

## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF ESSAR SHIPPING LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **ESSAR SHIPPING LIMITED** ("the Company") for the quarter ended June 30, 2013 ("the Statement"), being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 4 below. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged / encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to investor complaints disclosed in Part II - Select Information for the quarter ended June 30, 2013 of the Statement, from the details furnished by the Management.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm Registration No.117365W)



Samir R Shah  
Partner

Membership No. 101708

Mumbai, August 7, 2013

**ESSAR SHIPPING LIMITED**

Regd. Office: Administrative Bldg., Essar Refinery Complex, Okha Highway (SH-25), Taluka Khambalia, Dist. Jamnagar 361305  
email id: esl.secretarial@essar.com website: www.essar.com

Head Office: Essar House, 11, Keshavrao Khadye Marg, Mahalaxmi, Mumbai 400 034  
Statement of Standalone Unaudited Financial Results for the quarter ended 30th June 2013.

PART I		₹ in crore			
Sl.No.	Particulars	Unaudited quarter ended			Year ended
		30.06.2013	31.03.2013 (refer note no.8)	30.06.2012	31.03.2013 (Audited)
1	a) Income from operations				
	Fleet operating and chartering earnings	277.82	354.52	419.17	1,461.48
	b) Other operating income including profit on sale of fleet (net)	0.35	0.29	1.92	26.84
	<b>Total Income from operations</b>	<b>278.17</b>	<b>354.81</b>	<b>421.09</b>	<b>1,488.32</b>
2	<b>Expenses</b>				
	a) Direct voyage	157.61	241.97	250.07	931.41
	b) Dry docking	4.19	4.30	19.09	24.29
	c) Standing costs	15.90	16.34	13.11	60.56
	d) Employee benefits expense	25.47	32.70	26.01	110.90
	e) Depreciation (refer note no.4)	34.54	32.25	37.05	139.01
	f) Other expenses	4.08	7.66	6.62	22.66
	<b>Total expenses</b>	<b>241.79</b>	<b>335.22</b>	<b>351.95</b>	<b>1,288.83</b>
3	<b>Profit from operations before other income, finance costs and exceptional item</b>	<b>36.38</b>	<b>19.59</b>	<b>69.14</b>	<b>199.49</b>
4	Other income (refer note no.3)	70.16	20.98	13.83	67.92
5	<b>Profit before finance costs and exceptional item</b>	<b>106.54</b>	<b>40.57</b>	<b>82.97</b>	<b>267.41</b>
6	Finance costs	77.76	74.01	76.19	307.26
7	<b>Profit / (Loss) before exceptional item</b>	<b>28.78</b>	<b>(33.44)</b>	<b>6.78</b>	<b>(39.85)</b>
8	Exceptional item	-	-	-	(50.20)
9	<b>Profit / (Loss) before tax</b>	<b>28.78</b>	<b>(33.44)</b>	<b>6.78</b>	<b>(90.05)</b>
10	Tax expense	5.68	0.90	0.56	3.20
11	<b>Profit / (Loss) for the period / year</b>	<b>23.10</b>	<b>(34.34)</b>	<b>6.22</b>	<b>(93.25)</b>
12	Paid-up equity share capital (face value of ₹10/- each)	205.23	205.23	205.23	205.23
13	Reserves				4,943.01
14	<b>Earnings per share (EPS) (*not annualised)</b>				
	(a) Basic (in ₹)	*1.13	*(1.67)	*0.70	(4.54)
	(b) Diluted (in ₹)	*1.13	*(1.67)	*0.70	(4.54)
<b>PART II</b>					
<b>A</b>	<b>PARTICULARS OF SHAREHOLDING</b>				
1	<b>Public shareholding</b>				
	- Number of shares	5,13,06,942	3,34,34,191	3,34,34,191	3,34,34,191
	- Percentage of shareholding	25.00	16.29	16.29	16.29
2	<b>Promoters and Promoter group shareholding</b>				
	<b>a) Pledged/Encumbered</b>				
	- Number of shares	15,38,52,711	17,17,25,462	17,17,25,462	17,17,25,462
	- Percentage of shares to the total shareholding of promoter and promoter group	99.96	99.96	99.96	99.96
	- Percentage of shares to the total share capital of the Company	74.97	83.68	83.68	83.68
	<b>b) Non-encumbered</b>				
	- Number of shares	68,115	68,115	68,115	68,115
	- Percentage of shares to the total shareholding of promoter and promoter group	0.04	0.04	0.04	0.04
	- Percentage of shares to the total share capital of Company	0.03	0.03	0.03	0.03
<b>B</b>	<b>INVESTOR COMPLAINTS</b>	<b>Quarter ended 30.06.2013</b>			
	Pending at the beginning of the quarter	-			
	Received during the quarter	11			
	Disposed off during the quarter	11			
	Remaining unresolved at the end of the quarter	-			





**NOTES:**

- 1 The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at the meeting held on 7th August, 2013.
- 2 The Company has only one reportable business segment of fleet operating and chartering.
- 3 Other income includes a) dividend from wholly owned overseas subsidiary of ₹ 28.16 crore and, b) foreign exchange gain of ₹ 34.22 crore on redemption of preference shares held by the Company in an overseas subsidiary less other of foreign exchange loss of ₹ 15.93 crore.
- 4 Pursuant to the notification dated 29th December, 2011 issued by the Ministry of Corporate Affairs for Accounting Standard 11, the Company has during the period ended 30th June, 2013 capitalised net exchange loss of ₹ 108.44 crore on long term foreign currency borrowings relating to acquisition of depreciable assets and transferred net exchange loss of ₹ 3.10 crore on other long term foreign currency monetary items to "Foreign Currency Monetary Item Translation Difference Account".
- 5 36,65,270 stock options granted under the Essar Shipping Employees Stock Option Scheme - 2011 are outstanding as on 30th June, 2013.
- 6 In compliance with directive of Securities and Exchange Board of India (SEBI), the promoter group shareholding has been reduced to 75%.
- 7 Tax expense includes tax on overseas dividend income and tonnage tax.
- 8 The figures for the quarter ended 31st March, 2013 are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto third quarter of the previous financial year.
- 9 The figures of the previous period(s) /year have been regrouped /reclassified wherever necessary.

For and on behalf of the Board

  
A. R. Ramakrishnan  
Managing Director

Place: Mumbai  
Date: 7th August, 2013



## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF ESSAR SHIPPING LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **ESSAR SHIPPING LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") for the quarter ended June 30, 2013 ("the Statement"), being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 5 below. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. The Statement includes the results of the following subsidiaries.
  - a. Essar Logistics Limited
  - b. Essar Oilfields Services Limited
  - c. Essar Oilfield Services India Limited
  - d. Energy Transportation International Limited
  - e. Energy II Limited
4. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.



# Deloitte Haskins & Sells

5. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged / encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to investor complaints disclosed in Part II - Select Information for the quarter ended June 30, 2013, from the details furnished by the Management.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm Registration No.117365W)



Samir R Shah  
Partner

Membership No. 101708

Mumbai, August 7, 2013



**ESSAR SHIPPING LIMITED**

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Head Office: Essar House, 11, Keshavrao Khadye Marg, Mahalaxmi, Mumbai 400 034  
Statement of Consolidated Unaudited Financial Results for the quarter ended 30th June, 2013.

PART I		₹ in crore			
Sl.No.	Particulars	Unaudited quarter ended			Year ended
		30.06.2013	31.03.2013 (refer note no.10)	30.06.2012	31.03.2013 (Audited)
1	a) Income from operations				
	i) Fleet operating and chartering	293.71	364.31	456.67	1,531.55
	ii) Logistics services	10.87	221.85	288.59	1,011.49
	iii) Oilfields services	162.88	141.25	168.15	633.60
	b) Other operating income including profit on sale of fleet (net)	4.79	1.67	2.43	32.55
	<b>Total income from operations</b>	<b>472.25</b>	<b>729.08</b>	<b>915.84</b>	<b>3,209.19</b>
2	<b>Expenses</b>				
	a) Direct operating expenses	182.94	461.58	540.17	1,912.44
	b) Dry docking	4.19	4.30	19.09	24.30
	c) Standing costs	44.12	52.77	47.51	203.70
	d) Employee benefits expense	46.94	63.34	50.19	222.82
	e) Depreciation (refer note no.5)	102.86	69.71	100.67	369.31
	f) Other expenses	15.92	27.15	16.16	69.76
	<b>Total expenses</b>	<b>396.97</b>	<b>678.85</b>	<b>773.79</b>	<b>2,802.33</b>
3	<b>Profit from operations before other income, finance costs and exceptional item</b>	<b>75.28</b>	<b>50.23</b>	<b>142.05</b>	<b>406.86</b>
4	Other income (refer note no 3)	50.93	53.21	9.34	88.89
5	<b>Profit before finance costs and exceptional item</b>	<b>126.21</b>	<b>103.44</b>	<b>151.39</b>	<b>495.75</b>
6	Finance costs	89.95	93.01	88.40	365.72
7	<b>Profit before exceptional item</b>	<b>36.26</b>	<b>10.43</b>	<b>62.99</b>	<b>130.03</b>
8	Exceptional item	-	-	-	(50.20)
9	<b>Profit before tax</b>	<b>36.26</b>	<b>10.43</b>	<b>62.99</b>	<b>79.83</b>
10	Tax expense	16.85	10.38	9.09	44.03
11	<b>Profit for the period / year</b>	<b>19.41</b>	<b>0.05</b>	<b>53.90</b>	<b>35.80</b>
12	Paid-up equity share capital (face value of ₹10/- each)	205.23	205.23	205.23	205.23
13	Reserves				6,562.91
14	<b>Earnings per share (EPS) (*not annualised)</b>				
	(a) Basic (in ₹)	*0.95	*0.00	*2.63	1.74
	(b) Diluted (in ₹)	*0.84	*0.00	*1.88	1.74
PART II					
A	<b>PARTICULARS OF SHAREHOLDING</b>				
1	<b>Public shareholding</b>				
	- Number of shares	5,13,06,942	3,34,34,191	3,34,34,191	3,34,34,191
	- Percentage of shareholding	25.00	16.29	16.29	16.29
2	<b>Promoters and Promoter group shareholding</b>				
	<b>a) Pledged /Encumbered</b>				
	- Number of shares	15,38,52,711	17,17,25,462	17,17,25,462	17,17,25,462
	- Percentage of shares to the total shareholding of promoter and promoter group	99.96	99.96	99.96	99.96
	- Percentage of shares to the total share capital of the Company	74.97	83.68	83.68	83.68
	<b>b) Non-encumbered</b>				
	- Number of shares	68,115	68,115	68,115	68,115
	- Percentage of shares to the total shareholding of promoter and promoter group	0.04	0.04	0.04	0.04
	- Percentage of shares to the total share capital of Company	0.03	0.03	0.03	0.03
B	<b>INVESTOR COMPLAINTS</b>	<b>Quarter ended 30.06.2013</b>			
	Pending at the beginning of the quarter	-			
	Received during the quarter	11			
	Disposed off during the quarter	11			
	Remaining unresolved at the end of the quarter	-			



**NOTES:**

- 1 The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at the meeting held on 7th August, 2013
- 2 The Consolidated financial results include the results of two Indian subsidiaries and three overseas subsidiaries.
- 3 Other income includes foreign exchange gain of ₹ 34.22 crore on redemption of preference shares held by the Company in an overseas subsidiary less other foreign exchange loss of ₹ 15.93 crore
- 4 With a view to augment the operating margins, the Company has reduced its logistics services operations from this quarter and hence the financials of the current quarter are not fully comparable with the previous periods.
- 5 Pursuant to the notification dated 29th December, 2011 issued by the Ministry of Corporate Affairs for Accounting Standard 11, the Company has during the period ended 30th June, 2013 capitalised net exchange loss of ₹ 108.44 crore on long term foreign currency borrowings relating to acquisition of depreciable assets and transferred net exchange loss of ₹ 3.10 crore on other long term foreign currency monetary items to "Foreign Currency Monetary Item Translation Difference Account".
- 6 36,65,270 stock options granted under the Essar Shipping Employees Stock Option Scheme - 2011 are outstanding as on 30th June, 2013.
- 7 In compliance with directive of Securities and Exchange Board of India (SEBI), the promoter group shareholding has been reduced to 75%
- 8 Tax expense for the period includes income tax, tonnage tax and deferred tax.
- 9 The figures of the previous period(s) / year have been regrouped / reclassified wherever necessary.
- 10 The figures for the quarter ended 31st March, 2013 are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto third quarter of the previous financial year.
- 11 As per Clause 41 of the Listing Agreement, the standalone financials are available on the Company's website: [www.essar.com](http://www.essar.com)

For and on behalf of the Board

  
A. R. Ramakrishnan  
Managing Director

Place: Mumbai  
Date: 7th August, 2013



**Consolidated segment information for the quarter ended 30th June, 2013**

Particulars	₹ in crore			
	Unaudited quarter ended			Year ended
	30.06.2013	31.03.2013	30.06.2012	31.03.2013 (Audited)
<b>Segment revenue</b>				
<b>Operating Income</b>				
Fleet operating and chartering	298.71	370.28	462.56	1,576.81
Logistics services	10.87	222.94	288.81	1,014.43
Oilfields services	173.46	151.82	168.17	676.35
<b>Total</b>	<b>483.04</b>	<b>745.04</b>	<b>919.54</b>	<b>3,267.59</b>
Less: Inter segment revenue	(10.79)	(15.96)	(3.70)	(58.40)
<b>Net operating income</b>	<b>472.25</b>	<b>729.08</b>	<b>915.84</b>	<b>3,209.19</b>
<b>Segment results</b>				
Fleet operating and chartering	32.89	16.10	71.66	167.40
Logistics services	(3.98)	(3.65)	4.29	24.54
Oilfields services	46.37	37.78	66.10	214.92
<b>Profit from operations before other income, finance cost and exceptional item</b>	<b>75.28</b>	<b>50.23</b>	<b>142.05</b>	<b>406.86</b>
Add: Other income	50.93	53.21	9.34	88.89
Less: Unallocable finance costs	(89.95)	(93.01)	(88.40)	(365.72)
<b>Profit before exceptional item</b>	<b>36.26</b>	<b>10.43</b>	<b>62.99</b>	<b>130.03</b>
Less: Exceptional item	-	-	-	(50.20)
<b>Profit before tax</b>	<b>36.26</b>	<b>10.43</b>	<b>62.99</b>	<b>79.83</b>
Less: Income tax	(16.85)	(10.38)	(9.09)	(44.03)
<b>Profit for the period /year</b>	<b>19.41</b>	<b>0.05</b>	<b>53.90</b>	<b>35.80</b>
<b>Capital employed (segment assets - segment current liabilities)</b>				
Fleet operating and chartering	2,251.13	2,057.20	2,297.96	2,057.20
Logistics services	1.65	28.33	229.97	28.33
Oilfields services	9,788.38	9,060.32	8,288.01	9,060.32
Unallocated	1,009.42	917.77	821.22	917.77
<b>Total</b>	<b>13,050.58</b>	<b>12,063.62</b>	<b>11,637.16</b>	<b>12,063.62</b>

For and on behalf of the Board

  
**A. R. Ramakrishnan**  
 Managing Director

Place: Mumbai

Date: 7th August, 2013

