

Independent Auditor's Report on Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To Board of Directors of Essar Shipping Limited

1. We have audited the statement of Standalone financial results of **Essar Shipping Limited** ("the Company") for the quarter ended March 31, 2016 and the year to date results for the period **April 1, 2015 to March 31, 2016**, ("the statement") attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This statement which is the responsibility of the company's management and approved by the Board of Directors, has been prepared on the basis of the related standalone financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standards prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, as applicable and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the statement.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. Attention is invited to Note 4 of the results regarding ongoing assessment of the "other than temporary decline" in the value of Long Term Investment of Rs. 4,747.78 crores as at March 31, 2016 in equity Shares of Essar Oilfield Services Limited, Mauritius, a wholly owned subsidiary of the company, in terms of Accounting Standard 13- Accounting for Investments, as notified pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. 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

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on the extent of diminution, if any, which may be required in respect of the carrying amount of the investment.

4. Attention is invited to Note 8 of the Statement regarding figures for the quarter ended March 31, 2016, being balancing figures between the audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the relevant financial year. Also the figures up to the end of the third quarter had only been reviewed and not subjected to audit.
5. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter discussed in para 3 above, the statement:
 - i. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
 - ii. give a true and fair view of the net loss and other financial information for the quarter ended March 31, 2016 as well as the year to date results for the period from April 1, 2015 to March 31, 2016

For **CNK & Associates LLP**

Chartered Accountants

Firm Registration Number: 101961W

Himanshu Kishnadwala

Partner

Membership No. 37391

Place: Mumbai

Date: May 25, 2016



ESSAR SHIPPING LIMITED

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Statement of Standalone Audited Financial Results for the quarter and year ended 31st March, 2016

Sl.No.	Particulars	₹ in crore				
		Quarter ended			Year ended	
		31.03.2016 (refer note no.8)	31.12.2015 (Unaudited)	31.03.2015 (refer note no.8)	31.03.2016 (Audited)	31.03.2015 (Audited)
1	a) Income from operations					
	Fleet operating and chartering	146.90	183.11	167.80	725.15	787.85
	b) Other operating income including profit on sale of fleet (net)	0.92	0.89	0.84	3.55	3.29
	Total income from operations	147.82	184.00	168.64	728.70	791.14
2	Expenses					
	a) Direct operating expenses	41.87	90.57	36.99	338.58	407.68
	b) Dry docking	0.16	5.01	1.70	11.55	10.93
	c) Standing costs	15.95	15.80	16.88	59.21	61.45
	d) Employee benefits expense	27.68	27.04	27.11	105.06	107.63
	e) Depreciation	36.75	37.84	34.75	149.07	143.96
	f) Other expenses (refer note 5)	31.60	4.91	9.17	43.71	59.43
	Total expenses	154.01	181.17	126.60	707.18	791.08
3	(Loss) / Profit from operation before other income, finance costs and tax	(6.19)	2.83	42.04	21.52	0.06
4	Other income	41.55	32.92	30.13	148.62	207.76
5	Profit before finance costs	35.36	35.75	72.17	170.14	207.82
6	Finance costs	73.10	70.64	68.75	280.37	286.32
7	(Loss) / Profit before tax	(37.74)	(34.89)	3.42	(110.23)	(78.50)
8	Tax expenses	0.76	0.99	0.72	3.39	4.50
9	(Loss) / Profit for the period / year	(38.50)	(35.88)	2.70	(113.62)	(83.00)
10	Paid-up equity share capital (face value of ₹10/- each)	206.98	205.23	205.23	206.98	205.23
11	Reserves				4,416.92	4,600.01
12	Earnings per share (EPS) (*not annualised)					
	(a) Basic (in ₹)	*(1.87)	*(1.75)	*0.13	(5.53)	(4.04)
	(b) Diluted (in ₹)	*(1.87)	*(1.75)	*0.13	(5.53)	(4.04)
13	Paid-up debt capital				700.00	700.00
14	Debenture redemption reserve				55.00	55.00
15	Debt service coverage ratio **				0.74	0.69
16	Interest service coverage ratio ***				1.14	1.23
	** 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					



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NOTES:

1 Statement of standalone assets and liabilities as at 31st March, 2016

Particulars	As at 31.03.2016 (Audited)	As at 31.03.2015 (Audited)
EQUITY AND LIABILITIES		
Shareholders' funds		
(a) Share capital	206.98	205.23
(b) Reserves and surplus	4,416.92	4,600.00
	4,623.90	4,805.24
Non-current liabilities		
(a) Long-term borrowings	2,464.85	1,578.20
(b) Other long term liabilities	-	44.49
(c) Long-term provisions	22.11	12.88
	2,486.96	1,635.57
Current liabilities		
(a) Short-term borrowings	464.84	175.68
(b) Trade payables	272.19	241.73
(c) Other current liabilities	1,411.30	2,134.93
(d) Short-term provisions	5.16	5.52
	2,153.49	2,557.86
TOTAL	9,264.35	8,998.67
ASSETS		
Non-current assets		
(a) Fixed assets		
Tangible assets	1,287.79	1,500.43
(b) Non-current investments (in subsidiaries) (refer note no.4)	6,022.87	5,261.83
(c) Long-term loans and advances	19.62	443.28
(d) Other non-current assets	36.91	29.96
	7,367.19	7,235.50
Current assets		
(a) Current investments	1,164.64	1,099.03
(b) Inventories	17.42	14.18
(c) Trade receivables	45.59	68.90
(d) Cash and bank balances	22.64	24.40
(e) Short-term loans and advances	336.37	414.57
(f) Other current assets	310.50	142.09
	1,897.16	1,763.17
TOTAL	9,264.35	8,998.67

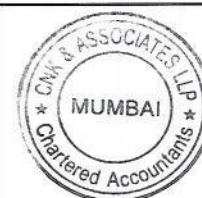
- 2 The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at the meeting held on 25th May, 2016.
- 3 The Company has only one reportable business segment of fleet operating and chartering.
- 4 The carrying amount of investment in equity shares of Essar Oilfields Services Limited, Mauritius, a wholly owned subsidiary of the Company, is ₹ 4,747.78 crore as at 31st March, 2016. The Management is in 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, no provision for diminution in the carrying value, if any, of the aforesaid investment has been recognised as at 31st March, 2016 and the Statutory Auditors in their Audit Report, have expressed their inability to comment on this matter.
- 5 Other expenses during the current quarter and year includes provision for diminution in value of vessel held for sale amounting to ₹ 28.86 crore.
- 6 The Company has received an award in its favour for an amount of US\$ 47.13 million on account of arbitration initiated by the Company against a charterer for illegally terminating a Contract of Affreightment (COA) entered between the Company and the charterer and no impact of the same has been considered in the above results.
- 7 Tax expense includes tax on overseas dividend income and tonnage tax.
- 8 The figures for the quarter ended 31st March, 2016 and 31st March, 2015 are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the relevant financial year.
- 9 The figures of the previous period(s) / year have been regrouped / reclassified wherever necessary.

For and on behalf of the Board



Anoop Kumar Shafma
Managing Director

Place: Mumbai
Date: 25th May, 2016



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