

**INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM
FINANCIAL RESULTS****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 for the quarter and nine months ended December 31, 2015. 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 these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are 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 3 of the results regarding ongoing assessment from Financial Year 2013-14 of the "other than temporary decline" in the value of Long Term Investment of Rs. 4,747.78 crores as at December 31, 2015 in equity Shares of Essar Oilfield Services Limited, Mauritius, a wholly owned subsidiary of the company, in terms of Accounting Standard 13- Accounting for Investments, as notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended) which continue to be applicable in respect of section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. We have been informed that the management has not yet concluded the process of validating various operational assumptions impacting the estimated future cash flows from the operations 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 value of the aforesaid investment. Pending conclusion of the said assessment, we are unable to comment on the extent of diminution, if any, which may be required in respect of the carrying amount of the investment.



4. Based on our review conducted as above, except for the possible effects of the matters described in paragraph 3 nothing has come to our attention that causes us to believe that the accompanying statement of standalone unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For CNK & Associates LLP

Chartered Accountants

FRN: 101961W



H.V Kishnadwala

Partner

Membership No. 37391

Place: Mumbai

Date: 11th February, 2016

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 and nine months ended 31st December, 2015

Sl.No.	Particulars	₹ in crore					
		Quarter ended			Nine months ended		Year ended
		31.12.2015 (Unaudited)	30.09.2015 (Unaudited)	31.12.2014 (Unaudited)	31.12.2015 (Unaudited)	31.12.2014 (Unaudited)	31.03.2015 (Audited)
1	a) Income from operations						
	Fleet operating and chartering	183.11	200.19	172.52	578.25	620.05	787.85
	b) Other operating income including profit on sale of fleet (net)	0.89	0.88	0.84	2.63	2.45	3.29
	Total income from operations	184.00	201.07	173.36	580.88	622.50	791.14
2	Expenses						
	a) Direct operating expenses	90.57	140.37	115.38	342.53	370.69	407.68
	b) Dry docking	5.01	6.38	2.46	11.39	9.23	10.93
	c) Standing costs	15.80	14.02	12.87	43.26	44.57	61.45
	d) Employee benefits expense	27.04	24.76	25.43	77.38	80.52	107.63
	e) Depreciation	37.84	38.11	37.77	112.32	109.21	143.96
	f) Other expenses	4.91	3.56	23.04	12.11	50.26	59.43
	Total expenses	181.17	227.20	216.95	598.99	664.48	791.08
3	Profit / (Loss) from operation before other income, finance costs and tax	2.83	(26.13)	(43.59)	(18.11)	(41.98)	0.06
4	Other income	32.92	82.98	26.75	152.89	177.63	207.76
5	Profit / (Loss) before finance costs	35.75	56.85	(16.84)	134.78	135.65	207.82
6	Finance costs	70.64	73.11	70.36	207.27	217.57	286.32
7	(Loss) / Profit before tax	(34.89)	(16.26)	(87.20)	(72.49)	(81.92)	(78.50)
8	Tax expenses	0.99	0.86	0.65	2.63	3.78	4.50
9	(Loss) / Profit for the period / year	(35.88)	(17.12)	(87.85)	(75.12)	(85.70)	(83.00)
10	Paid-up equity share capital (face value of ₹10/- each)	205.23	205.23	205.23	205.23	205.23	205.23
11	Reserves						4,600.01
12	Earnings per share (EPS) (*not annualised)						
	(a) Basic (in ₹)	*(1.75)	*(0.83)	*(4.28)	*(3.66)	*(4.18)	(4.04)
	(b) Diluted (in ₹)	*(1.75)	*(0.83)	*(4.28)	*(3.66)	*(4.18)	(4.04)
	See accompanying notes to the financial results						

NOTES:

- The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at the meeting held on 11th February, 2016. The Statutory Auditors of the Company have carried out a Limited Review of the above results.
- The Company has only one reportable business segment of fleet operating and chartering.
- The carrying amount of investment in equity shares of Essar Oilfields Services Limited, Mauritius, a wholly owned subsidiary of the Company, is ₹ 4,747.78 crore as at 31st December, 2015. The Management had initiated an exercise of assessing the value of the said investment during the financial year 2013-14 in terms of Accounting Standard (AS) 13, "Accounting of Investments". In view of recent volatility in crude oil prices, current economic scenario and evaluation of possible up-gradation and utilization of rigs, various operational assumptions for long term projections are being assessed in detail by the Management. Pending conclusion of the said assessment, no provision for diminution in the carrying value, if any, of the aforesaid investment has been recognised as at 31st December, 2015 and the Statutory Auditors in their Limited Review Report, have expressed their inability to comment on this matter.
- Tax expense includes tax on overseas dividend income and tonnage tax.
- The figures of the previous period(s) / year have been regrouped / reclassified wherever necessary.

For and on behalf of the Board



Anoop Kumar Sharma
Managing Director

Place: Mumbai
Date: 11th February, 2016



**INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM
FINANCIAL RESULTS****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 Holding Company") its subsidiaries and associates (the Holding Company, its subsidiaries and associates collectively referred to as "the group") for the quarter and nine months ended December 31, 2015 ("the Statement"). This Statement is the responsibility of the Holding Company's Management and has been approved by its Board of Directors. Our responsibility is to issue a report on these consolidated financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Holding Company's 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. We did not review the interim financial statements of one subsidiary included in the consolidated financial results, whose interim financial statements reflect total revenues of Rs. 9.10 crores and Rs. 34.13 crores for the quarter and nine months ended December 31, 2015, respectively and total loss of Rs. 66.11 crores and Rs. 209.81 crores for the quarter and nine months ended December 31, 2015, respectively. The interim financial statements and other financial information, in case of this subsidiary has been reviewed by another auditor.
4. Attention is invited to Note 3 of the statement regarding management's ongoing assessment of possible impairment of Goodwill of Rs. 6061.93 crores related to Oilfields Services Business and that of certain Rigs of the said business having carrying amounts of Rs. 324.19 crores (including Capital work-in -progress of Rs. 79.00 crores as at December 31, 2015 in terms of Accounting Standard (AS) 28- Impairment of Assets as notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended) which continue to be applicable in respect of section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. We have been informed that the management has not yet concluded the process of validating various operational assumptions impacting the future cash flows from Oilfield Services Business and consequent effect on the recoverable amount of Goodwill and aforesaid Rigs. Pending conclusions of the said assessment, we are unable to comment on the extent of diminution, if any which may be required in respect of carrying amount of the aforesaid Rigs and the Goodwill.

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5. We did not review the interim financial statements of one subsidiary and two associates included in the consolidated financial results, whose interim financial statements reflect total revenues of Rs. Nil and Rs. Nil for the quarter and nine months ended December 31, 2015, respectively and total loss of Rs. 0.02 crores and Rs. 0.03 crores for the quarter and nine months ended December 31, 2015, respectively. The interim financial statements and other financial information, in case of this subsidiary and the associates have been certified by the management, and our opinion, on the financial results for the quarter and nine months ended December 31, 2015, to the extent they have been derived from such interim financial statements is based solely on certification by the management.
6. Based on our review conducted as above, except for possible effects of the matters stated in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying statement of consolidated unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For CNK & Associates LLP

Chartered Accountants

FRN: 101961W



H.V Kishnadwala

Partner

Membership No. 37391

Place: Mumbai

Date: February 11, 2016

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 and nine months ended 31st December, 2015

Sl.No.	Particulars	₹ In crore					
		Quarter ended			Nine months ended		Year ended
		31.12.2015 (Unaudited)	30.09.2015 (Unaudited)	31.12.2014 (Unaudited)	31.12.2015 (Unaudited)	31.12.2014 (Unaudited)	31.03.2015 (Audited)
1	a) Income from operations						
	i) Fleet operating and chartering	191.88	212.43	175.57	608.64	625.45	800.05
	ii) Logistics services	214.88	178.41	169.04	583.93	601.86	796.31
	iii) Oilfields services	25.58	22.19	137.73	77.55	252.10	308.32
	b) Other operating income including profit on sale of fleet (net)	1.19	1.57	2.45	3.89	4.70	5.94
	Total income from operations	433.53	414.60	484.79	1,274.01	1,484.11	1,910.62
2	Expenses						
	a) Direct operating expenses	258.02	269.02	255.90	791.72	879.36	1,027.90
	b) Dry docking	5.97	6.43	2.13	12.47	21.97	24.08
	c) Standing cost	54.94	53.65	64.32	160.51	216.02	283.00
	d) Employee benefits expense	35.25	31.33	52.57	100.48	154.48	203.40
	e) Depreciation	115.32	115.82	114.34	342.93	332.98	424.06
	f) Loss on sale of fixed assets (net)	-	-	-	-	-	20.51
	g) Other expenses	11.74	25.05	36.47	55.83	77.87	124.71
	Total expenses	481.24	501.30	525.73	1,463.94	1,682.68	2,107.66
3	Loss from operations before other income, finance costs and tax	(47.71)	(86.70)	(40.94)	(189.93)	(198.57)	(197.04)
4	Other income	55.35	137.32	31.00	252.24	208.05	242.67
5	Profit / (Loss) before finance costs and tax	7.64	50.62	(9.94)	62.31	9.48	45.63
6	Finance costs	111.94	119.65	96.19	347.90	284.22	477.13
7	Loss before tax	(104.30)	(69.03)	(106.13)	(285.59)	(274.74)	(431.50)
8	Tax expenses	5.31	7.06	9.05	15.81	24.49	27.38
9	Loss for the period / year before share of loss of associates	(109.61)	(76.09)	(115.18)	(301.40)	(299.23)	(458.88)
10	Share of loss of associates	(0.02)	-	-	(0.03)	(0.03)	(0.07)
11	Loss for the period / year	(109.63)	(76.09)	(115.18)	(301.43)	(299.26)	(458.95)
12	Paid-up equity share capital (face value of ₹10/- each)	205.23	205.23	205.23	205.23	205.23	205.23
13	Reserves						6,674.82
14	Earnings per share (EPS) (*not annualised)						
	(a) Basic (in ₹)	*(5.34)	*(3.71)	*(5.61)	*(14.69)	*(14.58)	(22.36)
	(b) Diluted (in ₹)	*(5.34)	*(3.71)	*(5.61)	*(14.69)	*(14.58)	(22.36)
	See accompanying notes to the financial results						

NOTES:

- The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at the meeting held on 11th February, 2016. The Statutory Auditors of the Company have carried out a Limited Review of the above results.
- The Consolidated financial results include the results of two Indian subsidiaries, four overseas subsidiaries and two associate companies. The operations include fleet operating and chartering, logistics services and oilfields services.
- Goodwill of ₹ 6061.93 crore on consolidation in the financial statements of the group pertains to the Oilfields Services Business. The carrying amount of certain rigs (including capital work-in-progress of ₹ 79.00 crore) which have generally not been deployed for extended period of time of the said business is ₹ 324.19 crore as at 31st December, 2015. The Management had initiated an exercise of assessing the valuation of the oilfields services business during the financial year 2013-14 in terms of Accounting Standard (AS) 28, "Impairment of Assets". In view of recent volatility in crude oil prices, current economic scenario and evaluation of possible up-gradation and utilization of rigs, various operational assumptions for long term projections are being assessed in detail by the Management. Pending conclusion of the said assessment, the recoverable amounts of the goodwill and the rigs, are not yet estimated and accordingly, provision for impairment of the goodwill and the rigs, if any, has not been recognised as at 31st December, 2015 and the Statutory Auditors in their Limited Review Report have expressed their inability to comment on this matter.
- Tax expense for the period / year includes income tax, tonnage tax and deferred tax.

For and on behalf of the Board



Anoop Kumar Sharma
Managing Director

Place: Mumbai
Date: 11th February, 2016



Unaudited consolidated segment wise Revenue, Results and Capital employed for the quarter and nine months ended 31st December, 2015

Particulars	₹ in crore					
	Quarter ended			Nine months ended		Year ended
	31.12.2015 (Unaudited)	30.09.2015 (Unaudited)	31.12.2014 (Unaudited)	31.12.2015 (Unaudited)	31.12.2014 (Unaudited)	31.03.2015 (Audited)
Segment revenue						
Operating Income						
Fleet operating and chartering	201.31	220.53	181.01	638.00	653.09	841.51
Logistics services	215.07	178.89	170.46	584.70	603.64	798.39
Oilfields services	26.18	22.79	151.85	79.32	293.35	366.66
Total	442.56	422.21	503.32	1,302.02	1,550.08	2,006.56
Less : Inter segment revenue	(9.03)	(7.61)	(18.53)	(28.01)	(65.97)	(95.94)
Total income from operations	433.53	414.60	484.79	1,274.01	1,484.11	1,910.62
Segment results						
Fleet operating and chartering	0.58	(27.67)	(63.22)	(24.16)	(113.14)	(72.42)
Logistics services	18.97	23.92	8.64	57.59	39.21	68.85
Oilfields services	(67.26)	(82.95)	13.64	(223.36)	(124.64)	(193.47)
Loss before other income and finance costs	(47.71)	(86.70)	(40.94)	(189.93)	(198.57)	(197.04)
Add: Other income	55.35	137.32	31.00	252.24	208.05	242.67
Less: Unallocated interest and finance costs	(111.94)	(119.65)	(96.19)	(347.90)	(284.22)	(477.13)
Loss before tax	(104.30)	(69.03)	(106.13)	(285.59)	(274.74)	(431.50)
Less: Tax expense	(5.31)	(7.06)	(9.05)	(15.81)	(24.49)	(27.38)
Loss for the period / year before share of loss of associates	(109.61)	(76.09)	(115.18)	(301.40)	(299.23)	(458.88)
Share of (loss) / profit of associates	(0.02)	-	-	(0.03)	(0.03)	(0.07)
Loss for the period / year	(109.63)	(76.09)	(115.18)	(301.43)	(299.26)	(458.95)
Capital employed (segment assets - segment liabilities)						
Fleet operating and chartering	1,446.39	1,365.96	1,647.21	1,446.39	1,647.21	1,598.92
Logistics services	(26.02)	(149.15)	(75.89)	(26.02)	(75.89)	(37.88)
Oilfields services	9,793.79	9,778.53	9,881.77	9,793.79	9,881.77	9,623.91
Unallocated	771.21	863.72	926.56	771.21	926.56	857.93
Total	11,985.37	11,859.06	12,379.65	11,985.37	12,379.65	12,042.88

For and on behalf of the Board



Anoop Kumar Sharma
Managing Director

Place: Mumbai

Date: 11th February, 2016

