

### Essar Shipping Limited

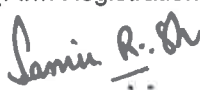



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### FORM A

#### Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	Essar Shipping Limited										
2.	Annual standalone financial statements for the year ended	Standalone financial statements for the year ended 31 <sup>st</sup> March, 2013										
3.	Type of Audit observation	<p>Extract of Auditors' comments in the Annexure to the Auditor's Report, which are in the nature of Emphasis of Matter:</p> <p>i. Para 6 – The management of the Company has obtained a legal opinion confirming that the directives issued by the Reserve Bank of India relating to public deposits, the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed thereunder, are not applicable to the non-convertible unsecured debentures issued by the Company during the year as the Company cannot be said to have accepted 'deposits from the public'. Accordingly, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Company Act, 1956 and the rules framed thereunder does not arise.</p> <p>We have been informed that security has been created for the said debentures subsequent to balance sheet date.</p> <p>ii. Para 9 – According to the information and explanation given to us in respect of statutory dues:</p> <p>a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth tax, Service Tax, Custom Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. However, there have been delays in depositing undisputed statutory dues of service tax and tax deducted at source with the appropriate authorities. As informed to us, the provisions of Employee's State Insurance and Excise Duty were not applicable to the Company during the year.</p> <p>b) Details of dues of Income Tax and Customs duty which have not been deposited as on March 31, 2013 on account of disputes are given below:</p> <table border="1"> <thead> <tr> <th>Name of statute</th><th>Nature of dues</th><th>Amount (Rs. in crore)</th><th>Period to which the amount relates</th><th>Forum where dispute is pending</th></tr> </thead> <tbody> <tr> <td>Income tax Act, 1961</td><td>Income Tax</td><td>7.29*</td><td>1993-94</td><td>The High Court of Bombay</td></tr> </tbody> </table>	Name of statute	Nature of dues	Amount (Rs. in crore)	Period to which the amount relates	Forum where dispute is pending	Income tax Act, 1961	Income Tax	7.29*	1993-94	The High Court of Bombay
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		Foreign Trade Customs 27.40 2006-07 The High Court of Bombay
		<p>* The Income Tax Department has preferred an appeal against the order of the Appellate Tribunal pursuant to which the said amount deposited earlier was refunded to the Company.</p> <p>According to the information and explanations given to us, there were no dues pending to be deposited on account of any dispute in respect of Sales Tax, Wealth Tax, Service Tax and Cess as on March 31, 2013.</p> <p>iii. Para 11 - Delays in repayment of dues (including interest) to banks, financial institutions, foreign currency convertible bond holders and debenture holders amounting to Rs. 235.44 crores have generally been regularised within 90 days from due dates.</p> <p>iv. Para 17 - In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that short term funds (other than borrowings) of Rs. 91.81 crores have, <u>prima facie</u>, been used for long-term investment/ purposes.</p>
4.	Frequency of observation	<p>Frequency of observation shown in Sr.No 3 above are as follows :</p> <p><u>Comments in the Annexure to the Auditors' report</u></p> <p>Sr.no 3 (i), 3(ii)(a), 3(iii) and 3(iv) – Current year</p> <p>Sr.no. 3(ii)(b) – Over last 2 years</p>
5.	Signed by	
<p>Refer our Audit Report dated 28 May, 2013 on the standalone financial statements of the Company</p> <p>For <b>Deloitte Haskins &amp; Sells</b></p> <p>Chartered Accountants</p> <p>(Firm Registration No. 117365W)</p> <p> Samir R. Shah <b>Partner</b> Membership No. 101708</p> <p> A. R. Ramakrishnan <b>Managing Director</b></p> <p> Vikram Gupta <b>Chief Financial Officer</b></p> <p> Deepak Kumar Varma <b>Audit Committee – Chairman</b></p> <p>Mumbai, August 7, 2013</p> <p>Mumbai, August 7, 2013</p>		

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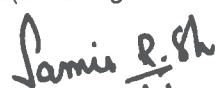
### FORM A

#### Format of covering letter of the annual audit report to be filed with the stock exchanges


1.	Name of the Company	Essar Shipping Limited
2.	Annual financial statements for the year ended	Consolidated financial statements for the year ended 31 <sup>st</sup> March, 2013
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Not Applicable
5.	Signed by	

Refer our Audit Report dated 28 May, 2013  
on the consolidated financial statements of the  
Company


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



Samir R. Shah  
**Partner**  
Membership No. 101708

  
A. R. Ramakrishnan  
**Managing Director**

  
Vikram Gupta  
**Chief Financial Officer**

  
Deepak Kumar Varma  
**Audit Committee – Chairman**

Mumbai, August 7, 2013

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