

**ESSAR SHIPPING LIMITED**

Regd. Office: Administrative Bldg., Essar Refinery Complex, Okha Highway (SH-25), Taluka Khamballa, 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 half year ended 30th September, 2014

PART I		₹ in crore					
Sl.No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2014 (Unaudited)	30.06.2014 (Unaudited)	30.09.2013 (Unaudited)	30.09.2014 (Unaudited)	30.09.2013 (Unaudited)	31.03.2014 (Audited)
1	a) Income from operations						
	Fleet operating and chartering	220.35	227.18	224.94	447.53	502.76	870.55
	b) Other operating income including profit on sale of fleet (net)	0.82	0.79	0.37	1.61	0.72	3.12
	<b>Total income from operations</b>	<b>221.17</b>	<b>227.97</b>	<b>225.31</b>	<b>449.14</b>	<b>503.48</b>	<b>873.67</b>
2	<b>Expenses</b>						
	a) Direct operating expenses	134.41	120.90	121.66	255.31	279.27	504.99
	b) Dry docking	3.78	2.99	1.16	6.77	5.35	20.78
	c) Standing costs	17.87	13.83	14.85	31.70	30.75	62.55
	d) Employee benefits expense	27.53	27.56	28.37	55.09	53.84	113.92
	e) Depreciation (refer note no.4)	36.39	35.05	36.46	71.44	71.00	185.56
	f) Loss on sale of fixed assets (net)	-	-	-	-	-	20.25
	g) Other expenses	18.00	9.22	5.38	27.22	9.46	21.08
	<b>Total expenses</b>	<b>237.98</b>	<b>209.55</b>	<b>207.88</b>	<b>447.53</b>	<b>449.67</b>	<b>929.13</b>
3	<b>(Loss) / Profit from operation before other income, finance costs and exceptional item</b>	<b>(16.81)</b>	<b>18.42</b>	<b>17.43</b>	<b>1.61</b>	<b>53.81</b>	<b>(55.46)</b>
4	Other income (refer note no.5)	119.93	30.95	23.72	150.88	93.88	152.72
5	<b>Profit / (Loss) before finance costs and exceptional item</b>	<b>103.12</b>	<b>49.37</b>	<b>41.15</b>	<b>152.49</b>	<b>147.69</b>	<b>97.26</b>
6	Finance costs	66.14	81.07	81.38	147.21	159.14	322.93
7	<b>Profit / (Loss) Profit before exceptional item</b>	<b>36.98</b>	<b>(31.70)</b>	<b>(40.23)</b>	<b>5.28</b>	<b>(11.45)</b>	<b>(225.67)</b>
8	Exceptional item (refer note no.6)	-	-	-	-	-	5.44
9	<b>Profit / (Loss) before tax</b>	<b>36.98</b>	<b>(31.70)</b>	<b>(40.23)</b>	<b>5.28</b>	<b>(11.45)</b>	<b>(220.23)</b>
10	Tax expenses	2.23	0.90	1.23	3.13	6.91	8.92
11	<b>Profit / (Loss) for the period /year</b>	<b>34.75</b>	<b>(32.60)</b>	<b>(41.46)</b>	<b>2.15</b>	<b>(18.36)</b>	<b>(229.15)</b>
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						4,684.00
14	<b>Earnings per share (EPS) (*not annualised)</b>						
	(a) Basic (in ₹)	*1.69	*(1.59)	*(2.02)	*0.10	*(0.89)	(11.17)
	(b) Diluted (in ₹)	*1.63	*(1.59)	*(2.02)	*0.10	*(0.89)	(11.17)
15	Paid-up debt capital				700.00	700.00	700.00
16	Debenture redemption reserve				55.00	55.00	55.00
17	<b>Debt service coverage ratio **</b>				0.87	0.87	0.53
18	<b>Interest service coverage ratio ***</b>				1.52	1.37	0.88
	** DSCR= [Profit before finance costs, exceptional items and depreciation] / [Finance costs +principal repayments]						
	*** ISCR= [Profit before finance costs, exceptional items and depreciation] / Finance costs						
	See accompanying notes to the financial results						
PART II							
A		<b>Select information for the quarter and half year ended 30th September, 2014</b>					
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	5,13,06,942	5,13,06,942
	- Percentage of shareholding	25.00	25.00	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	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	99.96	99.96
	- Percentage of shares to the total share capital of the Company	74.97	74.97	74.97	74.97	74.97	74.97
	b) Non-encumbered						
	- Number of shares	68,115	68,115	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	0.04	0.04
	- Percentage of shares to the total share capital of Company	0.03	0.03	0.03	0.03	0.03	0.03
B	INVESTOR COMPLAINTS	Quarter ended 30.09.2014					
	Pending at the beginning of the quarter	-					
	Received during the quarter	35					
	Disposed off during the quarter	35					
	Remaining unresolved at the end of the quarter	-					



## NOTES:

1 Statement of standalone assets and liabilities as at 30th September, 2014		
Particulars	₹ in crore	
	As at 30.09.2014 (Unaudited)	As at 31.03.2014 (Audited)
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
(a) Share capital	205.23	205.23
(b) Reserves and surplus	4,677.15	4,684.00
	<b>4,882.38</b>	<b>4,889.23</b>
<b>Non-current liabilities</b>		
(a) Long-term borrowings	2,405.62	3,276.56
(b) Other long term liabilities	9.00	9.00
(c) Long-term provisions	11.79	-
	<b>2,426.41</b>	<b>3,285.56</b>
<b>Current liabilities</b>		
(a) Short-term borrowings	185.90	156.75
(b) Trade payables	287.99	197.17
(c) Other current liabilities	1,287.23	512.53
(d) Short-term provisions	6.81	6.83
	<b>1,767.93</b>	<b>873.28</b>
<b>TOTAL</b>	<b>9,076.72</b>	<b>9,048.07</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Fixed assets		
Tangible assets	1,557.83	1,606.15
(b) Non-current investments (in subsidiaries) (refer note no.7)	6,343.28	6,363.38
(c) Long-term loans and advances	461.17	604.79
(d) Other non-current assets	30.48	14.66
	<b>8,392.76</b>	<b>8,588.98</b>
<b>Current assets</b>		
(a) Current investments	0.10	0.10
(b) Inventories	22.89	22.72
(c) Trade receivables	95.69	53.66
(d) Cash and bank balances	16.72	33.74
(e) Short-term loans and advances	395.33	214.00
(f) Other current assets	153.23	134.87
	<b>683.96</b>	<b>459.09</b>
<b>TOTAL</b>	<b>9,076.72</b>	<b>9,048.07</b>

- 2 The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at the meeting held on 13th November, 2014. The Statutory Auditors of the Company have carried out a Limited Review of the above results.
- 3 The Company has only one reportable business segment of fleet operating and chartering.
- 4 Effective 1st April, 2014, depreciation on fixed assets is provided in accordance with part C of Schedule II to the Companies Act, 2013.
- 5 The other income for the current quarter includes ₹ 61.94 crore representing extinguishment of future instalments pursuant to foreclosure of finance lease of a vessel and profit on buy back of equity shares of a subsidiary ₹ 24.47 crore.
- 6 Exceptional item represents profit on hiving off of lighterage business on slump sale basis to a subsidiary during previous year.
- 7 The carrying amount of investment in equity shares of Essar Oilfield Services Limited, Mauritius, a wholly owned subsidiary of the Company, is ₹ 4,748 crore as at 30th September, 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 had initiated an exercise of assessing the carrying value of the said investment in terms of Accounting Standard (AS) 13, engaging independent valuers to assess the valuation of the subsidiary. In view of recent sharp fall in the crude oil prices, pending execution of the novation agreement for jack up rigs, up-gradation and utilization of certain land rigs and considering the current volatility in the industrial scenarios, assumptions for long term projections are being studied in detail. Pending conclusion of the aforesaid assessment, no provision for diminution in the carrying value, if any, of the aforesaid investment has been recognised. Pending conclusion of assessment, the Statutory Auditors have expressed their inability to comment on the above.
- 8 The Board of Directors in response to a request from a major promoter shareholder has proposed to delist the equity shares of the Company for which consent of the shareholders through E-voting / postal ballot is being sought.
- 9 Tax expense includes tax on overseas dividend income and tonnage tax.
- 10 The figures of the previous period(s) / year have been regrouped / reclassified wherever necessary.

For and on behalf of the Board

  
A. R. Ramakrishnan  
Managing Director

Place: Mumbai  
Date: 13th November, 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 and six months ended September 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 7 of the Statement regarding the ongoing assessment by the Management of the possible 'other than temporary' decline in the value of long term investment of Rs.4,748 crores as at September 30, 2014 in the 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 has not concluded 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 assessment by the Management, 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 concluded by the Company's Management, 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 and six months ended September 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, November 13, 2014

**ESSAR SHIPPING LIMITED**

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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, 2014**

PART I		₹ in crore					
Sl.No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2014 (Unaudited)	30.06.2014 (Unaudited)	30.09.2013 (Unaudited)	30.09.2014 (Unaudited)	30.09.2013 (Unaudited)	31.03.2014 (Audited)
1	a) Income from operations						
	i) Fleet operating and chartering	235.63	214.25	251.51	449.88	545.22	967.09
	ii) Logistics services	175.09	257.73	60.95	432.82	71.82	230.59
	iii) Oilfields services	90.88	23.49	177.80	114.37	340.68	657.79
	b) Other operating income including profit on sale of fleet (net)	1.25	1.00	1.26	2.25	6.05	3.07
	<b>Total income from operations</b>	<b>502.85</b>	<b>496.47</b>	<b>491.52</b>	<b>999.32</b>	<b>963.77</b>	<b>1,858.54</b>
2	<b>Expenses</b>						
	a) Direct operating expenses	296.61	326.85	196.09	623.46	379.03	798.28
	b) Dry docking	7.41	12.43	1.16	19.84	5.35	20.78
	c) Standing costs	75.57	76.13	39.70	151.70	83.82	185.08
	d) Employee benefits expense	45.39	56.52	54.60	101.91	101.54	220.92
	e) Depreciation (refer note no.5)	111.28	107.36	111.43	218.64	214.29	477.88
	f) Loss on sale of fixed assets (net)	-	-	-	-	-	19.86
	g) Other expenses	26.09	15.31	11.55	41.40	27.47	83.30
	<b>Total expenses</b>	<b>562.35</b>	<b>594.60</b>	<b>414.53</b>	<b>1,156.95</b>	<b>811.50</b>	<b>1,806.10</b>
3	<b>(Loss) / Profit from operations before other income, finance costs and tax</b>	<b>(59.50)</b>	<b>(98.13)</b>	<b>76.99</b>	<b>(157.63)</b>	<b>152.27</b>	<b>52.44</b>
4	Other income (refer note no.6)	114.26	62.79	24.56	177.05	75.49	148.05
5	<b>Profit / (Loss) before finance costs and tax</b>	<b>54.76</b>	<b>(35.34)</b>	<b>101.55</b>	<b>19.42</b>	<b>227.76</b>	<b>200.49</b>
6	Finance costs	89.22	98.81	97.04	188.03	186.99	399.37
7	<b>(Loss) / Profit before tax</b>	<b>(34.46)</b>	<b>(134.15)</b>	<b>4.51</b>	<b>(168.61)</b>	<b>40.77</b>	<b>(198.88)</b>
8	Tax expenses	9.46	5.98	15.71	15.44	32.56	44.89
9	<b>(Loss) / Profit for the period / year before share of profit of associates</b>	<b>(43.92)</b>	<b>(140.13)</b>	<b>(11.20)</b>	<b>(184.05)</b>	<b>8.21</b>	<b>(243.77)</b>
10	Share of (loss) / profit of associates	(0.01)	(0.02)	-	(0.03)	-	0.05
11	<b>(Loss) / Profit for the period / year</b>	<b>(43.93)</b>	<b>(140.15)</b>	<b>(11.20)</b>	<b>(184.08)</b>	<b>8.21</b>	<b>(243.72)</b>
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						6,884.26
14	<b>Earnings per share (EPS) ( *not annualised)</b>						
	(a) Basic (in ₹)	*(2.14)	*(6.83)	*(0.55)	*(8.97)	*0.40	(11.88)
	(b) Diluted (in ₹)	*(2.14)	*(6.83)	*(0.55)	*(8.97)	*0.40	(11.88)
	See accompanying notes to the financial results						
PART II							
<b>Select information for the quarter and half year ended 30th September, 2014</b>							
A	<b>PARTICULARS OF SHAREHOLDING</b>						
1	<b>Public shareholding</b>						
	- Number of shares	5,13,06,942	5,13,06,942	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	25.00	25.00
2	<b>Promoters and Promoter group shareholding</b>						
	<b>a) Pledged /Encumbered</b>						
	- Number of shares	15,38,52,711	15,38,52,711	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	99.96	99.96
	- Percentage of shares to the total share capital of the Company	74.97	74.97	74.97	74.97	74.97	74.97
	<b>b) Non-encumbered</b>						
	- Number of shares	68,115	68,115	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	0.04	0.04
	- Percentage of shares to the total share capital of Company	0.03	0.03	0.03	0.03	0.03	0.03
B	<b>INVESTOR COMPLAINTS</b>	<b>Quarter ended 30.09.2014</b>					
	Pending at the beginning of the quarter	-					
	Received during the quarter	35					
	Disposed off during the quarter	35					
	Remaining unresolved at the end of the quarter	-					



NOTES:			
1 Statement of consolidated assets and liabilities as at 30th September, 2014			
₹ in crore			
Particulars	As at 30.09.2014 (Unaudited)	As at 31.03.2014 (Audited)	
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	205.23	205.23	
(b) Reserves and surplus	6,839.29	6,884.26	
	<b>7,044.52</b>	<b>7,089.49</b>	
<b>Non-current liabilities</b>			
(a) Long-term borrowings	3,407.84	4,383.11	
(b) Deferred tax liabilities (Net)	22.19	23.41	
(c) Other long term liabilities	15.21	15.20	
(d) Long-term provisions	27.24	19.91	
	<b>3,472.48</b>	<b>4,441.63</b>	
<b>Current liabilities</b>			
(a) Short-term borrowings	241.98	211.75	
(b) Trade payables	848.26	629.12	
(c) Other current liabilities	2,405.85	1,536.63	
(d) Short-term provisions	139.01	134.51	
	<b>3,635.10</b>	<b>2,512.01</b>	
<b>TOTAL</b>	<b>14,152.10</b>	<b>14,043.13</b>	
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	4,241.55	4,318.73	
(ii) Capital work-in-progress	78.63	92.04	
(b) Goodwill on consolidation (refer note no.7)	5,636.54	5,498.19	
(c) Non-current investments	62.52	62.60	
(d) Long-term loans and advances	169.35	179.29	
(e) Other non-current assets	45.46	30.39	
	<b>10,234.05</b>	<b>10,181.24</b>	
<b>Current assets</b>			
(a) Current investments	0.10	0.10	
(b) Inventories	164.32	165.26	
(c) Trade receivables	352.94	340.41	
(d) Cash and bank balances	24.61	92.21	
(e) Short-term loans and advances	1,256.48	1,204.32	
(f) Other current assets	2,119.60	2,059.59	
	<b>3,918.05</b>	<b>3,861.89</b>	
<b>TOTAL</b>	<b>14,152.10</b>	<b>14,043.13</b>	
2	The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at the meeting held on 13th November, 2014. The Statutory Auditors of the Company have carried out a Limited Review of the above results.		
3	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 quarter ended 31st March, 2014, Varada Drilling One Pte. Ltd. and Varada Drilling Two Pte. Ltd., became associates of the Company.		
4	During the previous year, the Company had reduced its logistics services operations and hence the financials of the current period / year are not fully comparable with the previous periods / year.		
5	Effective 1st April, 2014, depreciation on fixed assets is provided in accordance with part C of Schedule II to the Companies Act, 2013.		
6	Other income for the current quarter includes ₹.61.94 crore representing extinguishment of future instalments pursuant to foreclosure of finance lease of a vessel.		
7	(a) The Goodwill on consolidation in the financial statements of the group (carrying amount of ₹ 5,631.23 crore as at 30th September, 2014) pertains to the Oilfields Services Business. The carrying amount of certain rigs of the Oilfields Services Business which have not been deployed for extended period of time, is ₹135.04 crore as at 30th September, 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 group's Oilfields Services Business, the Management of the Company initiated an exercise of assessing the carrying amount of the goodwill and aforementioned rigs in terms of Accounting Standard (AS) 28, Impairment of Assets, engaging independent valuers to assess the carrying amount of the Oilfields Services Business. In view of recent sharp fall in the crude oil prices, pending execution of the novation agreement for jack up rigs, up-gradation and utilization of aforementioned rigs and considering the current volatility in the industrial scenarios, various operational assumptions for long term projections are being studied in detail. Pending conclusion of the aforesaid assessment, no provision for impairment of the goodwill and aforementioned rigs, if any, has been recognised.		
	(b) Essar Oilfields Services India Limited (EOSIL) a subsidiary of the Company has novated the rig building contract for two jack up rigs and hence carrying amounts of capital work-in-progress related to such rigs are currently grouped under 'Other Current Assets' as 'assets held for sale'. The Company is assessing the impact of certain intermediate interruptions at the construction site so as to determine the amount of borrowing costs, if any, ineligible for capitalisation. Whilst the assessment is being carried out by the Management, borrowing costs amounting to ₹ 35.89 crore incurred during the quarter have currently been capitalized as part of the cost of construction of the aforesaid jack-up rigs.		
	(c) Pending conclusion of assessment, the Statutory Auditors have expressed their inability to comment on matters referred to in para (a) and (b) above in their limited review report.		
8	The Board of Directors in response to a request from a major promoter shareholder has proposed the Company to delist the equity shares of the Company for which consent of the shareholders through E-voting / postal ballot is being sought.		
9	Tax expense for the period / year includes income tax, tonnage tax and deferred tax.		
10	The figures of the previous period(s) / year have been regrouped / reclassified wherever necessary.		
11	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



**Unaudited consolidated segment wise Revenue, Results and Capital employed for the quarter and half year ended 30th September, 2014**

Particulars	₹ in crore					
	Quarter ended			Half year ended		Year ended
	30.09.2014 (Unaudited)	30.06.2014 (Unaudited)	30.09.2013 (Unaudited)	30.09.2014 (Unaudited)	30.09.2013 (Unaudited)	31.03.2014 (Audited)
<b>Segment revenue</b>						
<b>Operating Income</b>						
Fleet operating and chartering	244.90	227.18	252.40	472.08	551.11	989.73
Logistics services	175.38	257.80	60.95	433.18	71.82	230.77
Oilfields services	104.55	36.95	195.28	141.50	368.74	713.63
<b>Total</b>	<b>524.83</b>	<b>521.93</b>	<b>508.63</b>	<b>1,046.76</b>	<b>991.67</b>	<b>1,934.13</b>
Less : Inter segment revenue	(21.98)	(25.46)	(17.11)	(47.44)	(27.90)	(75.59)
<b>Total income from operations</b>	<b>502.85</b>	<b>496.47</b>	<b>491.52</b>	<b>999.32</b>	<b>963.77</b>	<b>1,858.54</b>
<b>Segment results</b>						
Fleet operating and chartering	(28.36)	(21.56)	16.06	(49.92)	48.95	(65.74)
Logistics services	12.60	17.97	5.72	30.57	1.74	(14.50)
Oilfields services	(43.74)	(94.54)	55.21	(138.28)	101.58	132.68
<b>(Loss) / Profit before other income and finance costs other income</b>	<b>(59.50)</b>	<b>(98.13)</b>	<b>76.99</b>	<b>(157.63)</b>	<b>152.27</b>	<b>52.44</b>
Add: Other income	114.26	62.79	24.56	177.05	75.49	148.05
Less: Unallocable interest and finance costs	(89.22)	(98.81)	(97.04)	(188.03)	(186.99)	(399.37)
<b>(Loss) / Profit before tax</b>	<b>(34.46)</b>	<b>(134.15)</b>	<b>4.51</b>	<b>(168.61)</b>	<b>40.77</b>	<b>(198.88)</b>
Less: Tax expense	(9.46)	(5.98)	(15.71)	(15.44)	(32.56)	(44.89)
<b>(Loss) / Profit for the period / year before share in (loss) / profit of associates</b>	<b>(43.92)</b>	<b>(140.13)</b>	<b>(11.20)</b>	<b>(184.05)</b>	<b>8.21</b>	<b>(243.77)</b>
Share of (loss) / profit of associates	(0.01)	(0.02)	-	(0.03)	-	0.05
<b>(Loss) / Profit for the period / year</b>	<b>(43.93)</b>	<b>(140.15)</b>	<b>(11.20)</b>	<b>(184.08)</b>	<b>8.21</b>	<b>(243.72)</b>
<b>Capital employed (segment assets - segment liabilities)</b>						
Fleet operating and chartering	1,698.04	1,725.77	2,285.13	1,698.04	2,285.13	1,752.83
Logistics services	(48.34)	7.25	(18.79)	(48.34)	(18.79)	22.28
Oilfields services	9,815.87	9,646.67	10,213.81	9,815.87	10,213.81	9,832.94
Unallocated	999.68	1,035.07	1,043.97	999.68	1,043.97	1,106.15
<b>Total</b>	<b>12,465.25</b>	<b>12,414.76</b>	<b>13,524.12</b>	<b>12,465.25</b>	<b>13,524.12</b>	<b>12,714.20</b>

For and on behalf of the Board

  
**A. R. Ramakrishnan**  
 Managing Director

Place: Mumbai  
Date: 13th November, 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 and six months ended September 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 8 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. Attention is invited to note 7(a) of the Statement regarding the ongoing assessment by the Management of the possible impairment as at September 30, 2014 of Goodwill of Rs 5,631.23 crores related to Oilfield Services Business and of certain specific Rigs of the said business with carrying amounts of Rs 135.04 crores (including capital work-in-progress of Rs 81.74 crores) which have not been deployed for extended period of time, in terms of Accounting Standard (AS) 28, Impairment of Assets. We have been informed that the Management of the Company has not concluded the process of validating various



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operational assumptions impacting the estimated future cash flows from the Oilfield Services Business and recoverable amounts of the aforesaid specific Rigs and, consequently, the possible impairment of Goodwill and the aforementioned Rigs. Pending conclusion of the said assessment, we are unable to comment on the provision for impairment, if any, which may be required in respect of the carrying amounts of the aforesaid Goodwill and Rigs.

5. Attention is invited to note 7(b) of the Statement about the ongoing assessment by the Management of the impact of intermediate interruptions in construction of two jack-up rigs so as to determine the amount of related borrowing costs ineligible for capitalisation. We are informed that whilst the assessment is being carried out by the Management, borrowing costs amounting to Rs 35.89 crores incurred during the quarter ended September 30, 2014 have currently been fully capitalized as part of the cost of construction of the aforesaid jack-up rigs. Pending conclusion of the said assessment, we are unable to comment on the amount of borrowing costs that do not qualify for capitalisation in terms of the requirements of Accounting Standard (AS) 16, Borrowing Costs.
6. Based on our review conducted as stated above and based on consideration of unaudited interim financial information of associates referred in paragraph 7 below, except for the possible effects of the matters described in paragraphs 4 and 5 above which have not been concluded by the Company's Management, 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. The consolidated financial results includes the Group's share of net loss after tax of Rs. 0.01 crore and Rs. 0.02 crore for the quarter and six months ended September 30, 2014, respectively, as considered in the consolidated financial results, in respect of 2 (two) associates, based on their interim financial information which have not been reviewed by their auditors and are based on the management accounts. Our report on the Statement, in so far as it relates to the amounts and disclosures included in respect of these associates, is based solely on such unaudited financial information.



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8. 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 and six months ended September 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, November 13, 2014