

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 ended June 30, 2015 ("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. Arkay 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 3 of the Statement regarding Management's ongoing assessment of possible impairment of Goodwill of Rs 5,826.95 crores related to Oilfield Services Business and that of certain Rigs of the said business with carrying amounts of Rs 338.29 crores (including capital work-in-progress of Rs 75.46 crores), as at June 30, 2015 in terms of Accounting Standard (AS) 28, Impairment of Assets. We have been informed that the Management has not yet concluded the process of validating various operational assumptions impacting the estimated future cash flows from the Oilfield Services Business and consequent effect on the recoverable amount of Goodwill and aforesaid rigs. Pending conclusion of the said assessment, we are unable to comment on the extent of diminution, if any, which may be required in respect of the carrying amounts of the aforesaid Goodwill and the Rigs.



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5. We have been informed that the Statement is prepared on a going concern basis which is predicated on the expectation that the Group will be able to refinance its existing borrowings in a manner such that repayment schedules are aligned with projected debt servicing ability of the fleet and rigs.
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 matter described in paragraph 4 above and non-disclosure of the matter described in paragraph 5 above in the Statement, 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 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 for the quarter ended June 30, 2015, 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.
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 ended June 30, 2015 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, August 14, 2015

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, 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 ended 30th June, 2015

PART I		₹ In crore			
Sl.No.	Particulars	Quarter ended		Year ended	
		30.06.2015 (Unaudited)	31.03.2015 (refer note 7)	30.06.2014 (Unaudited)	31.03.2015 (Audited)
1	a) Income from operations				
	i) Fleet operating and chartering	204.33	174.60	214.25	800.05
	ii) Logistics services	190.64	194.45	257.73	796.31
	iii) Oilfields services	29.78	56.22	23.49	308.32
	b) Other operating income including profit on sale of fleet (net)	1.13	1.24	1.00	5.94
	Total income from operations	425.88	426.51	496.47	1,910.62
2	Expenses				
	a) Direct operating expenses	264.68	148.54	326.85	1,027.90
	b) Dry docking	0.07	2.11	12.43	24.08
	c) Standing cost	51.92	66.98	76.13	283.00
	d) Employee benefits expense	33.90	48.92	56.52	203.40
	e) Depreciation	111.79	91.08	107.36	424.06
	f) Loss on sale of fixed assets (net)	-	20.51	-	20.51
	g) Other expenses	19.04	46.84	15.31	124.71
	Total expenses	481.40	424.98	594.60	2,107.66
3	(Loss) / Profit from operations before other income, finance costs and tax	(55.52)	1.53	(98.13)	(197.04)
4	Other income	59.57	34.62	62.79	242.67
5	Profit / (Loss) before finance costs and tax	4.05	36.15	(35.34)	45.63
6	Finance costs	116.31	192.91	98.81	477.13
7	Loss before tax	(112.26)	(156.76)	(134.15)	(431.50)
8	Tax expenses	3.44	2.89	5.98	27.38
9	Loss for the period / year before share of loss of associates	(115.70)	(159.65)	(140.13)	(458.88)
10	Share of loss of associates	(0.01)	(0.04)	(0.03)	(0.07)
11	Loss for the period / year	(115.71)	(159.69)	(140.16)	(458.95)
12	Paid-up equity share capital (face value of ₹10/- each)	205.23	205.23	205.23	205.23
13	Reserves				6,674.82
14	Earnings per share (EPS) (*not annualised)				
	(a) Basic (in ₹)	*5.64	*(7.78)	*(6.83)	(22.36)
	(b) Diluted (in ₹)	*5.64	*(7.78)	*(6.83)	(22.36)
	See accompanying notes to the financial results				


PART II		Select information for the quarter and period ended 30th June, 2015			
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
	- Percentage of shareholding	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
	- Percentage of shares to the total shareholding of promoter and promoter group	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
	b) Non-encumbered				
	- Number of shares	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
	- Percentage of shares to the total share capital of the Company	0.03	0.03	0.03	0.03
B	INVESTOR COMPLAINTS	Quarter ended 30.06.2015			
	Pending at the beginning of the quarter	-			
	Received during the quarter	2			
	Disposed off during the quarter	2			
	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 14th August, 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, three overseas subsidiaries and two associate companies. The operations include fleet operating and chartering, logistics services and oilfields services.
- 3 Goodwill of ₹ 5,826.95 crore on consolidation in the financial statements of the group pertains to the Oilfields Services Business. The carrying amount of certain rigs (including capital work-in-progress of ₹ 75.46 crore) which have generally not been deployed for extended period of time of the said business is ₹ 338.29 crore as at 30th June, 2015. The Management had initiated an exercise of assessing the valuation of the oilfields services business during the financial year 2013-14 in terms of Accounting Standard (AS) 28, "Impairment of Assets". In view of recent volatility in crude oil prices, current economic scenario and evaluation of possible up-gradation and utilization of rigs, various operational assumptions for long term projections are being assessed in detail by the Management. Pending conclusion of the said assessment, the recoverable amounts of the goodwill and the rigs, are not yet estimated and accordingly, provision for impairment of the goodwill and the rigs, if any, has not been recognised as at 30th June, 2015 and the Statutory Auditors have expressed their inability to comment on this matter.
- 4 Post the approval of shareholders, in principle approval for delisting from BSE Limited and National Stock Exchange of India Limited, the matter is in progress.
- 5 Tax expense for the period / year includes income tax , tonnage tax and deferred tax.
- 6 The figures of the previous period(s) / year have been regrouped / reclassified wherever necessary.
- 7 The figures for the quarter ended 31st March, 2015 are the balancing figures between the audited figures in respect of the full financial year ended 31st March, 2015 and the published year to date figures up to third quarter of the previous financial year.
- 8 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


Anoop Kumar Sharma
Whole time Director

Place: Mumbai

Date: 14th August, 2015



Unaudited consolidated segment wise Revenue, Results and Capital employed for the quarter ended 30th June, 2015

Particulars	₹ in crore			
	Quarter ended			Year ended
	30.06.2015 (Unaudited)	31.03.2015 (refer note 7)	31.06.2014 (Unaudited)	31.03.2015 (Audited)
Segment revenue				
Operating Income				
Fleet operating and chartering	216.16	188.42	227.18	841.51
Logistics services	190.74	194.75	257.80	798.39
Oilfields services	30.35	73.31	36.95	366.66
Total	437.25	456.48	521.93	2,006.56
Less : Inter segment revenue	(11.37)	(29.97)	(25.46)	(95.94)
Total income from operations	425.88	426.51	496.47	1,910.62
Segment results				
Fleet operating and chartering	2.93	40.72	(21.56)	(72.42)
Logistics services	14.70	29.64	17.97	68.85
Oilfields services	(73.15)	(68.83)	(94.54)	(193.47)
Profit / (Loss) before other income and finance costs	(55.52)	1.53	(98.13)	(197.04)
Add: Other income	59.57	34.62	62.79	242.67
Less: Unallocated interest and finance costs	(116.31)	(192.91)	(98.81)	(477.13)
Loss before tax	(112.26)	(156.76)	(134.15)	(431.50)
Less: Tax expense	(3.44)	(2.89)	(5.98)	(27.38)
Loss for the period / year before share of profit of associates	(115.70)	(159.65)	(140.13)	(458.88)
Share of (loss) / profit of associates	(0.01)	(0.04)	(0.03)	(0.07)
Loss for the period / year	(115.71)	(159.69)	(140.16)	(458.95)
Capital employed (segment assets - segment liabilities)				
Fleet operating and chartering	1,592.59	1,598.92	1,725.77	1,598.92
Logistics services	(37.23)	(37.88)	7.25	(37.88)
Oilfields services	9,603.96	9,623.91	9,646.67	9,623.91
Unallocated	845.80	857.93	1,035.07	857.93
Total	12,005.12	12,042.88	12,414.76	12,042.88

For and on behalf of the Board

Anoop Kumar Sharma


Whole time Director

Place: Mumbai

Date: 14th August, 2015



**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 ended June 30, 2015 ("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 3 of the Statement regarding the Management's ongoing assessment from the financial year 2013-14 of 'other than temporary' decline in the value of long term investment of Rs.4,747.78 crores as at June 30, 2015 in 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 has not yet concluded the process of validating various operational assumptions impacting the estimated future cash flows from the operations 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 value of the aforesaid investment. Pending conclusion of the said assessment, we are unable to comment on the extent of diminution, if any, which may be required in respect of the carrying amount of the investment.
4. We have been informed that the Statement is prepared on a going concern basis which is predicated on the expectation that the Company will be able to refinance its existing borrowings in a manner such that repayment schedules are aligned with projected debt servicing ability of the fleet.



Deloitte Haskins & Sells

5. Based on our review conducted as stated above, except for the possible effects of the matter described in paragraph 3 above and non-disclosure of the matter described in paragraph 4 above in the Statement, 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 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.
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 ended June 30, 2015 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, August 14, 2015

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 Standalone Unaudited Financial Results for the quarter ended 30th June, 2015

PART I		₹ in crore			
Sl.No.	Particulars	Quarter ended			Year ended
		30.06.2015 (Unaudited)	31.03.2015 (refer note 6)	30.06.2014 (Unaudited)	31.03.2015 (Audited)
1	a) Income from operations				
	Fleet operating and chartering	194.95	167.80	227.18	787.85
	b) Other operating income including profit on sale of fleet (net)	0.86	0.84	0.79	3.29
	Total income from operations	195.81	168.64	227.97	791.14
2	Expenses				
	a) Direct operating expenses	111.59	36.99	120.90	407.68
	b) Dry docking	-	1.70	2.99	10.93
	c) Standing costs	13.44	16.88	13.83	61.45
	d) Employee benefits expense	25.58	27.11	27.56	107.63
	e) Depreciation	36.37	34.75	35.05	143.96
	f) Other expenses	3.64	9.17	9.22	59.43
	Total expenses	190.62	126.60	209.55	791.08
3	Profit from operation before other income and finance costs	5.19	42.04	18.42	0.06
4	Other income	36.99	30.13	30.95	207.76
5	Profit before finance costs and exceptional item	42.18	72.17	49.37	207.82
6	Finance costs	63.52	68.75	81.07	286.32
7	(Loss) / Profit before tax	(21.34)	3.42	(31.70)	(78.50)
8	Tax expenses	0.78	0.72	0.90	4.50
9	(Loss) / Profit for the period / year	(22.12)	2.70	(32.60)	(83.00)
10	Paid-up equity share capital (face value of ₹10/- each)	205.23	205.23	205.23	205.23
11	Reserves				4,600.01
12	Earnings per share (EPS) (*not annualised)				
	(a) Basic (in ₹)	*(1.08)	*0.13	*(1.59)	(4.04)
	(b) Diluted (in ₹)	*(1.08)	*0.13	*(1.59)	(4.04)
	See accompanying notes to the financial results				
PART II					
Select information for the quarter ended 30th June, 2015					
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
	- Percentage of shareholding	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
	- Percentage of shares to the total shareholding of promoter and promoter group	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
	b) Non-encumbered				
	- Number of shares	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
	- Percentage of shares to the total share capital of the Company	0.03	0.03	0.03	0.03
B	INVESTOR COMPLAINTS				
	Pending at the beginning of the quarter	-	-	-	-
	Received during the quarter	2	2	2	2
	Disposed off during the quarter	2	2	2	2
	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 14th August, 2015. The Statutory Auditors of the Company have carried out a Limited Review of the above results.
- 2 The Company has only one reportable business segment of fleet operating and chartering.
- 3 The carrying amount of investment in equity shares of Essar Oilfields Services Limited, Mauritius, a wholly owned subsidiary of the Company, is ₹ 4,747.78 crore as at 30th June, 2015. The Management had initiated an exercise of assessing the value of the said investment during the financial year 2013-14 in terms of Accounting Standard (AS) 13, "Accounting of Investments". In view of recent volatility in crude oil prices, current economic scenario and evaluation of possible up-gradation and utilization of rigs, various operational assumptions for long term projections are being assessed in detail by the Management. Pending conclusion of the said assessment, no provision for diminution in the carrying value, if any, of the aforesaid investment has been recognised as at 30th June, 2015 and the Statutory Auditors have expressed their inability to comment on this matter.
- 4 Post the approval of shareholders, in principle approval for delisting from BSE Limited and National Stock Exchange of India Limited, the matter is in progress.
- 5 Tax expense includes tax on overseas dividend income and tonnage tax.
- 6 The figures for the quarter ended 31st March, 2015 are the balancing figures between the audited figures in respect of the full financial year ended 31st March, 2015 and the published year to date figures up to third quarter of the previous financial year.
- 7 The figures of the previous period(s) / year have been regrouped / reclassified wherever necessary.

For and on behalf of the Board



Anoop Kumar Sharma
Whole time Director

Place: Mumbai
Date: 14th August, 2015

