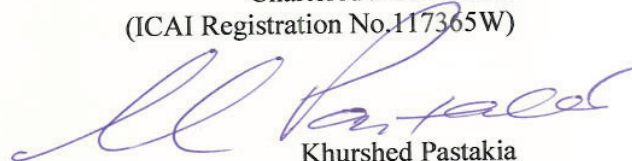


## AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF ESSAR SHIPPING LIMITED

1. We have reviewed the accompanying statement of Unaudited Consolidated Financial Results ("the Statement") of **ESSAR SHIPPING LIMITED** ("the Company"), and its subsidiaries (the Company and its subsidiaries constitute "the Group") for the quarter ended June 30, 2012. 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 results 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 in terms of Clause 35 of the Listing Agreements from the details furnished by the Management and the particulars relating to the undisputed investor complaints from the details furnished by the Management

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



Khurshed Pastakia  
Partner  
(Membership No. 31544)

MUMBAI, August 6, 2012.

# Deloitte Haskins & Sells

**Annexure:**

**List of Subsidiaries included in the consolidation.**

<b>Sr. No.</b>	<b>Name of Entity</b>	<b>Relationship</b>
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



**ESSAR SHIPPING LIMITED**

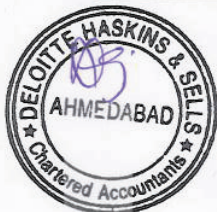
Regd. Office: Administrative Bldg., Essar Refinery Complex, Okha Highway (SH-25), Taluka Khambalia,  
Dist.Jamnagar 361305

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

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

**Unaudited Consolidated Financial Results for the quarter ended 30th June 2012.**

PART I		₹ in crore			
Sl.No.	Particulars	Unaudited quarter ended			Year ended
		30.06.2012	31.03.2012	30.06.2011	31.03.2012 (Audited)
1	<b>Income from operations</b>				
a)	Income from operations				
i)	Fleet operating and chartering	456.67	364.43	299.54	1,253.65
ii)	Logistics services	288.59	302.17	276.77	1,131.25
iii)	Oilfields services	168.15	145.68	80.77	397.13
b)	Other operating income including profit on sale of fleet	2.43	14.13	4.12	19.55
	<b>Total income from operations</b>	<b>915.84</b>	<b>826.41</b>	<b>661.20</b>	<b>2,801.58</b>
2	<b>Expenses</b>				
a)	Direct operating expenses	540.17	460.70	398.66	1,656.23
b)	Other standing costs	66.60	48.72	37.96	161.13
c)	Employee benefits expense	50.19	56.61	42.49	189.89
d)	Depreciation	100.67	95.82	78.73	362.94
e)	Other expenditure	16.16	30.91	15.21	94.76
	<b>Total operating expenses</b>	<b>773.79</b>	<b>692.76</b>	<b>573.05</b>	<b>2,464.95</b>
3	<b>Profit from operations before other income and interest</b>	<b>142.05</b>	<b>133.65</b>	<b>88.15</b>	<b>336.63</b>
4	Other income	9.34	18.80	9.11	52.93
5	<b>Profit before interest and tax</b>	<b>151.39</b>	<b>152.45</b>	<b>97.26</b>	<b>389.56</b>
6	Finance costs	88.40	90.91	75.73	329.43
7	<b>Profit before tax</b>	<b>62.99</b>	<b>61.54</b>	<b>21.53</b>	<b>60.13</b>
8	Tax expense	9.09	6.56	2.70	23.30
9	<b>Profit for the period /year</b>	<b>53.90</b>	<b>54.98</b>	<b>18.83</b>	<b>36.83</b>
10	Share capital (face value of ₹10/- each)	205.23	205.23	205.23	205.23
11	Reserves at the beginning of the year				5,290.48
12	a) <b>Earnings per Share (EPS) Basic (in ₹) (not annualised for the quarter)</b>	<b>2.63</b>	<b>2.68</b>	<b>2.04</b>	<b>1.80</b>
	b) <b>Diluted (in ₹) (not annualised for the quarter)</b>	<b>1.88</b>	<b>1.86</b>	<b>0.75</b>	<b>1.80</b>
PART II					
A	<b>PARTICULARS OF SHAREHOLDING</b>				
1	<b>Public shareholding</b>				
	- Number of shares	33,434,191	33,434,191	33,434,688	33,434,191
	- Percentage of shareholding	16.29	16.29	16.29	16.29
2	<b>Promoters and Promoter group</b>				
a)	<b>Pledged /Encumbered</b>				
	- Number of shares	171,725,462	164,915,135	21,406,365	164,915,135
	- Percentage of shares to the total shareholding of promoter and promoter group	99.96	96.00	12.46	96.00
	- Percentage of shares to the total share capital of the Company	83.68	80.36	10.43	80.36
b)	<b>Non-encumbered</b>				
	- Number of shares	68,115	6,878,442	150,386,715	6,878,442
	- Percentage of shares to the total shareholding of promoter and promoter group	0.04	4.00	87.54	4.00
	- Percentage of shares to the total share capital of Company	0.03	3.35	73.28	3.35
B	<b>INVESTOR COMPLAINTS</b>	<b>Quarter ended</b>			
		<b>30.06.2012</b>			
	Pending at the beginning of the quarter	-			
	Received during the quarter	25			
	Disposed during the quarter	25			
	Remaining unresolved at the end of the quarter	-			

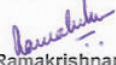


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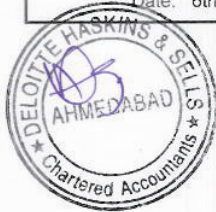
**NOTES:**


- 1 The Consolidated financial results include the results of two Indian subsidiaries and three overseas subsidiaries.
- 2 During the period, the Company has inducted one more Minicape Bulk Carrier of 106,438 DWT on bareboat charter basis.
- 3 a) 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, 2012 capitalised net exchange loss of ₹ 245.39 crore on foreign currency borrowing relating to acquisition of depreciable assets.  
b) 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. Due to this, the valuation gains/losses in respect of contracts entered into after that date, that are designated as hedging instruments to hedge the foreign currency cash flow risk of highly probable forecasted transactions, are directly recognized in the Hedging Reserve Account until the underlying forecasted transaction occurs, upon which, the accumulated gains/ losses are recognised in the Statement of Profit and Loss. Accordingly, the valuation loss of ₹ 50.53 crore (includes ₹ 18.94 crore for the current quarter) arising on such contracts upto 30th June, 2012, has been recognised in the Hedging Reserve Account and the interest element of ₹ 2.28 crore for the period has been considered in the above results.
- 4 36,65,270 stock options granted under the Essar Shipping Employees Stock Option Scheme - 2011 are outstanding as on 30th June 2012.
- 5 Tax expense for the period includes income tax (MAT), tonnage tax and deferred tax.
- 6 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.
- 7 The figures of the last quarter of the previous financial year are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the previous financial year.
- 8 The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at the meeting held 6th August, 2012.
- 9 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 August, 2012



ESSAR SHIPPING LIMITED				
Consolidated Segment information for the Quarter ended 30th June 2012				
Particulars	₹ in crore			
	Quarter ended			Year ended
	30.06.2012	31.03.2012	30.06.2011	31.03.2012
<b>Segment revenue</b>				
<b>Operating Income</b>				
Fleet operating and chartering	462.56	385.57	304.47	1,288.24
Logistics services	288.81	297.74	280.69	1,131.29
Oilfields services	168.17	150.30	80.77	401.75
<b>Total</b>	<b>919.54</b>	<b>833.61</b>	<b>665.93</b>	<b>2,821.28</b>
Less: Inter segment revenue	(3.70)	(7.20)	(4.73)	(19.70)
<b>Net operating income (A)</b>	<b>915.84</b>	<b>826.41</b>	<b>661.20</b>	<b>2,801.58</b>
<b>Other income</b>				
Unallocated	33.82	44.82	30.71	146.02
Less: Inter segment income	(24.48)	(26.02)	(21.60)	(93.09)
<b>Net other income (B)</b>	<b>9.34</b>	<b>18.80</b>	<b>9.11</b>	<b>52.93</b>
<b>Total income (A + B)</b>	<b>925.18</b>	<b>845.21</b>	<b>670.31</b>	<b>2,854.51</b>
<b>Segment results</b>				
Fleet operating and chartering	71.66	85.48	81.90	267.56
Logistic services	4.29	0.41	4.59	29.07
Oilfields services	66.10	47.75	1.66	40.00
Unallocated	9.34	18.81	9.11	52.93
<b>Profit from operation before interest and finance charges</b>	<b>151.39</b>	<b>152.45</b>	<b>97.26</b>	<b>389.56</b>
Less: Unallocable interest and finance expense	(88.40)	(90.91)	(75.73)	(329.43)
<b>Profit before tax</b>	<b>62.99</b>	<b>61.54</b>	<b>21.53</b>	<b>60.13</b>
Less: Income tax	(9.09)	(6.56)	(2.70)	(23.30)
<b>Profit after tax</b>	<b>53.90</b>	<b>54.98</b>	<b>18.83</b>	<b>36.83</b>
<b>Capital employed (segment assets - segment current liabilities)</b>				
Fleet operating and chartering	2,590.10	2,525.18	2,811.79	2,525.18
Logistics services	240.63	418.01	401.89	418.01
Oilfields services	5,175.32	4,558.98	3,877.87	4,558.98
<b>Total</b>	<b>8,006.05</b>	<b>7,502.17</b>	<b>7,091.55</b>	<b>7,502.17</b>
For and on behalf of the Board				
 <b>A. R. Ramakrishnan</b> Managing Director				
Place: Mumbai				
Date: 6th August, 2012				



**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 ended June 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, 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 provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an 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 undisputed investor complaints from the details furnished by the Management.

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



Khurshed Pastakia  
Partner  
(Membership No. 31544)

MUMBAI, August 6, 2012

**ESSAR SHIPPING LIMITED**

Regd. Office: Administrative Bldg., Essar Refinery Complex, Okha Highway (SH-25), Taluka Khambalia,  
Dist. Jamnagar 361305

email id: [esi.secretarial@essar.com](mailto:esi.secretarial@essar.com) website: [www.essar.com](http://www.essar.com)

Head Office: Essar House, 11, Keshavrao Khadye Marg, Mahalaxmi, Mumbai 400 034  
Unaudited Standalone Financial Results for the quarter ended 30th June 2012.

PART I		₹ in crore			
Sl.No.	Particulars	Unaudited quarter ended			Year ended
		30.06.2012	31.03.2012	30.06.2011	31.03.2012 (Audited)
1	<b>Income from operations</b>				
	a) Income from operations				
	Fleet operating and chartering earnings	419.17	360.62	292.61	1,231.92
	b) Other operating income including profit on sale of fleet	1.93	13.23	-	13.43
	<b>Total Income from operations</b>	<b>421.09</b>	<b>373.85</b>	<b>292.61</b>	<b>1,245.35</b>
2	<b>Expenses</b>				
	a) Direct voyage	250.07	182.62	149.51	633.54
	b) Dry docking	19.09	12.84	-	12.84
	c) Other standing costs	13.11	10.54	12.05	41.64
	d) Employee benefits expense	26.01	30.04	18.88	90.73
	e) Depreciation	37.05	33.39	27.31	136.36
	f) Other expenditure	6.62	5.51	6.11	25.38
	<b>Total Expenses</b>	<b>351.95</b>	<b>274.94</b>	<b>213.86</b>	<b>940.49</b>
3	<b>Profit from operations before other income and interest</b>	<b>69.14</b>	<b>98.91</b>	<b>78.75</b>	<b>304.86</b>
4	Other income	13.83	14.69	13.71	59.51
5	<b>Profit before interest and tax</b>	<b>82.97</b>	<b>113.60</b>	<b>92.46</b>	<b>364.37</b>
6	Finance costs	76.19	70.31	58.90	266.90
7	<b>Profit before tax</b>	<b>6.78</b>	<b>43.29</b>	<b>33.56</b>	<b>97.47</b>
8	Tax expense	0.56	0.45	0.40	1.65
9	<b>Profit for the period /year</b>	<b>6.22</b>	<b>42.84</b>	<b>33.16</b>	<b>95.82</b>
	Share capital (face value of ₹10/- each)	205.23	205.23	205.23	205.23
11	Reserves				5,005.65
12	i) Earnings per share (EPS) Basic (in ₹) ( not annualised for the quarter)	0.70	2.09	3.59	4.67
	ii) Diluted (in ₹) (not annualised for the quarter)	0.70	1.73	1.42	4.67
<b>PART II</b>					
A	<b>PARTICULARS OF SHAREHOLDING</b>				
1	<b>Public shareholding</b>				
	- Number of shares	33,434,191	33,434,191	33,434,688	33,434,191
	- Percentage of shareholding	16.29	16.29	16.29	16.29
2	<b>Promoters and Promoter group</b>				
a)	<b>Pledged/Encumbered</b>				
	- Number of shares	171,725,462	164,915,135	21,406,365	164,915,135
	- Percentage of shares to the total shareholding of promoter and promoter group	99.96	96.00	12.46	96.00
	- Percentage of shares to the total share capital of the Company	83.68	80.36	10.43	80.36
b)	<b>Non-encumbered</b>				
	- Number of shares	68,115	6,878,442	150,386,715	6,878,442
	- Percentage of shares to the total shareholding of promoter and promoter group	0.04	4.00	87.54	4.00
	- Percentage of shares to the total share capital of Company	0.03	3.35	73.28	3.35
B	<b>INVESTOR COMPLAINTS</b>	<b>Quarter ended</b>			
		<b>30.06.2012</b>			
	Pending at the beginning of the quarter	-			
	Received during the quarter	25			
	Disposed during the quarter	25			
	Remaining unresolved at the end of the quarter	-			

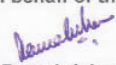


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**NOTES:**

- 1 The Company has only one reportable segment of fleet operating and chartering.
- 2 During the period, the Company has inducted one more Minicape Bulk Carrier of 106,438 DWT on bareboat charter basis.
- 3 a) 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, 2012 capitalised net exchange loss of ₹ 116.37 crore on foreign currency borrowing relating to acquisition of depreciable assets and net exchange loss of ₹ 1.84 crore has been transferred to "Foreign Currency Monetary Item Translation Difference Account".  
b) 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. Due to this, the valuation gains/losses in respect of contracts entered into after that date, that are designated as hedging instruments to hedge the foreign currency cash flow risk of highly probable forecasted transactions, are directly recognized in the Hedging Reserve Account until the underlying forecasted transaction occurs, upon which, the accumulated gains/ losses are recognised in the Statement of Profit and Loss. Accordingly, the valuation loss of ₹ 50.53 crore (includes ₹ 18.94 crore for the current quarter) arising on such contracts upto 30th June, 2012, has been recognised in the Hedging Reserve Account and the interest element of ₹ 2.28 crore for the period has been considered in the above results.
- 4 36,65,270 stock options granted under the Essar Shipping Employees Stock Option Scheme - 2011 are outstanding as on 30th June 2012.
- 5 Tax expense for the period represents tonnage tax.
- 6 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.
- 7 The figures of the last quarter of the previous financial year are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the previous financial year.
- 8 The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at the meeting held on 6th August, 2012.

For and on behalf of the Board

  
A. R. Ramakrishnan  
Managing Director

Place: Mumbai  
Date: 6th August, 2012

