

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, 2014

PART I		₹ in crore					
Sl.No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2014 (Unaudited)	30.09.2014 (Unaudited)	31.12.2013 (Unaudited)	31.12.2014 (Unaudited)	31.12.2013 (Unaudited)	31.03.2014 (Audited)
1	a) Income from operations						
	i) Fleet operating and chartering	175.57	235.63	209.26	625.45	754.48	967.09
	ii) Logistics services	169.04	175.09	33.62	601.86	105.44	230.59
	iii) Oilfields services	137.73	90.88	175.87	252.10	516.55	657.79
	b) Other operating income including profit on sale of fleet (net)	2.45	1.25	1.21	4.70	7.26	3.07
	Total income from operations	484.79	502.85	419.96	1,484.11	1,383.73	1,858.54
2	Expenses						
	a) Direct operating expenses	255.90	296.61	156.76	879.36	535.79	798.28
	b) Dry docking	2.13	7.41	7.78	21.97	13.13	20.78
	c) Standing cost	64.32	75.57	46.22	216.02	130.04	185.08
	d) Employee benefits expense	52.57	45.39	59.66	154.48	161.20	220.92
	e) Depreciation (refer note no.4)	114.34	111.28	107.97	332.98	322.26	477.88
	f) Loss on sale of fixed assets (net)	-	-	19.46	-	19.46	19.86
	g) Other expenses (refer note no.5)	36.47	26.09	17.35	77.87	44.82	83.30
	Total expenses	525.73	562.35	415.20	1,682.68	1,226.70	1,806.10
3	(Loss) / Profit from operations before other income, finance costs and tax	(40.94)	(59.50)	4.76	(198.57)	157.03	52.44
4	Other income (refer note no.6)	31.00	114.26	32.81	208.05	108.30	148.05
5	(Loss) / Profit before finance costs and tax	(9.94)	54.76	37.57	9.48	265.33	200.49
6	Finance costs	96.19	89.22	117.49	284.22	304.48	399.37
7	(Loss) / Profit before tax	(106.13)	(34.46)	(79.92)	(274.74)	(39.15)	(198.88)
8	Tax expenses	9.05	9.46	6.32	24.49	38.88	44.89
9	(Loss) / Profit for the period / year before share of profit of associates	(115.18)	(43.92)	(86.24)	(299.23)	(78.03)	(243.77)
10	Share of (loss) / profit of associates	-	(0.01)	-	(0.03)	-	0.05
11	(Loss) / Profit for the period / year	(115.18)	(43.93)	(86.24)	(299.26)	(78.03)	(243.72)
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	Earnings per share (EPS) (*not annualised)						
	(a) Basic (in ₹)	*(5.61)	*(2.14)	*(4.20)	*(14.58)	*(3.80)	(11.88)
	(b) Diluted (in ₹)	*(5.61)	*(2.14)	*(4.20)	*(14.58)	*(3.80)	(11.88)
	See accompanying notes to the financial results						
PART II		Select information for the quarter and nine months ended 31st December, 2014					
A	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 31.12.2014					
	Pending at the beginning of the quarter	-					
	Received during the quarter	9					
	Disposed off during the quarter	9					
	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 13th February, 2015. The Statutory Auditors of the Company have carried out a Limited Review of the above results.
- 2 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.
- 3 During the previous year, the Company had reduced its logistics services operations and hence the financials of the current periods / year are not fully comparable with the previous periods / year.
- 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 Other expenses includes foreign exchange losses of ₹ 28.55 crore and ₹15.02 crore (including amortisation of FCMTIDA) for the nine months and quarter ended 31.12.2014 respectively.
- 6 Other income for the previous 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 ₹ 5,788.25 crore as at 31st December, 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 ₹ 352.56 crore as at 31st December, 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 ₹ 28.86 crore incurred during the quarter have currently been capitalised 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 Unlike in the tanker segment, with continuing slowdown in the dry bulk segment in the shipping industry, the Company has measured 'recoverable amount' of its dry bulk fleet by estimating their 'value in use', in terms of Accounting Standard (AS) 28, Impairment of Assets. Based on existing long term contracts, and past trends, future cash flows have been estimated of its dry bulk fleet and based on this evaluation, there is no impairment to the carrying value of the vessels.
- 9 Post the approval of shareholders, in principle approval for delisting has been received from BSE Limited and National Stock Exchange of India Limited.
- 10 Tax expense for the period / year includes income tax, tonnage tax and deferred tax.
- 11 The figures of the previous period(s) / year have been regrouped / reclassified wherever necessary.
- 12 As per Clause 41 of the Listing Agreement, the standalone financials are available on the Company's website: www.essar.com

Place: Mumbai
Date: 13th February, 2015



For and on behalf of the Board


Anoop kumar Sharma
Whole time Director



Unaudited consolidated segment wise Revenue, Results and Capital employed for the quarter and nine months ended 31st December, 2014

Particulars	₹ in crore					
	Quarter ended			Nine months ended		Year ended
	31.12.2014 (Unaudited)	30.09.2014 (Unaudited)	31.12.2013 (Unaudited)	31.12.2014 (Unaudited)	31.12.2013 (Unaudited)	31.03.2014 (Audited)
Segment revenue						
Operating Income						
Fleet operating and chartering	181.01	244.90	211.66	653.09	762.77	989.73
Logistics services	170.46	175.38	33.75	603.64	105.57	230.77
Oilfields services	151.85	104.55	189.81	293.35	558.55	713.63
Total	503.32	524.83	435.22	1,550.08	1,426.89	1,934.13
Less : Inter segment revenue	(18.53)	(21.98)	(15.26)	(65.97)	(43.16)	(75.59)
Total income from operations	484.79	502.85	419.96	1,484.11	1,383.73	1,858.54
Segment results						
Fleet operating and chartering	(63.22)	(28.36)	(36.46)	(113.14)	12.49	(65.74)
Logistics services	8.64	12.60	(1.55)	39.21	0.19	(14.50)
Oilfields services	13.64	(43.74)	42.77	(124.64)	144.35	132.68
(Loss) / Profit before other income and finance costs other income	(40.94)	(59.50)	4.76	(198.57)	157.03	52.44
Add: Other income	31.00	114.26	32.81	208.05	108.30	148.05
Less: Unallocable interest and finance costs	(96.19)	(89.22)	(117.49)	(284.22)	(304.48)	(399.37)
(Loss) / Profit before tax	(106.13)	(34.46)	(79.92)	(274.74)	(39.15)	(198.88)
Less: Tax expense	(9.05)	(9.46)	(6.32)	(24.49)	(38.88)	(44.89)
(Loss) / Profit for the period / year before share in (loss) / profit of associates	(115.18)	(43.92)	(86.24)	(299.23)	(78.03)	(243.77)
Share of (loss) / profit of associates	-	(0.01)	-	(0.03)	-	0.05
(Loss) / Profit for the period / year	(115.18)	(43.93)	(86.24)	(299.26)	(78.03)	(243.72)
Capital employed (segment assets - segment liabilities)						
Fleet operating and chartering	1,647.21	1,698.04	2,010.64	1,647.21	2,010.64	1,752.83
Logistics services	(75.89)	(48.34)	31.44	(75.89)	31.44	22.28
Oilfields services	9,881.77	9,815.87	10,093.25	9,881.77	10,093.25	9,832.94
Unallocated	926.56	999.68	1,029.33	926.56	1,029.33	1,106.15
Total	12,379.65	12,465.25	13,164.66	12,379.65	13,164.66	12,714.20

For and on behalf of the Board


 Anoop Kumar Sharma
 Whole time Director



Place: Mumbai
Date: 13th February, 2015



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 nine months ended December 31, 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 9 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 LimitedAssociates:
 - 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 December 31, 2014 of Goodwill of Rs 5,788.25 crores related to Oilfield Services Business and of certain Rigs of the said business with carrying amounts of Rs 352.56 crores (including capital work-in-progress of Rs 75.46 crores), 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 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 by the Management, 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.



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Deloitte Haskins & Sells

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 and Rs. 28.86 crores incurred during the quarters ended September 30, 2014 and December 31, 2014 respectively, 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 8 below, except for the possible effects of the matters described in paragraphs 4 and 5 above, 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. Attention is invited to note 8 of the Statement which describes key sources of estimation uncertainties with regard to measurement of 'recoverable amount' of dry bulk fleet (carrying amounts – Rs. 1,067.91 crores as at December 31, 2014) and the basis for not recognising impairment, in terms of Accounting Standard (AS) 28, Impairment of Assets.

Our report is not qualified in respect of this matter.

8. The consolidated financial results includes the Group's share of net loss after tax of Rs. 0.00 crore (less than Rs. 1 lakh) and Rs. 0.03 crore for the quarter and nine months ended December 31, 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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Deloitte Haskins & Sells

9. 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 nine months ended December 31, 2014 of the Statement, from the details furnished by the Management.



MUMBAI, February 13, 2015

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No.117365W)

A handwritten signature in black ink that reads "Samir R. Shah".

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

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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, 2014

PART I		₹ in crore					
Sl.No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2014 (Unaudited)	30.09.2014 (Unaudited)	31.12.2013 (Unaudited)	31.12.2014 (Unaudited)	31.12.2013 (Unaudited)	31.03.2014 (Audited)
1	a) Income from operations						
	Fleet operating and chartering	172.52	220.35	181.83	620.05	684.59	870.55
	b) Other operating income including profit on sale of fleet (net)	0.84	0.82	1.57	2.45	2.29	3.12
	Total income from operations	173.36	221.17	183.40	622.50	686.88	873.67
2	Expenses						
	a) Direct operating expenses	115.38	134.41	111.15	370.69	390.42	504.99
	b) Dry docking	2.46	3.78	7.78	9.23	13.13	20.78
	c) Standing costs	12.87	17.87	15.04	44.57	45.79	62.55
	d) Employee benefits expense	25.43	27.53	28.85	80.52	82.69	113.92
	e) Depreciation (refer note no.3)	37.77	36.39	33.02	109.21	104.02	185.56
	f) Loss on sale of fixed assets (net)	-	-	18.89	-	18.89	20.25
	g) Other expenses (refer note no.4)	23.04	18.00	6.97	50.26	16.43	21.08
	Total expenses	216.95	237.98	221.70	664.48	671.37	929.13
3	(Loss) / Profit from operations before other income, finance costs and exceptional item	(43.59)	(16.81)	(38.30)	(41.98)	15.51	(55.46)
4	Other income (refer note no.5)	26.75	119.93	25.17	177.63	119.05	152.72
5	(Loss) / Profit before finance costs and exceptional item	(16.84)	103.12	(13.13)	135.65	134.56	97.26
6	Finance costs	70.36	66.14	78.23	217.57	237.37	322.93
7	(Loss) / Profit before exceptional item	(87.20)	36.98	(91.36)	(81.92)	(102.81)	(225.67)
8	Exceptional item (refer note no.6)	-	-	-	-	-	5.44
9	(Loss) / Profit before tax	(87.20)	36.98	(91.36)	(81.92)	(102.81)	(220.23)
10	Tax expenses	0.65	2.23	0.66	3.78	7.57	8.92
11	(Loss) / Profit / for the period / year	(87.85)	34.75	(92.02)	(85.70)	(110.38)	(229.15)
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	Earnings per share (EPS) (*not annualised)						
	(a) Basic (in ₹)	*(4.28)	*1.69	*(4.49)	*(4.18)	*(5.38)	(11.17)
	(b) Diluted (in ₹)	*(4.28)	*1.63	*(4.49)	*(4.18)	*(5.38)	(11.17)
	See accompanying notes to the financial results						
PART II		Select information for the quarter and nine months ended 31st December, 2014					
A	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 31.12.2014					
	Pending at the beginning of the quarter	-					
	Received during the quarter	9					
	Disposed off during the quarter	9					
	Remaining unresolved at the end of the quarter	-					



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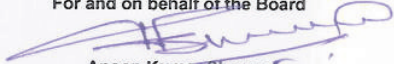
NOTES:

- 1 The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at the meeting held on 13th February, 2015. The Statutory Auditors of the Company have carried out a Limited Review of the above results.
- 2 Segment information has been disclosed in the consolidated financial results in accordance with Accounting Standard 17, Segment Reporting.
- 3 Effective 1st April, 2014, depreciation on fixed assets is provided in accordance with part C of Schedule II to the Companies Act, 2013.
- 4 Other expenses includes foreign exchange losses of ₹ 29.81 crore and ₹15.15 crore (including amortisation of FCMITDA) for the nine months and quarter ended 31.12.2014 respectively.
- 5 The other income for the previous quarter includes ₹.61.94 crore representing extinguishment of future instalments pursuant to foreclosure of finance lease of a vessel and profit of ₹ 24.47 crore on buy back of equity shares of a subsidiary.
- 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 31st December, 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 Unlike in the tanker segment, with continuing slowdown in the dry bulk segment in the shipping industry, the Company has measured 'recoverable amount' of its dry bulk fleet by estimating their 'value in use', in terms of Accounting Standard (AS) 28, Impairment of Assets. Based on existing long term contracts, and past trends, future cash flows have been estimated of its dry bulk fleet and based on this evaluation, there is no impairment to the carrying value of the vessels.
- 9 Post the approval of shareholders, in principle approval for delisting has been received from BSE Limited and National Stock Exchange of India Limited.
- 10 Tax expense includes tax on overseas dividend income and tonnage tax.
- 11 The figures of the previous period(s) / year have been regrouped / reclassified wherever necessary.

Place: Mumbai
Date: 13th February, 2015

For and on behalf of the Board




Anoop Kumar Sharma
Whole time Director



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 nine months ended December 31, 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 6 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. 4,747.78 crores as at December 31, 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, Accounting for 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, 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.
5. Attention is invited to note 8 of the Statement which describes key sources of estimation uncertainties with regard to measurement of 'recoverable amount' of dry bulk fleet (carrying amounts - Rs. 1,067.91 crores as at December 31, 2014) and the basis for not recognising impairment, in terms of Accounting Standard (AS) 28, Impairment of Assets.
Our report is not qualified in respect of this matter.

SBS



Deloitte Haskins & Sells

6. 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 nine months ended December 31, 2014 of the Statement, from the details furnished by the Management.



MUMBAI, February 13, 2015

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.117365W)

A handwritten signature in black ink that reads "Samir R. Shah".

Samir R. Shah
Partner

Membership No. 101708