

**ESSAR SHIPPING DMCC
DUBAI, UAE**

**Financial statements for the
year ended March 31, 2023**

ESSAR SHIPPING DMCC
DUBAI - UNITED ARAB EMIRATES

Financial Statements for the year ended March 31, 2023

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Independent Auditor's Report

To the shareholders of Essar Shipping DMCC, Dubai

Report on the audit of financial statements

Opinion

We have audited the accompanying financial statements of Essar Shipping DMCC ("the Company"), which comprise the statement of financial position as at **March 31, 2023**, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Essar Shipping DMCC, Dubai as at **March 31, 2023** and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the other ethical requirements that are relevant to our audit of the company's financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going concern

We draw attention to Note No. 1.1 of the accompanying financial statements, The company has an excess of current liabilities over current assets to the extent of USD 50.26 million and has negative operating cash flow amount to USD 610,966. The company does not have any income from operations.

However, during the year, the management has repaid its existing repayment schedules with existing lenders, while as there is no revenue booking in the main operations. Based on this, the financial statements have been prepared by the management on a going concern basis. Our opinion on the financial statements is not modified for the above matter.

Independent Auditor's Report

To the shareholders of Essar Shipping DMCC, Dubai

Emphasis of matter

We draw your attention to Note No. 21 of accompanying financial statements, wherein the company disclosed net amount receivable and payable from Group companies, Essar Shipping Limited, in spite of having separate obligations.

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

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

Management is responsible for the preparation and fair presentation of these financial statements, in accordance with International Financial Reporting Standards and in compliance with the applicable provisions of the Company's Memorandum and Articles of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent Auditor's Report

To the shareholders of Essar Shipping DMCC, Dubai

- a) Identify and assess the risks of material misstatement of the 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.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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.

Independent Auditor's Report

To the shareholders of Essar Shipping DMCC, Dubai

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 disclosure about the matter 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

Further as required by the Dubai Multi Commodities Centre (DMCC) Company Regulations 2020, we report that for the year ended March 31, 2023:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit;
- The financial statements have been prepared and comply, in all material respects, with the DMCC Company Regulations 2020.
- The Branch has maintained proper books of account.
- Note 7 & 12 reflects material related party transactions and the terms under which they were conducted.
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Branch has contravened, during the financial year ended March 31, 2023, any of the provisions and regulations of Dubai Multi Commodities Centre (DMCC) Company Regulations 2020 which would materially affect its activities or its financial position as at March 31, 2023.
- No social contributions were made during the year.

For and on behalf of

CNK Hussain Alsayegh Chartered Accountants



Akshay Thomas Sam

Partner

Registration No. 1313

Date:

Place: Dubai, UAE



STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023
(Amount in US Dollars)

	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
NON CURRENT ASSETS			
Finance lease receivable	4	-	-
TOTAL NON CURRENT ASSETS		-	-
CURRENT ASSETS			
Accounts and other receivables	5	-	564,006
Cash and cash equivalents	6	562,683	1,281,649
Due from related parties	7	6,691,415	12,175,339
Deposits, prepayments & advances	8	829,177	490,768
Assets Held for Sale	9	-	-
TOTAL CURRENT ASSETS		8,083,275	14,511,762
TOTAL ASSETS		8,083,275	14,511,762
EQUITY & LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		37,343,574	37,343,574
Retained earnings		(87,612,881)	(91,842,138)
TOTAL SHAREHOLDERS' EQUITY		(50,269,307)	(54,498,564)
NON CURRENT LIABILITIES			
Non-Current Borrowings		-	1,726,000
TOTAL NON CURRENT LIABILITIES		-	1,726,000
CURRENT LIABILITIES			
Current borrowings	11	-	740,000
Due to related parties	12	58,297,904	65,332,904
Accounts and other payables	13	54,678	1,211,422
TOTAL CURRENT LIABILITIES		58,352,582	67,284,326
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		8,083,275	14,511,762

The accompanying notes form an integral part of these financial statements.
The independent audit report of the auditors is set out on page 1-4

FOR
ESSAR SHIPPING DMCC




SATYANARAYAN RANKAWAT

DIRECTOR

DATE: 17th May 2023

PLACE: DUBAI

ESSAR SHIPPING DMCC
DUBAI - UNITED ARAB EMIRATES

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2023
(Amount in US Dollars)

	Notes	2022-2023	2021-2022
REVENUE			
Revenue	14	-	21,831,697
Cost of Revenue	15	55,927	(17,524,881)
GROSS PROFIT/(LOSS)		55,927	4,306,816
Indirect Income	16	4,433,339	5,353,223
EXPENSES			
Finance Cost	17	(108,000)	(8,824,472)
Indirect Expenses	18	(152,009)	(1,828,386)
Impairment of Finance Lease Receivable	19	-	(39,585,599)
Fair Value Loss on Cost of Vessels	20	-	(39,017,329)
Total		(260,009)	(89,255,786)
Net Profit for the Year		4,229,257	(79,595,747)
Other Comprehensive Income/Expenses		-	-
Total Comprehensive Income for the Year		4,229,257	(79,595,747)

The accompanying notes form an integral part of these financial statements.
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FOR
ESSAR SHIPPING DMCC




SATYANARAYAN RANKAWAT

DIRECTOR

DATE: 17th May 2023

PLACE: DUBAI

ESSAR SHIPPING DMCC
DUBAI - UNITED ARAB EMIRATES

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED MARCH 31, 2023
(Amount in US Dollars)

CASH FLOW FROM OPERATING ACTIVITIES	2022-2023	2021-2022
Net profit / (loss) for the period	4,229,257	(79,595,747)
Adjustment for :		
Depreciation	-	63
Finance cost	108,000	8,824,472
Operating cash flow before changes in Net Operating Assets	4,337,257	(70,771,212)
Changes in working capital:		
Decrease / (increase) in finance lease receivable	-	-
Decrease / (increase) in accounts and other receivables	564,006	923,292
Decrease / (increase) in inventory	-	498,909
Decrease / (increase) in other financial assets	-	-
Decrease / (increase) in due from related parties	5,483,924	18,389,410
Decrease / (increase) in deposits, prepayments & advances	(338,409)	1,299,250
Increase / (decrease) in Assets held for sale	-	-
Increase / (decrease) in accounts and other payables	(1,156,744)	(1,054,059)
Increase / (decrease) in current portion of bank borrowings	(740,000)	(233,573)
Increase / (decrease) in non current portion of bank borrowings	(1,726,000)	-
Increase / (decrease) in due to related parties	(7,035,000)	53,669,856
Net cash flow from/(used in) Operating Activities	(610,966)	2,721,873
CASH FLOW FROM INVESTING ACTIVITIES		
Finance lease receivable	-	-
Property, Plant and Equipment	-	-
Sale proceeds of Assets held for sale	-	-
Net cash flow (used in) Investing Activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Finance costs paid	(108,000)	-
Repayment of loan to Essar Shipping Limited	-	(1,559,000)
Net cash flow (used in) Financing Activities	(108,000)	(1,559,000)
Net (decrease) in Cash and Cash Equivalents	(718,966)	1,162,873
Cash and cash equivalents at beginning of the period	1,281,649	118,776
CASH & CASH EQUIVALENT AT THE END OF THE PERIOD	562,683	1,281,649

The accompanying notes form an integral part of these financial statements.
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FOR
ESSAR SHIPPING DMCC




SATYANARAYAN RANKAWAT
DIRECTOR
DATE: 17th May 2023
PLACE: DUBAI

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023
(Amount in US Dollars)

Particulars	Equity share capital	Retained earnings	Total
Balance as at April 1, 2021	37,343,574	(12,246,391)	25,097,183
Additions during the year	-	-	-
Transfer/Payments during the year	-	-	-
Net Profit /(Loss) for the year	-	(79,595,747)	(79,595,747)
Distribution	-	-	-
Balance as at March 31, 2022	37,343,574	(91,842,138)	(54,498,564)
Balance as at April 1, 2022	37,343,574	(91,842,138)	(54,498,564)
Additions during the year	-	-	-
Transfer/Payments during the year	-	-	-
Net Profit /(Loss) for the year	-	4,229,257	4,229,257
Distribution	-	-	-
Balance as at March 31, 2023	37,343,574	(87,612,881)	(50,269,307)

The accompanying notes form an integral part of these financial statements.
The independent audit report of the auditors is set out on page 1-4

FOR
ESSAR SHIPPING DMCC




SATYANARAYAN RANKAWAT
DIRECTOR

DATE: 17th May 2023

PLACE: DUBAI

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023
(Amount in US Dollars)

1 STATUS AND ACTIVITIES

ESSAR Shipping DMCC

ESSAR Shipping DMCC, is a 100% subsidiary of ESSAR Shipping Limited (India), a Foreign Company. The Subsidiary is registered with the Dubai multi Commodities Centre, Dubai, UAE vide Commercial License No. DMCC-402202 (Previously DMCC-069298). The License has been issued on the 10th day of August 2015.

The registered address of the company is Unit No: 4106-D43, Mazaya Business Avenue BB2, Plot No. JLTE-PH2-BB2, Jumeirah Lakes Towers, Dubai, UAE

Company's issued, subscribed and paid up capital is USD 37,343,574 divided into 137,122 shares of 272.34 USD each held by the shareholder as mentioned below:

#	Shareholders	Nationality	No of Shares	Amount	%
1	ESSAR Shipping Limited (INDIA)	INDIAN	137,122	37,343,574	100
	Total		137,122	37,343,574	100

The establishment is managed by directors **Mr. Satyanarayan Rankawat**

The establishment is engaged in the activity of ship charter, barges & tugs charter, sea freight & passengers charters.

As per share pledge agreement dated August 17, 2016, Essar Shipping DMCC's 52% shares have been pledged in favour of Yes bank for SBLs issued to Essar Shipping Limited and the same are in custody of Mashreq bank.

1.1 GOING CONCERN

The company has excess of current liabilities over current assets to the extent of USD 50.26 million and has negative operating cash flow amount to USD 610,966. The company does not have any income from operations.

However, during the year, the management has repaid its existing repayment schedules with existing lenders, while as there is no revenue booking in the main operations. Based on this, the financial statements have been prepared by the management on a going concern basis.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ('IFRSs')

(a) **New and revised IFRS updates**

The following new and revised IFRS, which became effective for annual periods beginning on or after January 01, 2021. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior years.

(b) **New and revised IFRS in issue but not yet effective and not early adopted**

Narrow-scope amendments to IFRS and some annual improvements on IFRS 9 and IFRS 16 (Effective date 1 January 2022)

Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 9, 'Financial instruments', and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities (Effective date 1 January 2023)

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (Effective date 1 January 2023)

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023
(Amount in US Dollars)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to IFRS 3- Business Combinations *(Effective from Annual reporting periods beginning on or after 1 January 2022)*

Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

Amendments to IAS 37-Provisions, Contingent Liabilities and Contingent Assets *(Effective from Annual reporting periods beginning on or after 1 January 2022)*

Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'.

Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards:

<i>New standards and significant amendments to standards applicable to the Company</i>	<i>Effective for periods beginning on or after</i>
IFRS-1 Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.	Annual periods beginning on or after January 1, 2022. Early application is permitted.

<i>New standards and significant amendments to standards applicable to the Company</i>	<i>Effective for periods beginning on or after</i>
IFRS-9- Financial Instruments- Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.	Annual periods beginning on or after January 1, 2022. Early application is permitted.

IFRS 16 Leases

Lease incentives. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.

IAS 41- Agriculture

Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

Annual periods beginning on or after January 1, 2022. Early application is permitted.

Management anticipates that these IFRS and amendments will be adopted in the financial statements in the initial period when they become mandatorily effective. The impact of these standards and amendments are currently being assessed by the management.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023
(Amount in US Dollars)

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to the operations of the company.

3.2 ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention and under accrual system of accounting.

3.3 REVENUE RECOGNITION

The Company recognizes revenue from sale of goods based on a five step model as set out in IFRS 15

Step 1: Identify the contract(s) 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 the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good 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 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 will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which performance obligation is satisfied.

Sale of goods and services

In relation to the Company's activities of restaurant, in which delivery of food is generally expected to be the only performance obligation, IFRS 15 do not have any major impact on the Company's revenue and profit or loss. The Company concluded that the revenue recognition will occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods or services and collection of goods by customers. Income represents the invoiced value of goods sold/services rendered during the period, net of discounts and returns.

Advances received from customers

Generally, the Company receives only short-term advances from its customers. They are presented as part of trade and other payables. Accordingly, there are no financing components in the Company's contracts with customers.

3.4 ACCOUNTS RECEIVABLE

Receivables are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts.

The management undertakes a periodic review of the amount recoverable from Accounts & other receivables and determines recoverability based on various factors such as ageing of receivables, payment history, collateral available & other knowledge about the receivables.

Provisions for bad and doubtful debts represent estimates of ultimate unrealizable debts. The estimates are judgmental and are based on case based evaluation by the management.

3.5 ACCOUNTS & OTHER PAYABLES

Accounts & other payables are stated at nominal amounts payable for goods or services rendered.

3.6 PROVISIONS

Provisions are recognized when the company has a present obligation as a result of past event & it is probable that the outflow of resources will be required to settle the obligation.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023
(Amount in US Dollars)

3.7 FOREIGN CURRENCY

Functional and presentation currency :

Financial statements are presented in United States Dollar (USD) which is company's functional & presentation currency.

Transaction and balances :

Exchange differences arising on the settlement of monetary items, and on re-translation of monetary items are included in the Statements of Comprehensive Income for the period. Exchange differences arising on the re-translation of non- monetary items carried at fair value are included in the Statements of Comprehensive Income except for differences arising on the re-translation of non- monetary items in respect of which gains and losses are recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in equity.

3.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise balances with banks.

3.9 CRITICAL ACCOUNTING JUDGEMENTS & KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates & assumptions that affect the application of accounting policies & the carrying amounts of assets, liabilities, income & expenses. The estimates & associated assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstances.

Estimates & underlying assumptions are reviewed on a going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current & future periods.

4 FINANCE LEASE RECEIVABLE	As at March 31, 2023	As at March 31, 2022
- MV Manika	-	38,268,252
- MV Maithili	-	43,172,325
TOTAL (A)	-	81,440,577
WDV of vessels taken back on cancellation of BBCD		
- MV Manika	-	(24,356,072)
- MV Maithili	-	(27,359,386)
TOTAL (B)	-	(51,715,458)
Impairment of Finance lease receivable* (C)	-	(29,725,119)
TOTAL (A+B+C)		
Current finance lease receivable	-	-
Less: Adjusted against payable to Essar Shipping Limited	-	-
Sub Total	-	-
Non-Current finance lease receivable	-	-
Less: Adjusted against payable to Essar Shipping Limited	-	-
Sub Total	-	-
Total	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023
(Amount in US Dollars)

5 ACCOUNTS AND OTHER RECEIVABLES	As at March 31, 2023	As at March 31, 2022
Due from customers	-	630,515
Less: Provision for Doubtful Debts	-	(66,509)
Other receivable*	-	-
Interest receivables	-	9,860,481
Less: Impairment of interest on finance lease	-	(9,860,481)
Closing Balance	-	564,006

*An amount USD 7,820 is receivable from Federal Tax Authority, however, it is the view of the management that such amount is anticipated but not claimed from the authority.

6 CASH AND CASH EQUIVALENTS	As at March 31, 2023	As at March 31, 2022
Cash at Bank	562,683	1,281,649
Closing Balance	562,683	1,281,649

7 DUE FROM RELATED PARTIES	As at March 31, 2023	As at March 31, 2022
Essar Capital Holding Ltd	3,935,493	12,952,587
Provision for receivable from Essar Capital Holding Limited	-	(3,309,087)
Essar Energy Holding Limited	1,071,000	1,026,740
Provision for receivable from Essar Energy Holding Limited	(178,744)	(126,740)
Essar Minmet Ltd	229,338	683,332
Provision for receivable from Essar Minmet Ltd	(229,338)	(610,087)
OGD Services Limited	-	223,900
Arkay Logistics Ltd – Vizag	7,744	9,590
IDH International Drilling Holdco Limited	842,630	430,000
Essar Shipping LTD	51,935,292	51,817,104
Less: payable to Essar Shipping Limited	(50,922,000)	(50,922,000)
Closing Balance	6,691,415	12,175,339

Management assessed the expected credit losses as prescribed by the requirements of IFRS 9 against due from related parties and decided to provide ECL provision for due from related parties. Company has applied the simplified approach to measuring the expected credit losses which uses lifetime expected loss allowance for receivables due from related parties. Based on company's overall assessment, the application of IFRS 9 has not resulted in any further provisions

8 DEPOSITS, PREPAYMENTS & ADVANCES	As at March 31, 2023	As at March 31, 2022
Deposits	-	1,842
Advance	829,177	488,926
Closing Balance	829,177	490,768

9 ASSETS HELD FOR SALE	As at March 31, 2023	As at March 31, 2022
Opening Balance	-	-
Additions during the year	-	12,698,129
Disposals during the year	-	(12,698,129)
Closing Balance	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023
(Amount in US Dollars)

10 END OF SERVICE BENEFITS	As at March 31, 2023	As at March 31, 2022
Opening Balance	-	-
Additions during the year	-	16,430
Less: Reversed during the year	-	(16,430)
Closing Balance	-	-
<hr/>		
11 CURRENT BORROWINGS	As at March 31, 2023	As at March 31, 2022
Bank of Baroda, Dubai Branch	-	2,466,000
Closing Balance	-	2,466,000
<hr/>		
Current Borrowings	-	740,000
Non-Current Borrowings	-	1,726,000
Total	-	2,466,000
<hr/>		
Company has repaid the loan of USD 5.00 million from Bank of Baroda.		
<hr/>		
12 DUE TO RELATED PARTIES		
The Company, in the ordinary course of its business, enters into trading and financing transactions with concerns which fall within the definition of "related party" as contained in International Accounting Standard 24. The balances due to/from such parties, which have been disclosed separately in the Notes to the financial statements, are unsecured and repayable on demand. The management believes that the terms of the trading transactions are not materially different from those that could have been obtained from unrelated parties.		
	As at March 31, 2023	As at March 31, 2022
Essar Shipping LTD	109,053,366	116,053,366
Less: Advance to Essar Shipping Limited towards purchase of SS Smiti	(50,922,000)	(50,922,000)
Essar Bulk Terminal Limited	-	35,000
Essar Shipping (Cyprus) Limited	-	-
Energy II Limited	164,038	164,038
Essar Capital (Mauritius) Ltd.	2,500	2,500
Total	58,297,904	65,332,904
<hr/>		
13 ACCOUNTS AND OTHER PAYABLES	As at March 31, 2023	As at March 31, 2022
Accounts payable	51,152	634,652
Other payables	3,526	576,770
Closing Balance	54,678	1,211,422
<hr/>		
14 REVENUE	2022-2023	2021-2022
Earning from chartering of vessels	-	21,831,697
Total	-	21,831,697
<hr/>		
15 COST OF REVENUE	2022-2023	2021-2022
In-Chartering costs	55,927	17,524,881
Total	55,927	17,524,881
<hr/>		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023
(Amount in US Dollars)

16 INDIRECT INCOME	2022-2023	2021-2022
Interest on ICD	578,496	522,280
Interest on finance lease	-	678,167
Other income	-	(12,700)
Reversal of Provision	3,637,832	4,165,476
Sundry Balance written back	82,562	-
Salaries Provision written back	134,449	-
Total	4,433,339	5,353,223
17 FINANCE COST	2022-2023	2021-2022
Interest on borrowings	108,000	8,824,472
Total	108,000	8,824,472
18 INDIRECT EXPENSES	2022-2023	2021-2022
Salaries and staff benefits	47,923	67,264
Legal and professional fees	80,052	407,457
Depreciation	-	63
Insurance expenses	-	21,838
Office expenses	16,031	96,270
Rent	4,096	15,374
Provision for impaired due from related party	-	1,132,367
Sundry Balance Written Off	-	66,509
Bank charges	3,907	21,244
Total	152,009	1,828,386
19 IMPAIRMENT OF FINANCE LEASE RECEIVABLE	2022-2023	2021-2022
Loss on Finance Lease	-	29,725,118
Loss of Interest on Finance Lease	-	9,860,481
Total	-	39,585,599
20 FAIR VALUE LOSS ON COST OF VESSELS	2022-2023	2021-2022
Fair Value loss on cost of Vessels	-	39,017,329
Total	-	39,017,329

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023
(Amount in US Dollars)

21 RELATED PARTY DISCLOSURE

A Names of related party and description of relationship

Description of relationship	Name of related party
Holding company	ESSAR Shipping Limited(INDIA)

B Particulars of transactions with related party

Particulars	2022-23
<u>Exchange Variation</u>	
Arkay Logistics Ltd – Vizag	1,846
<u>Interest income</u>	
Energy Capital Holding Limited	534,236
Essar Energy Holding Limited	44,259
<u>Loan given received back during the year</u>	
Energy Capital Holding Limited	8,482,858
Essar Energy Holding Limited	-
Essar Minmet Ltd	453,994
OGD Services Limited	223,900
<u>Loan repaid during the year</u>	
Essar Shipping LTD	7,000,000
Essar Bulk Terminal Limited	35,000

22 FINANCIAL INSTRUMENTS

	As at March 31, 2023	As at March 31, 2022
Financial Instruments by category		
Financial Assets		
Cash and cash equivalents	562,683	1,281,649
Deposits	-	1,842
Accounts and other receivables	-	564,006
Due from related parties	6,691,415	12,175,339
Financial Liabilities		
Current borrowings	-	740,000
Non-Current Borrowings	-	1,726,000
Accounts and other payables	54,678	1,211,422
Due to related parties	58,297,904	65,332,904

Financial instruments means Financial Assets, Financial Liabilities and Equity Instruments. Financial Assets of the establishment include accounts and other receivables, cash and cash equivalents and due from related parties. Financial Liabilities include Current portion of bank borrowings, accounts and other payables and due to related parties.

The management believes that the fair value of the Financial Assets and Liabilities are not significantly different from their carrying amounts at balance Sheet date.

The main risk arising from the Company's financial instruments are Currency Risk, Credit Risk and Interest Rate Risk.

a. Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's major exposure is in United States Dollar, Arab Emirates Dirhams and Indian Rupees and hence currency risk is present.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023
(Amount in US Dollars)

23 FINANCIAL INSTRUMENTS (Continued...)

Currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The Company also undertakes transactions in US Dollar which has been pegged against the United Arab Emirates Dirham ("AED"), hence no exchange risk is considered to exist for US Dollar.

b. Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial Assets, which potentially expose the establishment to credit risk, comprise mainly of bank accounts and receivables. The establishment's bank accounts are placed with high credit quality financial institution. The establishment manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. Credit risk is limited to the carrying value of financial assets in the balance sheet.

Credit Risk Management

Credit risk is the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk from its financial assets which comprise principally of deposits, cash and cash equivalents, trade and other receivables, due from related parties. The credit risk on trade receivables is subjected to credit evaluations and an allowance may be made for estimated irrecoverable amounts. The Company is not exposed to any significant concentration of credit risk because its exposure is spread over financial institutions and related parties.

c. Interest Rate Risk

The company in the normal course of business and is not exposed to interest rate risk.

24 PREVIOUS PERIOD FIGURES:

Comparative figures for the previous period have been regrouped and reclassified, wherever necessary to confirm to the current period presentation.

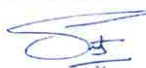
25 ROUNDING OFF

The figures in these financial statements have been rounded to the nearest US Dollar.

The accompanying notes form an integral part of these financial statements.

The independent audit report of the auditors is set out on page 1-4

For
ESSAR SHIPPING DMCC



SATYANARAYAN RANKAWAT

DIRECTOR

DATE: 17th May 2023

PLACE: DUBAI