

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, CIN:L61200GJ2010PLC060285

Head Office: Essar House, 11, Keshavrao Khadye Marg, Mahalaxmi, Mumbai 400 034
Statement of Standalone Unaudited Financial Results for the quarter ended 30th June, 2014.

PART I		₹ in crore			
Sl.No.	Particulars	Quarter ended			Year ended
		30.06.2014 (Unaudited)	31.03.2014 (refer note 8)	30.06.2013 (Unaudited)	31.03.2014 (Audited)
1	a) Income from operations				
	Fleet operating and chartering earnings	227.18	185.96	277.82	870.55
	b) Other operating income including profit on sale of fleet (net)	0.79	0.83	0.35	3.12
	Total income from operations	227.97	186.79	278.17	873.67
2	Expenses				
	a) Direct operating expenses	120.90	114.57	157.61	504.99
	b) Dry docking	2.99	7.65	4.19	20.78
	c) Standing costs	13.83	16.76	15.90	62.55
	d) Employee benefits expense	27.56	31.23	25.47	113.92
	e) Depreciation (refer note no.3 and 4)	35.05	81.54	34.54	185.56
	f) Loss on sale of fixed assets (net)	-	1.36	-	20.25
	g) Other expenses	9.22	4.65	4.08	21.08
	Total expenses	209.55	257.76	241.79	929.13
3	Profit /(loss) from operation before other income, finance costs and exceptional item	18.42	(70.97)	36.38	(55.46)
4	Other income	30.95	33.67	70.16	152.72
5	Profit / (loss) before finance costs and exceptional item	49.37	(37.30)	106.54	97.26
6	Finance costs	81.07	85.56	77.76	322.93
7	(Loss)/ Profit before exceptional item	(31.70)	(122.86)	28.78	(225.67)
8	Exceptional item (refer note no.5)	-	5.44	-	5.44
9	(Loss)/ Profit before tax	(31.70)	(117.42)	28.78	(220.23)
10	Tax expenses	0.90	1.35	5.68	8.92
11	(Loss)/ Profit for the period /year	(32.60)	(118.77)	23.10	(229.15)
12	Paid-up equity share capital (face value of ₹10/- each)	205.23	205.23	205.23	205.23
13	Reserves				4,684.00
14	Earnings per share (EPS) (*not annualised)				
	(a) Basic (in ₹)	*(1.59)	*(5.79)	*1.13	(11.17)
	(b) Diluted (in ₹)	*(1.59)	*(5.79)	*1.13	(11.17)
	See accompanying notes to the financial results				
PART II					
Select information for the quarter ended 30th June, 2014.					
A	PARTICULARS OF SHAREHOLDING				
1	Public shareholding				
	- Number of shares	5,13,06,942	5,13,06,942	5,13,06,942	5,13,06,942
	- Percentage of shareholding	25.00	25.00	25.00	25.00
2	Promoters and Promoter group shareholding				
a)	Pledged/Encumbered				
	- Number of shares	15,38,52,711	15,38,52,711	15,38,52,711	15,38,52,711
	- 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	74.97	74.97	74.97
b)	Non-encumbered				
	- 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	INVESTOR COMPLAINTS				
	Pending at the beginning of the quarter	-			
	Received during the quarter	12			
	Disposed off during the quarter	12			
	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 8th August, 2014.
- 2 The Company has only one reportable business segment of fleet operating and chartering.
- 3 Depreciation for the previous quarter includes ₹ 30.23 crore on account of prior period adjustments.
- 4 Pursuant to the Companies Act, 2013 ("the Act") becoming effective from 1st April 2014, the Company has re-worked the depreciation charge in a manner prescribed in Schedule II to the Act with reference to the useful lives of fixed assets as assessed by the management / independent technical evaluation or by considering the useful lives prescribed under the said Schedule. As a result, the charge for depreciation is higher by ₹ 0.42 crores for the quarter ended 30 June 2014.
- 5 Exceptional item represents profit on hiving off of lighterage business on slump sale basis to a subsidiary during previous year.
- 6 The carrying amount of investment in Essar Oilfield Services Limited, Mauritius, a wholly owned subsidiary of the Company, is Rs 4,748 crore as at June 30, 2014. Having regard to the changes in the off-shore drilling markets worldwide and the expected impact of the same on the possible business scenarios applicable to the subsidiary, the management of the Company has initiated an exercise of assessing the carrying value of the said investment in terms of Accounting Standard (AS) 13 during last year, and has also engaged independent valuers to assess the valuation of the subsidiary. Pending conclusion of the aforesaid exercise, no provision for diminution in the carrying value, if any, of the aforesaid investment has been recognised. The auditors have made observation that they are unable to comment on the carrying amount pending completion of the aforesaid exercise.
- 7 Tax expenses for the period / year includes tax on overseas dividend income and tonnage tax.
- 8 The figures for the quarter ended 31st March, 2014 are the balancing figures between the audited figures in respect of the full financial year ended 31st March, 2014 and the published year to date figures up to 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

Anoop Kumar Sharma
Whole time Director

Place: Mumbai
Date: 8th August, 2014



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

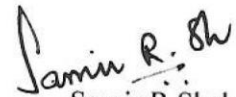
1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **ESSAR SHIPPING LIMITED** ("the Company") for the quarter ended June 30, 2014 ("the Statement"), being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreements with the Stock 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 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. Attention is invited to note 6 of the Statement regarding Management's assessment of 'other than temporary' decline in the value of long term investment of Rs.4,748 crores as at June 30, 2014 in equity shares of Essar Oilfields Services Limited, Mauritius, a wholly owned subsidiary of the Company, in terms of Accounting Standard (AS) 13, Investments. We have been informed that the Management of the Company is still in the process of validating various operational assumptions impacting the estimated future cash flows from the operation of the rigs of the said subsidiary, and the consequent effect on the valuation of the subsidiary to determine whether there is any decline, other than temporary, in the carrying value of the aforesaid investment. Pending conclusion of the said exercise, we are unable to comment on the provision for diminution, if any, which may be required in respect of the carrying amount of the aforesaid investment.
4. Based on our review conducted as stated above, except for the possible effects of the matter described in paragraph 3 above which has not been determined by the Company's Management at this stage, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in accordance with the Accounting Standards specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India, and 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 with the Stock Exchanges and the particulars relating to investor complaints disclosed in Part II - Select Information for the quarter ended June 30, 2014 of the Statement, from the details furnished by the Management.

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



Samir R Shah
Partner

Membership No. 101708

MUMBAI, August 8, 2014

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, CIN:L61200GJ2010PLC060285

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

Statement of Consolidated Unaudited Financial Results for the quarter ended 30th June, 2014.

PART I		₹ in crore			
Sl.No.	Particulars	Quarter ended			Year ended
		30.06.2014 (Unaudited)	31.03.2014 (refer note 9)	30.06.2013 (Unaudited)	31.03.2014 (Audited)
1	a) Income from operations				
	i) Fleet operating and chartering	214.25	212.61	293.71	967.09
	ii) Logistics services	257.73	125.15	10.87	230.59
	iii) Oilfields services	23.49	141.24	162.88	657.79
	b) Other operating income including profit on sale of fleet (net)	1.00	0.83	4.79	3.07
	Total income from operations	496.47	479.83	472.25	1,858.54
2	Expenses				
	a) Direct operating expenses	326.85	262.49	182.94	798.28
	b) Dry docking	12.43	7.65	4.19	20.78
	c) Standing costs	76.13	55.04	44.12	185.08
	d) Employee benefits expense	56.52	59.72	46.94	220.92
	e) Depreciation (refer note no.4 and 5)	107.36	155.62	102.86	477.88
	f) Loss on sale of fixed assets (net)	-	0.40	-	19.86
	g) Other expenses	15.31	43.50	15.92	83.30
	Total expenses	594.60	584.42	396.97	1,806.10
3	(Loss) / Profit from operations before other income and finance costs	(98.13)	(104.59)	75.28	52.44
4	Other income	62.79	39.75	50.93	148.05
5	(Loss) / Profit before finance costs	(35.34)	(64.84)	126.21	200.49
6	Finance costs	98.81	94.89	89.95	399.37
7	(Loss) / Profit before tax	(134.15)	(159.73)	36.26	(198.88)
8	Tax expenses	5.98	6.01	16.85	44.89
9	(Loss) / Profit for the period / year before share in (loss) / profit of associates	(140.13)	(165.74)	19.41	(243.77)
10	Share in (loss) / profit of associates (refer note no.2)	(0.03)	0.05	-	0.05
11	(Loss) / Profit for the period / year	(140.16)	(165.69)	19.41	(243.72)
12	Paid-up equity share capital (face value of ₹10/- each)	205.23	205.23	205.23	205.23
13	Reserves				6,884.26
14	Earnings per share (EPS) (*not annualised)				
	(a) Basic (in ₹)	*(6.83)	*(8.07)	*0.95	(11.88)
	(b) Diluted (in ₹)	*(6.83)	*(8.07)	*0.84	(11.88)
PART II					
Select information for the period ended 30th June, 2014.					
A	PARTICULARS OF SHAREHOLDING				
1	Public shareholding				
	- Number of shares	5,13,06,942	5,13,06,942	5,13,06,942	5,13,06,942
	- Percentage of shareholding	25.00	25.00	25.00	25.00
2	Promoters and Promoter group shareholding				
	a) Pledged /Encumbered				
	- Number of shares	15,38,52,711	15,38,52,711	15,38,52,711	15,38,52,711
	- 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	74.97	74.97	74.97
	b) Non-encumbered				
	- 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	INVESTOR COMPLAINTS				
	Pending at the beginning of the quarter	-	-	-	-
	Received during the quarter	12	12	12	12
	Disposed off during the quarter	12	12	12	12
	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 8th August, 2014.
- 2 The Consolidated financial results include the results of two Indian subsidiaries and three overseas subsidiaries. The operations includes fleet operating and chartering, logistics services and oilfields services. During the last quarter, Varada Drilling One Pte. Ltd. and Varada Drilling Two Pte. Ltd., became associates of the Company.
- 3 During the previous year, the Company had reduced its logistics services operations and hence the financials of the current period are not fully comparable with the previous periods.
- 4 Depreciation for the previous quarter includes ₹ 30.23 crore on account of prior period adjustments.
- 5 Pursuant to the Companies Act, 2013 ("the Act") becoming effective from 1st April 2014, the Company has re-worked the depreciation charge in a manner prescribed in Schedule II to the Act with reference to the useful lives of fixed assets as assessed by the management / independent technical evaluation or by considering the useful lives prescribed under the said Schedule. As a result, the charge for depreciation is lower by ₹ 1.87 crores for the quarter ended 30 June 2014.
- 6 The Goodwill on consolidation in the financial statements of the group (carrying amount of ₹ 5,492.29 crore as at June 30, 2014) pertains to the Oilfields Services Business (CGU). Having regard to the changes in the off-shore drilling markets worldwide and the expected impact of the same on the possible business scenarios applicable to the group's Oilfields Services Business, the Management of the Company has initiated an exercise of assessing the carrying amount of the goodwill in terms of Accounting Standard (AS) 28, Impairment of Assets, engaging independent valuers to assess the carrying amount of the Oilfields Services Business. Pending conclusion of the aforesaid exercise, no provision for impairment of the goodwill, if any, has been recognised. The auditors have made observation that they are unable to comment on the carrying amount pending completion of the aforesaid exercise.
- 7 Tax expenses for the period/year includes income tax, tonnage tax and deferred tax.
- 8 The figures of the previous period(s) / year have been regrouped /reclassified wherever necessary.
- 9 The figures for the quarter ended 31st March, 2014 are the balancing figures between the audited figures in respect of the full financial year ended 31st March, 2014 and the published year to date figures up to third quarter of the previous financial year.
- 10 As per Clause 41 of the Listing Agreement, the standalone financials are available on the Company's website: www.essar.com

For and on behalf of the Board



Anoop Kumar Sharma
Whole time Director

Place: Mumbai
Date: 8th August, 2014



ESSAR SHIPPING LIMITED

Unaudited consolidated segment wise Revenue, Results and Capital employed for the quarter ended 30th June, 2014

Particulars	₹ in crore			
	Quarter ended			Year ended
	30.06.2014 (Unaudited)	31.03.2014 (refer note 9)	30.06.2013 (Unaudited)	31.03.2014 (Audited)
Segment revenue				
Operating Income				
Fleet operating and chartering	227.18	231.98	298.71	989.73
Logistics services	257.80	125.20	10.87	230.77
Oilfields services	36.95	155.08	173.46	713.63
Total	521.93	512.26	483.04	1,934.13
Less : Inter segment revenue	(25.46)	(32.43)	(10.79)	(75.59)
Net operating income	496.47	479.83	472.25	1,858.54
Segment results				
Fleet operating and chartering	(21.56)	(78.23)	32.89	(65.74)
Logistics services	17.97	(14.70)	(3.98)	(14.50)
Oilfields services	(94.54)	(11.66)	46.37	132.68
(Loss) / Profit before other income and finance costs	(98.13)	(104.59)	75.28	52.44
Add: Other income	62.79	39.75	50.93	148.05
Less: Unallocable interest and finance costs	(98.81)	(94.89)	(89.95)	(399.37)
(Loss) / Profit before tax	(134.15)	(159.73)	36.26	(198.88)
Less: Tax expense	(5.98)	(6.01)	(16.85)	(44.89)
(Loss)/ Profit for the period / year before share in (loss)/profit of associates	(140.13)	(165.74)	19.41	(243.77)
Share in (loss) / profit of associates	(0.03)	0.05	-	0.05
(Loss) / Profit for the period / year	(140.16)	(165.69)	19.41	(243.72)
Capital employed (segment assets - segment liabilities)				
Fleet operating and chartering	1,725.77	1,752.83	2,251.13	1,752.83
Logistics services	7.25	22.28	3.26	22.28
Oilfields services	9,646.67	9,832.94	9,819.35	9,832.94
Unallocated	1,035.07	1,106.15	976.84	1,106.15
Total	12,414.76	12,714.20	13,050.58	12,714.20

For and on behalf of the Board



Anoop Kumar Sharma
Whole time Director

Place: Mumbai
Date: 8th August, 2014



INDEPENDENT AUDITORS' REVIEW 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") and its share of the profit / (loss) of its associates for the quarter ended June 30, 2014 ("the Statement"), being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 7 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. The Statement includes the results of the following entities.
 - 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
 - Associates:
 - a. Varada Drilling One Pte Limited
 - b. Varada Drilling Two Pte Limited
4. The consolidated financial results includes the Group's share of net loss of Rs.0.03 crore for the Quarter ended June 30, 2014, as considered in the consolidated financial results, in respect of 2 associates, based on their interim financial information which have not been reviewed by their auditors and are based on management accounts. Our report, in so far as it relates to the amounts included in respect of these associates, is based solely on such unaudited financial information.



Deloitte Haskins & Sells

5. Attention is invited to note 6 of the Statement regarding measurement of 'recoverable amount' of goodwill of Rs 5,492.29 crores as at June 30, 2014 related to Oilfield Services Business (CGU), in terms of Accounting Standard (AS) 28, Impairment of Assets. We have been informed that the Management of the Company is still in the process of validating various operational assumptions impacting the estimated future cash flows from the operation of the rigs and the consequent effect on recoverable amount of the CGU. Pending conclusion of the said exercise, we are unable to comment on the provision for impairment, if any, which may be required in respect of the carrying amount of the aforesaid goodwill.
6. Based on our review conducted as stated above, except for the possible effects of the matter described in paragraph 5 above which has not been determined by the Company's Management at this stage, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in accordance with the Accounting Standards specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India, and 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.
7. 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 with the Stock Exchanges and the particulars relating to investor complaints disclosed in Part II - Select Information for the quarter ended June 30, 2014 of the Statement, from the details furnished by the Management.

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



Samir R Shah
Partner

Membership No. 101708

MUMBAI, August 8, 2014