 30.65

(secured by first pari passu charge by way of hypothecation of three mobile rigs and receivable thereon and corporate guarantee by the Company). Interest rate of 13% (Previous year: Interest rate of 13%)

(ii) from others

Rupee term loan 127.36 179.48 50.28 25.28

(secured by first charge on one mini bulk carrier, four tugs of an associate company, four mini bulk carriers of an unrelated entity and corporate guarantee of the ultimate parent company). Interest rate range between 14.00% to 16.50% (Previous year: Interest rate range between 14.00% - 16.50%))(secured by first charge on a bulk carriers and its receivables) (current portion overdue)

Total secured loans [A] 140.45 205.58 2,223.60 2,824.41

Unsecured

(a) Foreign currency convertible bonds (FCCBs) [refer note (f) below] 1,537.62 1,537.62 - -

(b) Others (current portion overdue) Interest rate of 16.5% (Previous year: Interest rate range between 14.00% to 16.5%) - - 10.70 25.60

Total unsecured loans [B] 1,537.62 1,537.62 10.70 25.60

Total [A+B] 1,678.07 1,743.21 2,234.30 2,850.01

Less: Unamortised upfront fees - - - -

Less: Amount disclosed under the head other financial liabilities (refer note 9 (C)) - - (2,234.30) (2,850.01)

Long - term borrowings 1,678.07 1,743.21 - -

Nature of borrowing, including debt securities	Name of lender	Principal amount (in crs) not paid on due date	Interest amount (in crs) not paid on due date	Whether principal or interest	No. of days delay or unpaid
11.35%, 7,000 non convertible debentures of ₹10,00,000 each, secured by first charge on three land rigs of a subsidiary, two tugs of a Group Company, mortgage of immovable property of the Company, first charge on eight barges and pledge of 49% of investment in equity shares of an associate	Life Insurance Corporation of India Limited	608	965	Principal and Interest	2839
12.30% 100 (previous year 205) non convertible debentures of ₹10,00,000 each, secured by mortgage of immovable property, repayable in single bullet payment	Rajasthan Rajya Vidhyut Karamchhari Super Annuation Fund Trust	10	3	Principal and Interest	1884
Rupee Term Loan, secured by Corporate Guarantee of Subsidiary Company (Essar Shipping DMCC) and 51% shares of Essar Shipping DMCC and Movable & Immovable assets of the Subsidiary (Essar Shipping DMCC)	Yes Bank Limited	178	163	Principal and Interest	989
Rupee Term Loan, (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)	IL&FS Financial Services Limited	25	1	Principal and Interest	1057
Rupee Term Loan, secured by Subservient charge on movable fixed assets and current assets of the Company by way of Hypothecation, Demand Promissory notes	India Growth Opportunities Fund	25	10	Principal and Interest	2517
	Essar Steel Metal Trading Limited	51	-	Principal	-
	Seros Shipping Private Limited	36	-	Principal	-
	Bhagwat Power Hazira Limited	40	-	Principal	-
Loan is secured by first charge on Jack Up rigs and all movable assets and receivables and corporate guarantee of intermediate holding company	Corporation Bank	98	188	Principal and Interest	2923
Loan is secured by first charge on five Rigs including three Schramm rigs by way of hypothecation along with other movable assets and receivables thereon and corporate guarantee of intermediate holding company	Central Bank of India	41	24	Principal and Interest	1340
Hypothecation of under construction Jack Up Rigs, Corporate Guarantee of intermediate holding company	Punjab National Bank	167	172	Principal and Interest	2191
Hypothecation of under construction Jack Up Rigs, Corporate Guarantee of intermediate holding company	Union Bank of India	86	91	Principal and Interest	2191

Loan is secured by first pari passu charge by way of hypothecation on three Schramm Rigs along with movable assets and its receivables and corporate guarantee of intermediate holding company). (L&T Finance Limited has assigned the balance outstanding loan to PhonixArc Limited as on March 29, 2022)	L&T Finance Limited	17	20	Principal and Interest	1247
First Pari-Passu Charge over Wildcat Rig, Corporate Guarantee of intermediate holding company	Indian Overseas Bank, Hongkong	345	26	Principal and Interest	669
First Pari-Passu Charge over Wildcat Rig, Corporate Guarantee of intermediate holding company	Punjab National Bank, London	46	3	Principal and Interest	669
First Pari-Passu Charge over Wildcat Rig, Corporate Guarantee of intermediate holding company	Punjab National Bank, UAE	67	5	Principal and Interest	669
First Pari-Passu Charge over Wildcat Rig, Corporate Guarantee of intermediate holding company	Axis Bank Limited, UAE	186	14	Principal and Interest	669
Corporate Guarantee of intermediate holding company	Axis Bank Limited, UAE	56	4	Principal and Interest	669

Foot notes:-
i) Repayment terms:

a) Secured debentures: 2,000 Non-Convertible Debentures issued on 25 March 2010 and 5,000 Non-Convertible debentures issued on 22 June 2009 are redeemable at the expiry of 10 years with put and call option exercisable after five years from their respective dates of issue. The Company has received notice from the debenture holder invoking the put option. During the year, the debenture holder has withdrawn Rs. 82.24 crores from the deposit placed with the Bombay High Court after taking approval from the Bombay High Court. Further, out of six land rigs charged against Non-Convertible debentures, three rigs owned by the Subsidiary Company and stacked at Dubai in a yard of a vendor have been disposed off / sold by the vendor with a view to recover the dues from the Subsidiary Company to the said vendor. The said rigs were provided by way of security to debenture holders towards borrowings by the Holding Company.

b) Secured debentures: 100 debentures issued on 22nd June 2012 were redeemable at the expiry of five years from their respective date of issue. The Lender has sent the loan recall notice due to delay in debt servicing.

c) Secured foreign currency term loans from banks: During the year, the Company has settled the Foreign Currency Term Loan by monetising the security offered under the facility.

d) Secured Rupee term loans from banks: During the year, the Company has settled the two Rupee Term Loan by monetising the securities offered under the facility. The Company has also settled the loan of balance lender by monetising the security offered under the facility but no due certificate will be received on completion of agreed milestones.

f) Foreign currency convertible bonds: i) FCCBs of US\$ 111,428,571 (Series B) due on 24 August, 2017 and US\$ 128,571,429 (Series A) due on 24 August, 2015 got extended to 24 August, 2023 (subject to the approval from Reserve Bank of India), 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 to be based on repayment schedule under respective agreements and on the basis of demands raised by banks & debenture holders. 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 14.98 % per annum (previous year: 13.25% per annum).

i) Scheduled repayments: Refer Liquidity Risk table at Note 20(ix).

9 (B) Trade payables

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Trade payables:		
- Total outstanding dues to micro and small enterprises (refer note below)	9.02	7.87
- Total outstanding dues to creditors other than micro and small enterprises	85.18	254.30
Total trade payable	94.20	262.17

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

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Principal amount due and remaining unpaid	9.02	7.87
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	-	-

Particulars	Outstanding as on 31-03-2022 for following periods from due date of payment					Total
	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
(i) MSME	9.02	-	-	-	-	9.02
(ii) Others	5.53	19.51	8.08	4.05	48.01	85.18
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-

Particulars	Outstanding as on 31-03-2021 for following periods from due date of payment					Total
	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
(i) MSME	7.87	-	-	-	-	7.87
(ii) Others	70.94	34.53	29.34	31.28	88.21	254.30
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-

9 (C) Other financial liabilities

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Interest accrued	1,442.73	1,377.24
Advance from customers	5.04	5.21
Due to related parties	319.62	337.65
Total other financial liabilities (non-current)	1,767.40	1,720.10

10 Employee benefit obligations

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Defined benefit plans	2.83	2.49
Defined contribution schemes	0.20	0.21
Total Employee benefit obligations	3.03	2.70

I. Details of retirement benefits:

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 15)

Particulars	₹ in crore	
	Year ended 31 March, 2022	Year ended 31 March, 2021
a) Employer’s contribution to gratuity fund (offshore crew staff)	0.25	0.30
b) Group accident policy premium (all employees)	-	-
c) Employer’s contribution to pension fund (offshore crew staff)	0.04	0.12
d) Employer’s contribution to pension fund (office staff)	0.05	0.15
e) Employer’s contribution to provident fund (offshore crew staff)	0.23	0.52
Total	0.57	1.09

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, 2021 by the certified actuarial valuer. The present value of the defined benefit obligation, related current service cost and past service cost were measured using the projected unit credit method.

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

Particulars	Gratuity	Gratuity	Provident fund	Gratuity	Gratuity	Provident fund
	(funded)	(non-funded)	(funded)	(funded)	(non-funded)	(funded)
	31.03.22	31.03.22	31.03.22	31.03.21	31.03.21	31.03.21
Present value of defined benefit obligations as at the beginning of the year	1.90	2.47	42.00	2.27	2.19	36.05
Transfer in/(out) obligation	-	-	-	-	-	(0.08)
Current service cost	0.19	0.29	-	0.20	0.26	0.72
Current service contribution- employee	-	-	-	-	-	0.76
Interest cost	0.10	0.15	-	0.13	0.13	2.30
Other adjustments	-	-	-	-	-	-
Benefits paid	(0.98)	-	-	(0.84)	-	(3.96)
Actuarial (gain)/loss on obligations	(0.21)	(0.07)	-	0.13	(0.12)	6.21
Present value of defined benefit obligations as at the end of the year	1.00	2.84	42.00	1.89	2.46	42.00

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

Particulars	Gratuity	Provident fund	Gratuity	Provident fund
	(funded)	(funded)	(funded)	(funded)
	31.03.22	31.03.22	31.03.21	31.03.21
Fair value of plan assets at beginning of the year				
Expected return on plan assets				
Fair value of plan assets at the beginning of the year	1.87	42.82	2.16	42.20
Transfer in/(out) plan assets	-	-	-	(0.08)
Return on plan assets	0.04	-	0.05	0.47
Interest income on plan assets	0.07	-	0.09	2.70
Contributions by the employer/ employees	0.08	-	0.43	1.49
Benefits paid	(0.98)	-	(0.84)	(3.96)
Other adjustments	(0.05)	-	(0.01)	-
Fair value of plan assets as at the end of the year	1.03	42.82	1.88	42.82

(C) Amount recognised in balance sheet:

Particulars	Gratuity	Gratuity	Provident fund	Gratuity	Gratuity	Provident fund
	(funded)	(non-funded)	(funded)	(funded)	(non-funded)	(funded)
	31.03.22	31.03.22	31.03.22	31.03.21	31.03.21	31.03.21
Present value of defined benefit obligation as at end of the year						
Fair value of plan assets as at end of the year						
Present value of defined benefit obligations as at the end of the year	0.99	2.84	42.00	1.90	2.47	42.00
Fair value of plan assets as at end of the year	1.76	-	42.82	1.87	-	42.82
Liability recognised in the Balance Sheet (included in provisions) (note 10)	(0.77)	2.84	(0.82)	0.03	2.47	(0.82)

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

Particulars	Gratuity	Gratuity	Provident fund	Gratuity	Gratuity	Provident fund
	(funded)	(non-funded)	(funded)	(funded)	(non-funded)	(funded)
	31.03.22	31.03.22	31.03.22	31.03.21	31.03.21	31.03.21
Current service cost	0.19	0.29	-	0.20	0.26	0.72
Past service cost- plan amendments	-	-	-	-	-	-
Net interest on net defined benefit liability/ (asset)	0.00	0.15	-	0.01	0.14	-
Total expenses recognised in the Statement of Profit and Loss (Included in Contribution to provident and other funds (note no. 15))	0.19	0.44	-	0.21	0.40	0.72

(E) Amount recognised in other comprehensive income

Particulars	31.03.22	31.03.21
Experience adjustments	0.25	(0.02)
Total	0.25	(0.02)

(F) Category of plan assets:

Particulars	Gratuity	Provident fund	Gratuity	Provident fund
	(funded)	(funded)	(funded)	(funded)
	31.03.22	31.03.22	31.03.21	31.03.21
Administered by Life Insurance Corporation of India & SBI *	100%		100%	
Government of India securities (Central and State)		32%		31%
Public sector bonds/ TDRs		68%		69%

*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	Gratuity	
	(funded)	(funded)
	31.03.22	31.03.21
DBO On base assumptions	1.57	1.57
A. Discount Rate	5.65%	5.60%
1. Effect due to 0.5% increase in discount rate	(0.56)	(1.32)
2. Effect due to 0.5% decrease in discount rate	0.58	1.37
B. Salary Escalation Rate	5.00%	5.00%
1. Effect due to 0.5% increase in salary escalation rate	0.57	1.37
2. Effect due to 0.5% decrease in salary escalation rate	(0.56)	(1.33)
C. Withdrawal Rate	8.00%	8.00%
1. Effect due to 5% increase in withdrawal rate	(0.57)	(1.35)
2. Effect due to 5% decrease in withdrawal rate	0.56	1.35

Risk Exposure - Asset Volatility

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

(H) Actuarial assumptions

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

(I) General assumptions:

Particulars	Gratuity	Gratuity	Provident fund	Gratuity	Gratuity	Provident fund
	(funded)	(non-funded)	(funded)	(funded)	(non-funded)	(funded)
	31.03.22	31.03.22	31.03.22	31.03.21	31.03.21	31.03.21
Discount rate (per annum)	5.65% to 6.8%	6.70%	6.60%	5.6% to 6.45%	6.50%	6.55%
Rate of return on plan assets (for funded scheme)	5.6% to 6.45%		8.00%	5.6% to 6.55%	-	8.00%
Withdrawal rate	8% to 10%	7.00%		8% to 10%	7.00%	-
Expected returns on EPFO	-		8.00%	-	-	8.25%
Rate of increase in compensation	5% to 7%	5.00%		5% to 9%	5.00%	-

ii) Mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2012-14) Table. (Indian Assured Lives Mortality (2006-08)) mortality table.

iii) Leave policy: Leave balance as at the valuation date and each subsequent year following the valuation date to the extent not availed by the employee accrued till 31 December, 2014, is available for encashment on separation from the Company up to a maximum of 120 days.

iv) The contribution to be made by the Company for funding its liabilities for gratuity (funded and non funded) and towards provident fund during the financial year 2021-22 amounts to ₹ 0.03 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.

11(a) Current tax liabilities

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Provision for taxation	30.23	28.56
Total Current tax liabilities	30.23	28.56

11(b) Other current liabilities

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Statutory and other related dues	0.86	2.43
Payable in respect of capital goods	7.75	7.90
Deferred profit on sale and lease back	-	5.46
Unearned revenue on services	-	4.98
Total other current liabilities	8.61	20.77

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12	Revenue from operations	Year ended 31 March, 2022	Year ended 31 March, 2021
Particulars	₹ in crore	₹ in crore	
Sale of services			
Fleet operating and chartering earnings	300.54	365.94	
Rig operating and chartering earnings	24.91	92.94	
Other operating income			
Profit on sale of vessel	-	-	
Scarp sales	0.18	0.46	
Supervision / management fees	2.71	12.66	
Total	328.34	472.00	
13	Other income	Year ended 31 March, 2022	Year ended 31 March, 2021
Particulars	₹ in crore	₹ in crore	
Interest income			
- from banks	0.17	0.19	
- from related parties on intercorporate deposits (refer note 26)	24.60	20.74	
- from others	14.84	6.02	
Net gain /(loss) on foreign currency translation and transactions	0.83	0.06	
Profit on sale of vessel	99.35	1.03	
Other non operating income	85.05	8.12	
Total	224.84	36.16	
14	Operating expenses	Year ended 31 March, 2022	Year ended 31 March, 2021
Particulars	₹ in crore	₹ in crore	
Consumption of stores and spares	7.39	36.30	
Consumption of fuel, oil and water	29.34	123.79	
Direct voyage expenses	151.83	135.18	
Commission, brokerage and agency fees	0.96	0.97	
Standing costs	8.21	33.01	
Insurance, protection and indemnity club fees	6.75	15.81	
Total	204.46	345.06	

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15	Employee benefits expense	Year ended 31 March, 2022	Year ended 31 March, 2021
Particulars	₹ in crore	₹ in crore	
	Offshore staff		
	Salaries, wages and bonus	20.26	48.96
	Contribution to staff provident and other funds	1.29	1.51
	Staff welfare expenses	2.62	5.27
	Office staff		
	Salaries, wages and bonus	13.40	14.28
	Contribution to staff provident and other funds	0.88	0.93
	Staff welfare expenses	1.52	1.91
	Total	39.97	72.86
	16 Finance costs		
Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021	
	₹ in crore	₹ in crore	
	Interest expense		
	- on bank loans	183.39	295.00
	- on loans from financial Institutions	3.74	7.49
	- on finance lease obligations	-	-
	- on debentures	164.45	155.26
	- on others	1.90	28.45
	Loan commitment / processing charges, guarantee fees and other charges	3.00	2.49
	Total	356.47	488.69
	17 Other expenses		
Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021	
	₹ in crore	₹ in crore	
	Rent	2.10	0.69
	Rates and taxes	0.12	0.23
	Repairs and maintenance		
	- buildings	0.01	0.01
	- others	0.86	2.79
	Legal and professional fees	3.43	6.02
	Travelling and conveyance	0.30	0.26
	Auditor's remuneration (refer note below)	0.48	0.60
	Net loss on foreign currency translation and transaction (other than considered as finance cost)	1.74	10.62
	Sundry balances written-off (Net)	1.21	1.04
	Other establishment expenses	10.69	2.06
	Total	20.93	24.32

Particulars	Year ended	Year ended
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
As auditors	0.36	0.51
Reimbursement of expenses	0.00	0.01
For other services	0.12	0.08
Total	0.48	0.60

18 **Exceptional Items**

Particulars	Year ended	Year ended
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Income		
Gain on One Time Settlement with bank*	351.45	-
Reversal of Provision for impairment as per Ind AS 36 in the fair value of the associate based on management assessment & valuation report.	35.77	-
Total	387.22	-
Expenses		
Provision / Impairment for doubtful receivables / advances	30.76	23.41
Impairment of fixed assets / capital work-in-progress**	262.66	-
Total	293.42	23.41

* During the year, the Group has monetised its assets and proceeds has been utilised to settle the loans as per the agreed One Time Settlement (OTS) with respective lenders. The group has booked income as Gain on One time settlement with bank of Rs. 351.45 crs.

** During the year, the Foreign subsidiary company has provided the loss on cost of vessel to the tune of USD 39.02 mn.

19 **Income taxes**

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

Particulars	Year ended	Year ended
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Current income taxes	0.26	0.62
Income tax expense for the year	0.26	0.62

The reconciliation of income tax expense applicable to accounting profit before income tax at statutory income tax rate to income tax expense at the Company's effective income tax rate for the year ended 31 March, 2022 and 31 March, 2021 are as follows:

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
	₹ in crore	₹ in crore
Profit / (Loss) before taxes	(80.77)	(619.94)
Effective tax rate in India: 34.608%*	-	-
Tax effect of adjustment for profits subject to tonnage tax regime / presumptive taxation	0.26	0.62
Income tax expense recognised in the profit and loss account	0.26	0.62

* 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 applicable tax laws.

20 **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 Company's overall strategy remains unchanged from the previous year. The capital structure of the company consists of debt, which includes the borrowings including temporary overdrawn balance, cash and cash equivalents including short term bank deposits, equity comprising issued capital, reserves and non-controlling interests. The gearing ratio for the year is as under:

Particulars	As at 31 March, 2022	As at 31 March, 2021
	₹ in crore	₹ in crore
Debt (including borrowings from related and unrelated parties and finance lease obligations)	3,912.37	4,593.22
Less: Cash and cash equivalent including short term deposits (restricted)	(29.56)	(27.58)
Less: Current Investments in Mutual Fund	(1.61)	(6.23)
Net debt (A)	3,881.19	4,559.41
Total equity (B)	(4,645.91)	(4,549.18)
Net debt to equity ratio (A/B)	(0.84)	(1.00)

(ii) **Categories of financial instruments**

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
<u>At amortised cost</u>				
Cash and cash equivalents	29.56	29.56	27.58	27.58
Loans and other receivables	480.50	480.50	496.98	496.98
Other financial assets	395.75	395.75	511.06	511.06
<u>At fair value through profit and loss</u>				
Investments in Mutual Funds	1.61	1.61	6.23	6.23
Total	907.43	907.43	1,041.84	1,041.84

Financial liabilities:

At amortised cost

Borrowings (Including current maturities)	3,912.37	3,912.37	4,593.22	4,593.22
Trade and other payables	94.20	94.20	262.17	262.17
Other financial liabilities	(466.90)	(466.90)	-1,135.61	(1,135.61)
Total	3,539.67	3,539.67	3,719.78	3,719.78

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 the third party qualified valuer / market participants.

Fair Value Hierarchy

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
	Level 2	Level 2
Assets		
Investments in Mutual Fund	1.61	6.23

(iii) Financial risk management objectives:

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

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

(iv) Foreign currency risk:

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

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

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
United States Dollars (US\$)	14.54	35.51	926.82	823.79
Currencies other than INR & US\$	0.43	6.26	2.16	9.49
Total	14.97	41.77	928.98	833.28

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

Particulars	As at	
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
US\$ impact (impact on profit before tax)	(1.34)	4.79

(v) Interest rate risk:

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

Interest rate sensitivity analysis:

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March, 2022 would increase/decrease by ₹ 11.74 crore (previous year ₹ 13.25 crore). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(vi) Other price risk:

The Group is not exposed to any significant equity price risks arising from equity investments, as on March 31, 2022. 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 31 March, 2022 on account of carrying amount of advances /deposit, trade and other receivables and guarantees are disclosed in note 26 on related party transactions. Based on the credit worthiness of the related parties, financial strength of related parties and its parents and past history of recoveries from them, the credit risk is mitigated. Credit risk relating to unrelated parties are minimised as the Group deals only with reputed parties.

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

(viii) Fair value of financial instruments:

All financial assets are initially recognised at fair value of consideration paid. Subsequently, financial assets are carried at fair value or amortized cost less impairment. Where non – derivative financial assets are carried at fair value, gains and losses on re- measurement are recognised directly in equity unless the financial assets have been designated as being held at fair value through profit or loss, in which case the gains and losses are recognised directly in the 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:

Particulars	As at 31 March, 2022			Total ₹ in crore
	Within one year	One to five years	more than five years	
	₹ in crore	₹ in crore	₹ in crore	
Financial instruments:				
Borrowings	2,234.30	1,678.07	-	3,912.37
Trade and other payables	94.20	-	-	94.20
Other financial liabilities	1,767.40	-	-	1,767.40
Total financial liabilities	4,095.90	1,678.07	-	5,773.97

Particulars	As at 31 March, 2021			
	Within one year	One to five years	more than five years	Total
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Financial instruments:				
Borrowings	2,855.71	1,743.21	-	4,598.92
Trade and other payables	262.17	-	-	262.17
Other financial liabilities	1,720.10	-	-	1,720.10
Total financial liabilities	4,837.98	1,743.21	-	6,581.19

21 Leases

Details of leasing arrangements:

(a) Finance leases: Group as a lessee

The group has not entered into any non-cancellable finance lease.

(b) Operating leases: Group as a lessee

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

22 Contingent liabilities (to the extent not provided for)

(a) Claims against the company not acknowledged as debts	As at		
	31 March, 2022	31 March, 2021	
	₹ in crore	₹ in crore	
Guarantee given by a bank against disputed custom duty demand of ₹ 27.40 crore by Directorate General of Foreign Trade	-	30.00	
Income tax demand- appeal filed by the company with Commissioner of Income tax -Appeals*	156.20	138.38	
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	39.09	7.29	
(b) Nature of the Company for which Guarantees given by the Company	Purpose for which the Guarantee is proposed to be utilised by the recipient	As at 31 March, 2022	As at 31 March, 2021
		₹ in crore	₹ in crore
i) Corporate guarantees on behalf of subsidiaries & associates			
Guarantees given by banks	Corporate guarantee given for subsidiary Debts	-	38.59
ii) Claims not acknowledge as debt			
Claims against the Group not acknowledged as debt	Claims not acknowledge as Debt	38.50	38.50

23 Segment reporting

(a) Basis of segmentation

The group has the following two reportable segments based on the information reviewed by the group's Chief Operating Decision Maker ('CODM')

a) Fleet operating and chartering

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b) Oilfields services

Segments have been identified taking into account the organisational structure, nature of services, different risks and internal reporting system.

The Board of Directors of the company is considered to be the CODM which is responsible for allocating resources and assessing performance of the operating segments.

(b) Business segment

Particulars	As at	As at
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Segment Revenue		
Operating Income		
Fleet operating and chartering	302.70	380.73
Rig operating and chartering	27.81	121.90
Total	330.51	502.63
Less: Inter segment revenue	(2.16)	(29.60)
Total Income from operations	328.35	473.03
Other income unallocated	224.84	35.13
Total Income	553.18	508.16
Segment Results		
Fleet operating and chartering	241.66	(39.70)
Rig operating and chartering	(59.84)	(68.15)
Total	181.82	(107.85)
Less: Unallocated interest and finance costs	(356.47)	(488.69)
Profit / (Loss) before tax	(174.65)	(596.54)
Exceptional items	93.80	(23.42)
Profit / (Loss) for the period / year after exceptional items	(80.85)	(619.96)
Less: Tax expense	(0.26)	(0.62)
Profit / (Loss) for the period / year before share of profit of associate	(81.11)	(620.58)
Share of profit / (loss) of associate	3.00	-
Profit / (Loss) for the period / year after share of profit / (loss) of associate	(78.11)	(620.58)
Capital employed (segment assets-segment liabilities)		
Fleet operating and chartering	(765.20)	(905.57)
- Assets	81.63	781.79
- Liabilities	(846.83)	(1,687.36)
Oilfields services	(1,922.43)	(1,548.15)
- Assets	236.61	324.53
- Liabilities	(2,159.04)	(1,872.68)
Unallocated	(280.21)	(352.26)
- Assets	851.69	977.71
- Liabilities	(1,131.90)	(1,329.97)
Total	(2,967.84)	(2,805.98)

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(c) Geographical segment

The geographical information analyses the Group's revenue by the country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographical selling location.

Particulars	Year ended	Year ended
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
India	255.91	355.19
Singapore	54.07	36.36
Cyprus	18.76	13.44
United Arab Emirates	-	23.61
United Kingdom	-	4.70
Switzerland	-	2.84
Taiwan	-	21.70
Kuwait	-	9.84
Denmark	(0.06)	2.25
Bangladesh	(0.33)	3.11
Total	328.35	473.04

(d) Information about major customers

58% (previous year 41%) of the operating income of the Group was derived from a single customer based in India. The main operating assets represent floating fleet, which are not identifiable to any geographical location.

24 Earning per share

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

Particulars	Year ended	Year ended
	31 March, 2022	31 March, 2021
	₹ in crore	₹ in crore
Loss for the year before exceptional items	(171.83)	(597.15)
Loss for the year after exceptional items	(78.03)	(620.56)
Equity shares at the beginning of the year (nos.)	20,69,76,072	20,69,76,072
Equity shares issued during the year (nos.)	-	-
Equity shares at the end of the year (nos.)	20,69,76,072	20,69,76,072
Weighted average equity shares for the purpose of calculating basic earnings per share (nos.)	20,69,76,072	20,69,76,072
Weighted average equity shares for the purpose of calculating diluted earnings per share (nos.)	20,69,76,072	20,69,76,072
Earnings per share - basic before exceptional items (face value of ₹10/- each)	(8.30)	(28.85)
Earnings per share - diluted before exceptional items (face value of ₹10/- each)	(8.30)	(28.85)
Earnings per share - basic after exceptional items (face value of ₹10/- each)	(3.77)	(29.98)
Earnings per share - diluted after exceptional items (face value of ₹10/- each)	(3.77)	(29.98)

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.

25 Employee Stock Option Scheme

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

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

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

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

Since the period of ESOP scheme has been expired the Company has already passed a Board resolution to close the trust and the Company is in process of closing the same.

26 Related party relationships, transactions and balances: (as per IND-AS 24)
a) Holding companies

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

b) Associates & Joint Ventures

- i) Varada Drilling One Pte. Limited, Singapore
- ii) Varada Drilling Two Pte. Limited, Singapore
- iii) Arkay Logistics Limited, India
- iv) OGD-EHES JV Private Limited
- v) OGD-EP SARK

c) Key management personnel

- i) Mr. Ranjit Singh (President & CEO)
- ii) Mr. Subimal Mahato (Wholetime Director till 30.11.2021)
- iii) Mr. Rajesh Desai (Non-Executive Director till 11.11.2021 and Wholetime Director from 12.11.2021)
- iv) Mr. Shaleen Sharma (Wholetime Director till June 2021)
- v) Mr. Ketan Shah (Chief Financial Officer)
- vi) Mr. Radhakrishna Murthy (Chief Financial Officer)
- vii) Mr. Manoj Kumar (Wholetime Director & CEO from 24.12.2021)
- viii) Mr. N. Srinivasan (Non-Executive Director)
- ix) Capt. B. S. Kumar (Non-Executive Director)
- x) Mr. Jayakumar (Non-Executive Independent Director from 31.08.2021)
- xi) Mr. R Suresh (Non-Executive Independent Director from 31.08.2021)
- xii) Mr. Dinesh Pande (Non-Executive Independent Director)
- xiii) Ms. Sunita Kotian (Non-Executive Director till 30.09.2021)
- xiv) Ms. S Saraswathy (Non-Executive Director from 30.09.2021)
- xvi) Ms. Jyotsna Gupta (Company Secretary till 30.09.2021)
- xvii) Ms. Nisha Barnwal (Company Secretary from 23.09.2021)
- xviii) Mr. Habib Jan (Company Secretary)

d) Fellow subsidiaries / Other related parties :

- i) Essar Bulk Terminal Limited
- ii) Essar Capital Holdings Limited
- iii) Essar Shipping (Cyprus) Limited
- iv) Essar Oil & Gas Exploration & Production Limited
- v) Essar Capital (Mauritius) Limited
- vi) Essar Steel Metal Trading Limited
- vii) AGC Networks Limited
- viii) Essar Power (Orissa) Limited
- ix) Essar Minmet Limited
- x) Essar Foundation
- xi) Futura Travels Limited
- xii) Essar Projects Limited
- xiii) Edwell Infrastructure Hazira Limited
- xiv) Bhagwat Power Salaya Limited
- xv) Essar Holdco Mauritius Limited

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- xvi) Essar Energy Holdings Limited
- e) **Trusts:**
- (i) Essar Shipping Staff Provident Fund Trust
- (ii) Essar Shipping Employee Stock Options Trust

f) Details of transactions with related parties during the year								₹ in crore	
Nature of transactions	Holding Companies / Promoter group companies		Fellow subsidiaries/ Trust/ associates		Managerial remuneration / Sitting fees		Total		
	Year ended 31 March, 2022	Year ended 31 March, 2021	Year ended 31 March, 2022	Year ended 31 March, 2021	Year ended 31 March, 2022	Year ended 31 March, 2021	Year ended 31 March, 2022	Year ended 31 March, 2021	
	Revenue from operations								
Essar Shipping (Cyprus) Limited	-	-	-	12.14	-	-	-	12.14	
Essar Power (Orissa) Limited	-	-	-	0.09	-	-	-	0.09	
Essar Minmet Limited	-	-	-	9.98	-	-	-	9.98	
OGD-EHES JV Private Limited	-	-	2.68	-	-	-	2.68	-	
Total	-	-	2.68	22.21	-	-	2.68	22.21	
Interest income									
Essar Global Fund Limited	0.04	0.10	-	-	-	-	0.04	0.10	
Essar Capital Holdings Limited	-	-	11.12	-	-	-	11.12	-	
Essar Projects Limited	-	-	0.45	-	-	-	0.45	-	
OGD-EP SARL	-	-	0.08	-	-	-	0.08	-	
Total	0.04	0.10	11.65	-	-	-	11.69	0.10	
Sale of Preference Shares									
Essar Steel Metal Trading Limited	-	-	0.06	-	-	-	0.06	-	
Total	-	-	0.06	-	-	-	0.06	-	
Managerial remuneration #									
Ranjit Singh	-	-	-	-	2.04	1.09	2.04	1.09	
Rajeev Nayyar	-	-	-	-	-	0.72	-	0.72	
Radhakrishna Murthy	-	-	-	-	0.33	0.25	0.33	0.25	
Shaleen Sharma	-	-	-	-	0.54	0.42	0.54	0.42	
Capt Rahul Bhargava	-	-	-	-	-	0.62	-	0.62	
Ketan Shah	-	-	-	-	1.51	0.87	1.51	0.87	
Jyotsna Gupta	-	-	-	-	0.23	0.29	0.23	0.29	
Subimal Mahato	-	-	-	-	0.34	0.44	0.34	0.44	
Rajesh Desai	-	-	-	-	0.04	-	0.04	-	
Nisha Barnwal	-	-	-	-	0.03	-	0.03	-	
Sitting Fees paid to Non-Executive Directors	-	-	-	-	0.48	0.47	0.48	0.47	

Total	-	-	-	-	5.53	5.16	5.53	5.16
Agency Charges								
Essar Shipping (Cyprus) Limited	-	-	75.17	-	-	-	75.17	-
Essar Bulk Terminal Limited	-	-	3.35	1.12	-	-	3.35	1.12
Arkay Logistics Limited	-	-	2.79	1.34	-	-	2.79	1.34
Total	-	-	81.30	2.45	-	-	81.30	2.45
Rent								
Essar Oil & Gas Exploration & Production Limited	-	-	0.03	0.02	-	-	0.03	0.02
Total	-	-	0.03	0.02	-	-	0.03	0.02
Donation								
Essar Foundation	-	-	0.15	-	-	-	0.15	-
Total	-	-	0.15	-	-	-	0.15	-
Repair and maintenance								
AGC Networks Limited	-	-	0.24	0.75	-	-	0.24	0.75
Total	-	-	0.24	0.75	-	-	0.24	0.75
Ticket charges								
Futura Travels Limited	-	-	0.07	-	-	-	0.07	-
Total	-	-	0.07	-	-	-	0.07	-
Professional / Management fees								
Essar Capital (Mauritius) Limited	-	-	-	0.17	-	-	-	0.17
Total	-	-	-	0.17	-	-	-	0.17
Provision for Impairment								
Essar Capital Holdings Limited	-	-	9.63	-	-	-	9.63	-
Essar Projects Limited	-	-	0.45	-	-	-	0.45	-
Essar Capital (Mauritius) Limited	-	-	-	0.06	-	-	-	0.06
Total	-	-	10.09	0.06	-	-	10.09	0.06
Interest expenses								
Arkay Logistics Limited	-	-	0.39	0.79	-	-	0.39	0.79
Total	-	-	0.39	0.79	-	-	0.39	0.79
Contribution to staff provident fund								
Essar Shipping Staff Provident Fund Trust	-	-	1.07	2.06	-	-	1.07	2.06

Total	-	-	1.07	2.06	-	-	1.07	2.06
Loans and advances given								
IDH International Drilling Holdco Limited	-	1.10	-	-	-	-	-	1.10
OGD-EHES JV Private Limited	-	-	1.27	0.72	-	-	1.27	0.72
Essar Capital Holding Limited	-	-	12.46	5.88	-	-	12.46	5.88
Total	-	1.10	13.72	6.60	-	-	13.72	7.70
Investment in Equity Shares of Joint Venture								
OGD-EHES JV Private Limited	-	-	-	0.00	-	-	-	0.00
Total	-	-	-	0.00	-	-	-	0.00
Loans and advances received								
Essar Steel Metal Trading Limited	-	-	2.13	-	-	-	2.13	-
Total	-	-	2.13	-	-	-	2.13	-

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

g) Outstanding balances with related parties							₹ in crore	
Nature of transactions	Holding Companies / Promoter group companies		Fellow subsidiaries/ Trust/ associates		Managerial remuneration / Sitting fees		Total	
	As at 31 March, 2022	As at 31 March, 2021	As at 31 March, 2022	As at 31 March, 2021	As at 31 March, 2022	As at 31 March, 2021	As at 31 March, 2022	As at 31 March, 2021
Trade receivables								
Essar Shipping (Cyprus) Limited	-	-	9.81	9.81	-	-	9.81	9.81
Essar Oil & Gas Exploration & Production Limited	-	-	0.90	0.90	-	-	0.90	0.90
Total	-	-	10.71	10.71	-	-	10.71	10.71
Loans and advances (including interest accrued)								
Essar Global Fund Limited	3.11	3.11	-	-	-	-	3.11	3.11
IDH International Drilling Holdco Limited	98.39	98.39	-	-	-	-	98.39	98.39
Essar Shipping Employee Stock Options Trust	-	-	-	0.41	-	-	-	0.41
Essar Capital Holdings Limited	-	-	521.48	521.48	-	-	521.48	521.48
Essar Projects Limited	-	-	25.05	25.05	-	-	25.05	25.05
Essar Energy Holding Limited	-	-	6.95	6.95	-	-	6.95	6.95
Essar Minmet Limited	-	-	5.07	5.07	-	-	5.07	5.07
OGD-EHES JV Private Limited	-	-	0.62	0.62	-	-	0.62	0.62
Essar Steel Metal Trading Limited	-	-	-	64.48	-	-	-	64.48
Total	101.50	101.51	559.16	624.06	-	-	660.66	725.56

Advance received from Customer									
Arkay Logistics Limited	-	-	4.50	4.50	-	-	4.50	4.50	
Total	-	-	4.50	4.50	-	-	4.50	4.50	
Trade payables									
Essar Bulk Terminal Limited	-	-	4.54	4.45	-	-	4.54	4.45	
Arkay Logistics Limited	-	-	0.55	0.58	-	-	0.55	0.58	
AGC Networks Limited	-	-	0.29	0.84	-	-	0.29	0.84	
Essar Shipping (Cyprus) Limited	-	-	29.09	37.33	-	-	29.09	37.33	
Essar Capital (Mauritius) Limited	-	-	0.88	0.88	-	-	0.88	0.88	
Essar Shipping Staff Provident Fund Trust	-	-	0.03	0.10	-	-	0.03	0.10	
Total	-	-	35.38	44.19	-	-	35.38	44.19	
Loans and advances payable									
Arkay Logistics Limited	-	-	21.78	21.78	-	-	21.78	21.78	
Essar Holdco Mauritius Limited	-	-	236.21	236.21	-	-	236.21	236.21	
Essar Steel Metal Trading Limited	-	-	51.36	-	-	-	51.36	-	
Edwell Infrastructure Hazira Limited	-	-	0.60	-	-	-	0.60	-	
Bhagwat Power Salaya imited	-	-	40.00	-	-	-	40.00	-	
Total	-	-	349.95	257.99	-	-	349.95	257.99	

27 Going Concern

1) Pursuant to approval taken from Shareholders in the meeting held on 30 September, 2020, The Holding Company has monetised the assets and proceeds from the same has been paid to lenders, which has reduced the current liabilities of the Company. The Group re-paid term loans aggregating to Rs. 565 crore approx by monetising its assets and recognised Rs. 351.45 crore as Gain from One Time Settlement of Loans as exceptional income. No due certificates received from the respective lenders.

2) Such monetisation by the Holding Company included sale of one Tanker vessel & three Bulker vessels and the Company has recognised profit on sale of vessel of Rs. 99.35 crore in the Statement of Profit & Loss account. The Holding Company has disposed off most of its assets with prior approval of the lenders to pay off its outstanding dues to lenders / vendors and has no revenue generating assets as at the year-end.

3) The Group has availed loans from banks and financial institutions which are secured by charge over various movable and immovable assets of the Company as well as subsidiary/ associate/ group companies and corporate guarantee of the ultimate Parent Company. The value of the security as at 31st March 2022 is lower than the amount outstanding as at that date due to downturn in shipping and oilfield markets from last several years.

4) As on 31 March, 2022, the Group's net worth is negative and current liabilities exceeds its current assets. The Management is taking appropriate steps to rectify this working capital deficit by negotiating with lenders to settle the loans through monetizing certain assets and during the year the Group has settled the loan with lenders by monetizing assets. The Management is hopeful for arriving at a mutually agreed settlement with balance lenders also. The Holding Company is exploring business opportunity of In-chartering in the Shipping sector and based on the business prospects in oilfield business, the Financials have been prepared on a Going Concern basis.

28 Additional Information as required under Schedule III of the Companies Act, 2013

Name of the entity in the group	Net Assets (Total Assets less Total Liabilities)		Share in Profit & Loss		Share in Total Comprehensive Income	
	As a % of Consolidated Net Assets	Amount (₹ in crore)	As a % of Consolidated Profit / (Loss)	Amount (₹ in crore)	As a % of Consolidated Comprehensive Income	Amount (₹ in crore)
Parent						
Essar Shipping Limited	59.48%	(2,763.24)	-712.36%	577.17	-714.65%	577.40
Subsidiaries (Indian)						
OGD Services Limited	20.25%	(940.67)	6.26%	(5.08)	6.28%	(5.08)
Starbit Oilfield Services India Limited	0.23%	(10.74)	0.66%	(0.53)	0.66%	(0.53)
Subsidiaries (Foreign)						
OGD Services Holdings Limited	21.01%	(976.09)	72.86%	(59.03)	73.07%	(59.03)
Energy II Limited	-10.07%	467.61	-2.12%	1.72	-2.12%	1.72
Essar Shipping DMCC	9.10%	(422.77)	734.69%	(595.26)	736.76%	(595.26)
Non controlling interests						
OGD Services Limited (Indian Subsidiary)	-	(243.16)	-	-	-	-
Energy II Limited (Foreign Subsidiary)	-	102.73	-	0.46	-	0.46
Associates (Indian)						
Arkay Logistics Limited	-	-	-	-	-	-
Associates (Foreign)						
Varada Drilling One Pte Limited	-	-	-	-	-	-
Varada Drilling Two Pte Limited	-	-	-	-	-	-

29 Other Statutory Disclosure

The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

30 The Company has not received any funds from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

31 The Company is not declared a wilful defaulter by any bank or financial institution or other lenders.

32 The Company has no borrowings from banks or financial institutions on the basis of security of current assets.

33 The Company does not have any transaction that are not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

34 There are no proceedings initiated or pending for holding any benami property under the Benami Transaction (Prohibition) Act, 1988.

ESSAR SHIPPING LIMITED

- 35 There is no Investment Property held by Company.
- 36 The Company has neither traded in nor holds Crypto Currency or Virtual Currency during the year.
- 37 During the current year, the company has not made any Loans or advances in the nature of Loans are granted to Promoters, Directors, KMPs and the related parties (as define under Companies Act, 2013) either severally or jointly with any other person, that are: (a) repayable on demand: or (b) without specifying any term or period of repayment.
- 38 The Company does not have any transaction with companies struck off under section 248 of the Company Act 2013, or section 560 of Companies Act, 1956.
- 39 During the Year, Company has not taken any term loan from any bank of financial Institutions.

40 Comparative Ratio Analysis

Ratio	Numerator	Denominator	March 2022	March 2021	% Variances	Reason for Variance (if +/- 25%)
Current Ratio	Current Asset	Current Laibility	0.25	0.24	2.38	
Debt to Equity Ratio	Total Long Term Debt	Share Holders Equity	-1.15	-1.31	(12.17)	
Debt Service Coverage Ratio	EBITDA	Interest + Installment	0.31	0.78	(59.94)	During the year the Company has monetised the assets and sale proceeds of the same has been utilised to settled the loan
Return on Equity	Net Income	Share Holders Equity	0.02	0.15	(87.94)	Net Income has increased due to Profit on sale of Fixed assets, other non-operating income and Exceptional income
Inventory Turn Over Ratio	Cost of goods sold or Sales	Avg Inventory	N.A.	N.A.	N.A.	Not Applicable because the Company is in service industry
Trade Receivable Turnover Ratio	Credit Sale	Avg Account Receivable	11.97	9.23	29.68	The Receivables from debtors got reduced due to recovery from them at the end of current financial year
Trade Payable Turnover Ratio	Total Purchase	Avg Account Payable	N.A.	N.A.	N.A.	Not Applicable because the Company is in service industry
Working Capital Turnover Ratio	Net Annual Sale	Working Capital	-0.07	-0.09	(27.01)	Current liabilities got reduced due to repayment of loans
Net Profit Ratio	Net Revenue	Revenue	-0.25	-1.31	(81.27)	Net Income has increased due to Profit on sale of Fixed assets, other non-operating income and Exceptional income
Return on Capital Employed	EBIT	Capital Employed	0.12	-0.08	(252.57)	During the year, Earning before interest and tax increased due to profit on sale of vessels and capital employed decrease due to repayment of loan

ESSAR SHIPPING LIMITED



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

See accompanying notes forming part of the Consolidated Financial Statements

As per our attached report of even date

For and on behalf of the Board

For C N K & Associates LLP

Chartered Accountants

Firm Registration No. : 101961 W/W - 100036

Himanshu Kishnadwala

Partner

Membership No. 37391

Place: Mumbai

Date: 30 May, 2022

Rajesh Desai

Director

(DIN: 08848625)

Ketan Shah

Chief Financial Officer

Place: Mumbai

Date: 30 May, 2022

N. Srinivasan

Director

(DIN: 0004195)

Nisha Barnwal

Company Secretary

Membership No. ACS 66804

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Unit: Essar Shipping Limited

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