

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

1. We have reviewed the accompanying statement of Unaudited Standalone Financial Results ("the Statement") of **ESSAR SHIPPING LIMITED** ("the Company") for the quarter and nine months ended December 31, 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 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 provide 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, 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
(ICAI Registration No.117365W)



Samir R Shah
Partner
(Membership No. 101708)

Mumbai, 30 January, 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 and nine months ended 31st December 2012.

PART I		₹ in crore					
		Quarter ended			Nine months ended		Year ended
		31.12.2012 (Unaudited)	30.09.2012 (Unaudited)	31.12.2011 (Unaudited)	31.12.2012 (Unaudited)	31.12.2011 (Unaudited)	31.03.2012 (Audited)
Sl.No.	Particulars						
1	a) Income from operations	357.40	330.39	288.27	1,106.96	871.30	1,231.92
	Fleet operating and chartering earnings				26.55	0.20	13.43
	b) Other operating income including profit on sale of fleet (net)	3.91	20.72	-			
	Total Income from operations (net)	361.31	351.11	288.27	1,133.51	871.50	1,245.35
2	Expenses						
	a) Direct voyage	228.56	210.81	126.99	689.44	450.92	633.54
	b) Dry docking	-	2.02	-	19.99	-	12.84
	c) Other standing costs	12.25	17.74	14.52	44.22	31.10	41.64
	d) Employee benefits expenses	24.12	26.58	20.71	78.20	60.69	90.73
	e) Depreciation	35.19	34.52	40.27	106.76	102.97	136.36
	f) Other expenses	5.14	4.74	7.34	15.01	19.88	25.38
	Total expenses	305.26	296.41	209.83	953.62	665.56	940.49
3	Profit before other income, finance cost and exceptional item	56.05	54.70	78.44	179.89	205.94	304.86
4	Other income	12.71	20.40	13.30	46.94	44.82	59.51
5	Profit before finance cost and exceptional item	68.76	75.10	91.74	226.83	250.76	364.37
6	Finance costs	78.47	78.59	73.55	233.25	196.59	266.90
7	(Loss)/ Profit before exceptional item	(9.71)	(3.49)	18.19	(6.42)	54.17	97.47
8	Exceptional item (refer note 4)	-	(50.20)	-	(50.20)	-	-
9	(Loss)/ Profit before tax	(9.71)	(53.69)	18.19	(56.62)	54.17	97.47
10	Tax expense	0.74	1.00	0.40	2.30	1.20	1.65
11	(Loss)/ Profit for the period /year	(10.45)	(54.69)	17.79	(58.92)	52.97	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 ₹)	(0.51)	(2.66)	0.87	(2.87)	2.58	4.67
	(b) Diluted (in ₹)	(0.51)	(2.66)	0.87	(2.87)	2.58	4.67
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 31.12.2012					
	Pending at the beginning of the quarter	-					
	Received during the quarter	16					
	Disposed during the quarter	16					
	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 30th January, 2013.
- 2 The Company has only one reportable segment of fleet operating and chartering.
- 3 During the quarter, the Company has inducted two Minicape Bulk Carrier of total 212,874 DWT on bareboat charter basis.
- 4 Pursuant to the notification dated 29th December, 2011 issued by the Ministry of Corporate Affairs for Accounting Standard 11, the Company has during nine months ended 31st December, 2012 capitalised net exchange loss of ₹ 79.14 (quarter ended 31.12.12 ₹ 42.66) crore on long term foreign currency borrowings relating to acquisition of depreciable assets and net exchange loss of ₹ 1.29 (quarter ended 31.12.12 ₹ 0.74) 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 nine months ended 31st December, 2012, on occurrence of the designated highly probable forecasted transactions and expiry of such forward contracts, foreign exchange loss of ₹ 50.20 crore (quarter ended 31.12.12 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 31st December 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.

For and on behalf of the Board


A. R. Ramakrishnan
Managing Director



Place: Mumbai
Date: 30th January, 2013



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 and nine months ended December 31, 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 provide 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, India
 - b. Essar Oilfields Services Limited, Mauritius
 - c. Essar Oilfield Services India Limited, India
 - d. Energy Transportation International Limited, Bermuda
 - e. Energy II Limited, Bermuda
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 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 the undisputed investor complaints from the details furnished by the Management.

For **Deloitte Haskins & Sells**
Chartered Accountants
(ICAI Registration No.117365W)



Samir R Shah
Partner

(Membership No. 101708)

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 Consolidated Unaudited Financial Results for the quarter and nine months ended 31st December 2012.

PART I		₹ in crore					
Sl.No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2012 (Unaudited)	30.09.2012 (Unaudited)	31.12.2011 (Unaudited)	31.12.2012 (Unaudited)	31.12.2011 (Unaudited)	31.03.2012 (Audited)
1	a) Income from operations						
	i) Fleet operating and chartering	368.90	341.67	295.74	1,167.24	889.21	1,253.65
	ii) Logistics services	240.85	260.20	277.13	789.64	829.09	1,131.25
	iii) Oilfields services	165.74	158.46	140.66	492.35	251.45	397.13
	b) Other operating income including profit on sale of fleet (net)	6.37	22.08	0.25	30.88	5.42	19.55
	Total income from operations (net)	781.86	782.41	713.78	2,480.11	1,975.17	2,801.58
2	Expenses						
	a) Direct operating expenses	455.67	455.02	372.65	1,450.86	1,195.53	1,656.23
	b) Dry docking	-	2.02	-	20.00	-	12.84
	c) Other standing costs	48.55	53.76	38.89	150.93	112.41	148.29
	d) Employee benefits expense	52.57	55.23	45.11	159.48	133.28	189.89
	e) Depreciation	100.34	98.59	99.40	299.60	267.12	362.94
	f) Other expenses	14.19	13.74	30.26	42.61	63.87	94.76
	Total operating expenses	671.32	678.36	586.31	2,123.48	1,772.21	2,464.95
3	Profit before other income, finance cost and exceptional item	110.54	104.05	127.47	356.63	202.96	336.63
4	Other income	10.80	15.54	15.42	35.68	34.13	52.93
5	Profit before finance cost and exceptional item	121.34	119.59	142.89	392.31	237.09	389.56
6	Finance costs	91.45	92.86	83.09	272.71	238.52	329.43
7	Profit/ (Loss) before exceptional item	29.89	26.73	59.80	119.60	(1.43)	60.13
8	Exceptional item (refer note 5)	-	(50.20)	-	(50.20)	-	-
9	Profit/(Loss) before tax	29.89	(23.47)	59.80	69.40	(1.43)	60.13
10	Tax expense	12.04	12.52	11.15	33.65	16.74	23.30
11	Profit/(Loss) for the period /year	17.85	(35.99)	48.65	35.75	(18.17)	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 ₹)	0.87	(1.75)	2.37	1.74	(0.89)	1.80
	(b) Diluted (in ₹)	0.77	(1.75)	1.72	1.74	(0.89)	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	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 31.12.2012					
	Pending at the beginning of the quarter	-					
	Received during the quarter	16					
	Disposed during the quarter	16					
	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 30th January, 2013.
- 2 The Consolidated financial results include the results of two Indian subsidiaries and three overseas subsidiaries.
- 3 During the quarter, the Company has inducted two Minicape Bulk Carrier of total 212,874 DWT on bareboat charter basis.
- 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 nine months ended 31st December, 2012, capitalised net exchange loss of ₹ 85.71 (quarter ended 31.12.12 ₹ 42.18) 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 nine months ended 31st December, 2012, on occurrence of the designated highly probable forecasted transactions and expiry of such forward contracts, foreign exchange loss of ₹ 50.20 crore (quarter ended 31.12.12 Nil), has been transferred from the Hedging Reserve Account to Consolidated 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 31st December 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 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: 30th January, 2013



Consolidated Segment information for the quarter and nine months ended 31st December 2012

Particulars	₹ in crore					
	Quarter ended			Nine months ended		Year ended
	31.12.2012 (Unaudited)	30.09.2012 (Unaudited)	31.12.2011 (Unaudited)	31.12.2012 (Unaudited)	31.12.2011 (Unaudited)	31.03.2012 (Audited)
Segment revenue						
Operating Income						
Fleet operating and chartering	377.27	366.70	298.30	1,206.53	902.67	1,288.24
Logistics services	240.92	261.76	276.92	791.49	833.55	1,131.29
Oilfields services	177.50	178.86	140.66	524.53	251.45	401.75
Total	795.69	807.32	715.88	2,522.55	1,987.67	2,821.28
Less: Inter segment revenue	(13.83)	(24.91)	(2.10)	(42.44)	(12.50)	(19.70)
Net operating income	781.86	782.41	713.78	2,480.11	1,975.17	2,801.58
Segment results						
Fleet operating and chartering	42.45	37.20	68.62	151.30	182.08	267.56
Logistics services	11.45	12.45	8.02	28.19	28.66	29.07
Oilfields services	56.64	54.40	50.83	177.14	(7.78)	40.00
Profit before other income, finance cost and exceptional item	110.54	104.05	127.47	356.63	202.96	336.63
Add: Other income	10.80	15.54	15.42	35.68	34.13	52.93
Less: Unallocable interest and finance expense	(91.45)	(92.86)	(83.09)	(272.71)	(238.52)	(329.43)
Profit / (Loss) before exceptional item	29.89	26.73	59.80	119.60	(1.43)	60.13
Less: Exceptional item (refer note 5)	-	(50.20)	-	(50.20)	-	-
Profit / (Loss) before tax	29.89	(23.47)	59.80	69.40	(1.43)	60.13
Capital employed (segment assets - segment current liabilities)						
Fleet operating and chartering	2,138.13	2,067.95	2,290.03	2,138.13	2,290.03	2,162.27
Logistics services	41.38	224.64	401.68	41.38	401.68	409.31
Oilfields services	8,189.47	8,051.43	7,653.41	8,189.47	7,653.41	7,749.97
Unallocated	1,012.15	848.33	803.97	1,012.15	803.97	811.73
Total	11,381.13	11,192.36	11,149.09	11,381.13	11,149.09	11,133.28

For and on behalf of the Board

A. R. Ramakrishnan

A. R. Ramakrishnan
Managing Director

Place: Mumbai
Date: 30th January, 2013

