

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 and Half year ended 30th September 2012.

PART I		₹ in crore					
		Quarter ended			Half year ended		Year ended
		30.09.2012 (Unaudited)	30.06.2012 (Unaudited)	30.09.2011 (Unaudited)	30.09.2012 (Unaudited)	30.09.2011 (Audited)	31.03.2012 (Audited)
Sl.No.	Particulars						
1	a) Income from operations						
	Fleet operating and chartering earnings	330.39	419.17	290.41	749.56	583.02	1,231.92
	b) Other operating income including profit on sale of fleet (net)	20.72	1.92	0.20	22.64	0.20	13.43
	Total income from operations (net)	351.11	421.09	290.61	772.20	583.22	1,245.35
2	Expenses						
	a) Direct voyage	210.81	250.07	174.42	460.88	323.93	633.54
	b) Dry docking	2.02	19.09	-	21.11	-	12.84
	c) Other standing costs	17.74	13.11	4.53	30.85	16.58	41.64
	d) Employee benefits expenses	28.07	26.01	21.10	54.08	39.98	90.73
	e) Depreciation	34.52	37.05	35.39	71.57	62.70	136.36
	f) Other expenses	3.25	6.62	6.44	9.87	12.55	25.38
	Total expenses	296.41	351.95	241.88	648.36	455.74	940.49
3	Profit before other income, finance cost and exceptional item	54.70	69.14	48.73	123.84	127.48	304.86
4	Other income	20.40	13.83	17.82	34.23	31.53	59.51
5	Profit before finance cost and exceptional item	75.10	82.97	66.55	158.07	159.01	364.37
6	Finance costs	78.59	76.19	64.14	154.78	123.04	266.90
7	(Loss)/ Profit before exceptional item	(3.49)	6.78	2.41	3.29	35.97	97.47
8	Exceptional item (refer note 5)	(50.20)	-	-	(50.20)	-	-
9	(Loss)/ Profit before tax	(53.69)	6.78	2.41	(46.91)	35.97	97.47
10	Tax expense	1.00	0.56	0.40	1.56	0.80	1.65
11	(Loss)/ Profit for the period /year	(54.69)	6.22	2.01	(48.47)	35.17	95.82
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						5,005.65
14	Earnings per share (EPS) (not annualised)						
	(a) Basic (in ₹)	(2.66)	0.30	0.10	(2.36)	1.71	4.67
	(b) Diluted (in ₹)	(2.66)	0.30	0.10	(2.36)	1.71	4.67
15	Paid-up debt capital				700.00	700.00	700.00
16	Debenture redemption reserve				55.00	35.00	55.00
17	Debt service coverage ratio *				1.01	1.28	1.27
18	Interest service coverage ratio **				1.48	1.80	1.88
	* DSCR= Earnings before depreciation, finance costs, tax and exceptional items/ [Finance cost (net of interest capitalised)+principal repayments]						
	** ISCR= Earnings before depreciation, finance costs, tax and exceptional items/ Finance cost (net of interest capitalised)						
PART II							
A	PARTICULARS OF SHAREHOLDING						
1	Public shareholding						
	- Number of shares	33,434,191	33,434,191	33,434,191	33,434,191	33,434,191	33,434,191
	- Percentage of shareholding	16.29	16.29	16.29	16.29	16.29	16.29
2	Promoters and Promoter group						
a)	Pledged/Encumbered						
	- Number of shares	171,725,462	171,725,462	21,406,365	171,725,462	21,406,365	164,915,135
	- Percentage of shares to the total shareholding of promoter and promoter group	99.96	99.96	12.46	99.96	12.46	96.00
	- Percentage of shares to the total share capital of the Company	83.68	83.68	10.43	83.68	10.43	80.36
b)	Non-encumbered						
	- Number of shares	68,115	68,115	150,387,212	68,115	150,387,212	6,878,442
	- Percentage of shares to the total shareholding of promoter and promoter group	0.04	0.04	87.54	0.04	87.54	4.00
	- Percentage of shares to the total share capital of Company	0.03	0.03	73.28	0.03	73.28	3.35
B	INVESTOR COMPLAINTS						
		Quarter ended					
		30.09.2012					
	Pending at the beginning of the quarter	-					
	Received during the quarter	23					
	Disposed during the quarter	23					
	Remaining unresolved at the end of the quarter	-					

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NOTES:

1 Statement of assets and liabilities as at 30th September, 2012		₹ In crore	
Particulars	As at 30.09.2012	As at 31.03.2012	
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	205.23	205.23	
(b) Reserves and surplus	4,988.24	5,005.65	
	5,193.47	5,210.88	
Non-current liabilities			
(a) Long-term borrowings	3,216.88	3,212.10	
(b) Other long term liabilities	13.50	13.50	
(c) Long-term provisions	5.68	5.64	
	3,236.06	3,231.24	
Current liabilities			
(a) Short-term borrowings	195.00	233.75	
(b) Trade payables	198.27	131.87	
(c) Other current liabilities	284.36	224.87	
(d) Short-term provisions	1.70	31.80	
	679.33	622.29	
TOTAL		9,108.86	9,064.41
ASSETS			
Non-current assets			
(a) Fixed assets			
Tangible assets	1,775.84	1,867.04	
(b) Non-current investments (in Subsidiaries)	6,403.78	6,323.92	
(c) Long-term loans and advances	476.41	471.53	
(d) Other non-current assets	35.84	15.89	
	8,691.87	8,678.38	
Current assets			
(a) Current investments	0.10	-	
(b) Inventories	49.25	40.89	
(c) Trade receivables	174.59	119.34	
(d) Cash and cash equivalents	50.52	19.94	
(e) Short-term loans and advances	118.03	181.32	
(f) Other current assets	24.50	24.54	
	416.99	386.03	
TOTAL		9,108.86	9,064.41

- 2 The Company has only one reportable segment of fleet operating and chartering.
- 3 During the quarter, the Company has sold two cape size dry bulk carriers of 136,600 DWT and 129,237 DWT and one Minibulk carrier.
- 4 Pursuant to the notification dated 29th December, 2011 issued by the Ministry of Corporate Affairs for Accounting Standard 11, the Company has during half year ended 30th September, 2012 capitalised net exchange loss of ₹ 36.48 crore on long term foreign currency borrowings relating to acquisition of depreciable assets and net exchange loss of ₹ 0.55 crore on long term monetary items has been transferred to "Foreign Currency Monetary Item Translation Difference Account".
- 5 Effective 1st July 2011, the Company has applied hedge accounting principles (in respect of forward exchange contracts) as set out in Accounting Standard (AS) 30 – Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India. During the quarter, on occurrence of the designated highly probable forecasted transactions and expiry of such forward contracts, foreign exchange loss of ₹ 50.20 crore (previous quarter Nil), has been transferred from the Hedging Reserve Account to Statement of Profit and Loss.
- 6 36,65,270 stock options granted under the Essar Shipping Employees Stock Option Scheme - 2011 are outstanding as on 30th September 2012.
- 7 Tax expense for the period represents tonnage tax.
- 8 The figures of the previous period(s) have been regrouped /reclassified wherever necessary to conform with the Schedule VI (as amended) of the Companies Act, 1956.
- 9 The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at the meeting held on 6th November, 2012.

For and on behalf of the Board


A. R. Ramakrishnan
Managing Director

Place: Mumbai
Date: 6th November, 2012

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

1. We have reviewed the accompanying statement of Unaudited Standalone Financial Results of **ESSAR SHIPPING LIMITED** ("the Company") for the quarter and half year ended September 30, 2012 ("the Statement"). 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 opinion.
3. Based on our review, 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 shareholdings 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 undisputed investor complaints 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, November 6, 2012

ESSAR SHIPPING LIMITED

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email id: esl.secretarial@essar.com website: www.essar.com


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

Statement of Consolidated Unaudited Financial Results for the Quarter and Half year ended 30th September 2012.

PART I		₹ in crore					
Sl.No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2012 (Unaudited)	30.06.2012 (Unaudited)	30.09.2011 (Unaudited)	30.09.2012 (Unaudited)	30.09.2011 (Audited)	31.03.2012 (Audited)
1	a) Income from operations						
	i) Fleet operating and chartering	341.67	456.67	293.94	798.34	593.48	1,253.65
	ii) Logistics services	260.20	288.59	275.19	548.79	551.96	1,131.25
	iii) Oilfields services	158.46	168.15	30.02	326.61	110.79	397.13
	b) Other operating income including profit on sale of fleet (net)	22.08	2.43	1.05	24.51	5.17	19.55
	Total income from operations (net)	782.41	915.84	600.20	1,698.25	1,261.40	2,801.58
2	Expenses						
	a) Direct operating expenses	455.02	540.17	424.22	995.19	822.88	1,656.23
	b) Dry docking	2.02	19.09	-	21.11	-	12.84
	c) Other standing costs	53.76	47.51	35.56	101.27	73.52	148.29
	d) Employee benefits expense	56.72	50.19	45.69	106.91	88.17	189.89
	e) Depreciation	98.59	100.67	88.99	199.26	167.72	362.94
	f) Other expenses	12.25	16.16	18.41	28.41	33.62	94.76
	Total operating expenses	678.36	773.79	612.87	1,452.15	1,185.91	2,464.95
3	Profit before other income, finance cost and exceptional item	104.05	142.05	(12.67)	246.10	75.49	336.63
4	Other income	15.54	9.34	9.61	24.88	18.71	52.93
5	Profit before finance cost and exceptional item	119.59	151.39	(3.06)	270.98	94.20	389.56
6	Finance costs	92.86	88.40	79.69	181.26	155.42	329.43
7	Profit/ (Loss) before exceptional item	26.73	62.99	(82.75)	89.72	(61.22)	60.13
8	Exceptional item (refer note 5)	(50.20)	-	-	(50.20)	-	-
9	(Loss)/ Profit before tax	(23.47)	62.99	(82.75)	39.52	(61.22)	60.13
10	Tax expense	12.52	9.09	2.90	21.61	5.60	23.30
11	(Loss)/ Profit for the period /year	(35.99)	53.90	(85.65)	17.91	(66.82)	36.83
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 at the beginning of the year						5,290.48
14	Earnings per share (EPS) (not annualised)						
	(a) Basic (in ₹)	(1.75)	2.63	(4.17)	0.87	(3.26)	1.80
	(b) Diluted (in ₹)	(1.75)	1.88	(4.17)	0.87	(3.26)	1.80
PART II							
A	PARTICULARS OF SHAREHOLDING						
1	Public shareholding						
	- Number of shares	33,434,191	33,434,191	33,434,191	33,434,191	33,434,191	33,434,191
	- Percentage of shareholding	16.29	16.29	16.29	16.29	16.29	16.29
2	Promoters and Promoter group						
	a) Pledged /Encumbered						
	- Number of shares	171,725,462	171,725,462	21,406,365	171,725,462	21,406,365	164,915,135
	- Percentage of shares to the total shareholding of promoter and promoter group	99.96	99.96	12.46	99.96	12.46	96.00
	- Percentage of shares to the total share capital of the Company	83.68	83.68	10.43	83.68	10.43	60.36
	b) Non-encumbered						
	- Number of shares	68,115	68,115	150,387,212	68,115	150,387,212	6,878,442
	- Percentage of shares to the total shareholding of promoter and promoter group	0.04	0.04	87.54	0.04	87.54	4.00
	- Percentage of shares to the total share capital of Company	0.03	0.03	73.28	0.03	73.28	3.35
B	INVESTOR COMPLAINTS						
		Quarter ended 30.09.2012					
	Pending at the beginning of the quarter	-					
	Received during the quarter	23					
	Disposed during the quarter	23					
	Remaining unresolved at the end of the quarter	-					

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NOTES:			
Statement of consolidated assets and liabilities as at 30th September, 2012			
Particulars	₹ in crore		
	As at 30.09.2012	As at 31.03.2012	
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	205.23	205.23	
(b) Reserves and surplus	5,399.41	5,290.48	
	5,604.64	5,495.71	
Non-current liabilities			
(a) Long-term borrowings	4,766.55	4,829.86	
(b) Deferred tax liabilities (Net)	27.76	27.30	
(c) Other long term liabilities	20.04	20.06	
(d) Long-term provisions	7.70	7.51	
	4,822.05	4,884.73	
Current liabilities			
(a) Short-term borrowings			
(b) Trade payables	456.58	293.62	
(c) Other current liabilities	708.76	577.53	
(d) Short-term provisions	542.92	647.31	
	97.68	119.95	
	1,805.94	1,638.41	
TOTAL	12,232.63	12,018.85	
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	4,313.44	4,434.17	
(ii) Capital work-in-progress	722.45	593.53	
(b) Goodwill on consolidation	3,658.41	3,658.41	
(c) Non-current investments*	*0.00	*0.00	
(d) Long-term loans and advances	1,451.17	1,282.21	
(e) Other non-current assets	64.07	40.77	
	10,209.54	10,009.09	
Current assets			
(a) Current investments	0.10		
(b) Inventories	161.47	150.25	
(c) Trade receivables	660.39	608.56	
(d) Cash and bank balances	105.22	226.73	
(e) Short-term loans and advances	1,004.45	914.63	
(f) Other current assets	91.46	109.59	
	2,023.09	2,009.76	
(* amount less than ₹ 1 lakh)			
TOTAL	12,232.63	12,018.85	
2	The Consolidated financial results include the results of two Indian subsidiaries and three overseas subsidiaries.		
3	During the quarter, the Company has sold two cape size dry bulk carriers of 136,600 DWT and 129,237 DWT and one Minibulk carrier.		
4	Pursuant to the notification dated 29th December, 2011 issued by the Ministry of Corporate Affairs for Accounting Standard 11, the Company has during half year ended 30th September, 2012 capitalised net exchange loss of ₹ 43.53 crore on long term foreign currency borrowings relating to acquisition of depreciable assets.		
5	Effective 1st July 2011, the Company has applied hedge accounting principles (in respect of forward exchange contracts) as set out in Accounting Standard (AS) 30 – Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India. During the quarter, on occurrence of the designated highly probable forecasted transactions and expiry of such forward contracts, foreign exchange loss of ₹ 50.20 crore (previous quarter Nil), has been transferred from the Hedging Reserve Account to Statement of Profit and Loss.		
6	36,65,270 stock options granted under the Essar Shipping Employees Stock Option Scheme - 2011 are outstanding as on 30th September 2012.		
7	Tax expense for the period includes income tax (MAT), tonnage tax and deferred tax.		
8	The figures of the previous period(s) have been regrouped /reclassified wherever necessary to conform with the Schedule VI (as amended) of the Companies Act., 1956.		
9	The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at the meeting held 6th November, 2012.		
10	As per Clause 41 of the Listing Agreement, the standalone results are available on the Company's website: www.essar.com		
For and on behalf of the Board			
 A. R. Ramakrishnan Managing Director			
Place: Mumbai			
Date: 6th November, 2012			

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ESSAR SHIPPING LIMITED

Consolidated Segment information for the Quarter ended 30th September 2012

Particulars	₹ in crore					
	Quarter ended			Half year ended		Year ended
	30.09.2012 (Unaudited)	30.06.2012 (Unaudited)	30.09.2011 (Unaudited)	30.09.2012 (Unaudited)	30.09.2011 (Audited)	31.03.2012 (Audited)
Segment revenue						
Operating Income						
Fleet operating and chartering	366.70	462.56	299.91	829.26	604.39	1,288.24
Logistics services	261.76	288.81	275.94	550.57	556.63	1,131.29
Oilfields services	178.86	168.17	30.02	347.03	110.79	401.75
Total	807.32	919.54	605.87	1,726.86	1,271.81	2,821.28
Less : Inter segment revenue	(24.91)	(3.70)	(5.67)	(28.61)	(10.41)	(19.70)
Net operating income (A)	782.41	915.84	600.20	1,698.25	1,261.40	2,801.58
Other income (B)	15.54	9.34	9.61	24.88	18.71	52.93
Total income (A + B)	797.95	925.18	609.81	1,723.13	1,280.11	2,854.51
Segment results						
Fleet operating and chartering	37.20	71.66	31.56	108.86	113.46	267.56
Logistics services	12.45	4.29	16.04	16.74	20.63	29.07
Oilfields services	54.40	66.10	(60.27)	120.50	(58.60)	40.00
Unallocated	15.54	9.34	9.61	24.88	18.71	52.93
Profit before finance cost and exceptional item	119.59	151.39	(3.06)	270.98	94.20	389.56
Less: Unallocable interest and finance expense	(92.86)	(88.40)	(79.69)	(181.26)	(155.42)	(329.43)
Profit before exceptional item	26.73	62.99	(82.75)	89.72	(61.22)	60.13
Less: Exceptional item (refer note 5)	(50.20)	-	-	(50.20)	-	-
{Loss}/ Profit before tax	(23.47)	62.99	(82.75)	39.52	(61.22)	60.13
Capital employed (segment assets - segment current liabilities)						
Fleet operating and chartering	2,418.53	2,590.10	3,014.66	2,418.53	3,014.66	2,525.18
Logistics services	239.84	240.63	381.13	239.84	381.13	418.01
Oilfields services	4,903.24	5,175.32	3,598.30	4,903.24	3,598.30	4,558.98
Total	7,561.61	8,006.05	6,994.09	7,561.61	6,994.09	7,502.17

For and on behalf of the Board


A. R. Ramakrishnan
 Managing Director

Place: Mumbai

Date: 6th November, 2012

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Deloitte Haskins & Sells

Chartered Accountants
'Heritage', 3rd Floor
Near Gujarat Vidhyapith
Off Ashram Road
Ahmedabad - 380 014

Tel: +91 (079) 2758 2542
+91 (079) 2758 2543
Fax: +91 (079) 2758 2551

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

1. We have reviewed the accompanying statement of Unaudited Consolidated Financial Results of **ESSAR SHIPPING LIMITED** ("the Company"), and its subsidiaries (the Company and its subsidiaries constitute "the Group") for the quarter and half year ended September 30, 2012 ("the Statement"). 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 opinion.
3. The Statement includes the results of the entities which have been listed in the Annexure to the Report.
4. Based on our review, 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.
5. Further, we also report that we have traced the number of shares as well as the percentage of shareholdings in respect of the aggregate amount of public shareholdings and the number of shares as well as the percentage of shares pledged / encumbered in respect of the aggregate amount of promoter and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to the undisputed investor complaints 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, November 6, 2012.

Deloitte Haskins & Sells

Annexure:

List of Subsidiaries included in the consolidation.

Sr. No.	Name of Entity	Relationship
1	Essar Logistics Limited	Subsidiary
2	Essar Oilfields Services Limited	Subsidiary
3	Essar Oilfield Services India Limited	Subsidiary
4	Energy Transportation International Limited	Subsidiary
5	Energy II Limited	Subsidiary

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