

Essar Shipping Ltd

Performance Update

31st March 2012





VLCC – MT Smiti



Semi-submersible – Essar Wildcat



Land Rig – LR#4



Land Logistics

Essar Shipping – Overview



Shipping



- Fleet of 27 vessels, DWT of 2.04 Mn
 - 2 modern Double Hull VLCCs
 - 6 Capesize ships
 - 4 Mini-Capesize Ship
 - 2 Supramax bulk carriers
 - 2 13,000 dwt General Cargo ships
 - 7 Mini Bulk Carriers & 4 Tugs
- 8 new ships on order

- Experienced and credible operator with more than 250 ship years of experience
- India's largest Cape-size fleet
- All ships on long term contracts
- Strong client base consisting of Baosteel, SAIL, Indian Oil Corporation, Essar Steel, Essar Oil, etc., all with long term contracts, ensuring steady cash flows in a volatile market

Oilfields Services



- 1 Semi Submersible offshore rig
- 12 Land Rigs
- 2 new Jack Ups under construction

- High operating margins
- Experienced and credible operator with strong HSE track record
- Diversified mix of assets and clients across geographies
- Long term contracts with strong client base consisting of Schlumberger, Conoco Phillips, Essar Oil, etc.

Logistics



Land Logistics

- Operates fleet of 5,000 chartered trucks
- 220 owned trailers and tippers
- Fleet of intercarting assets

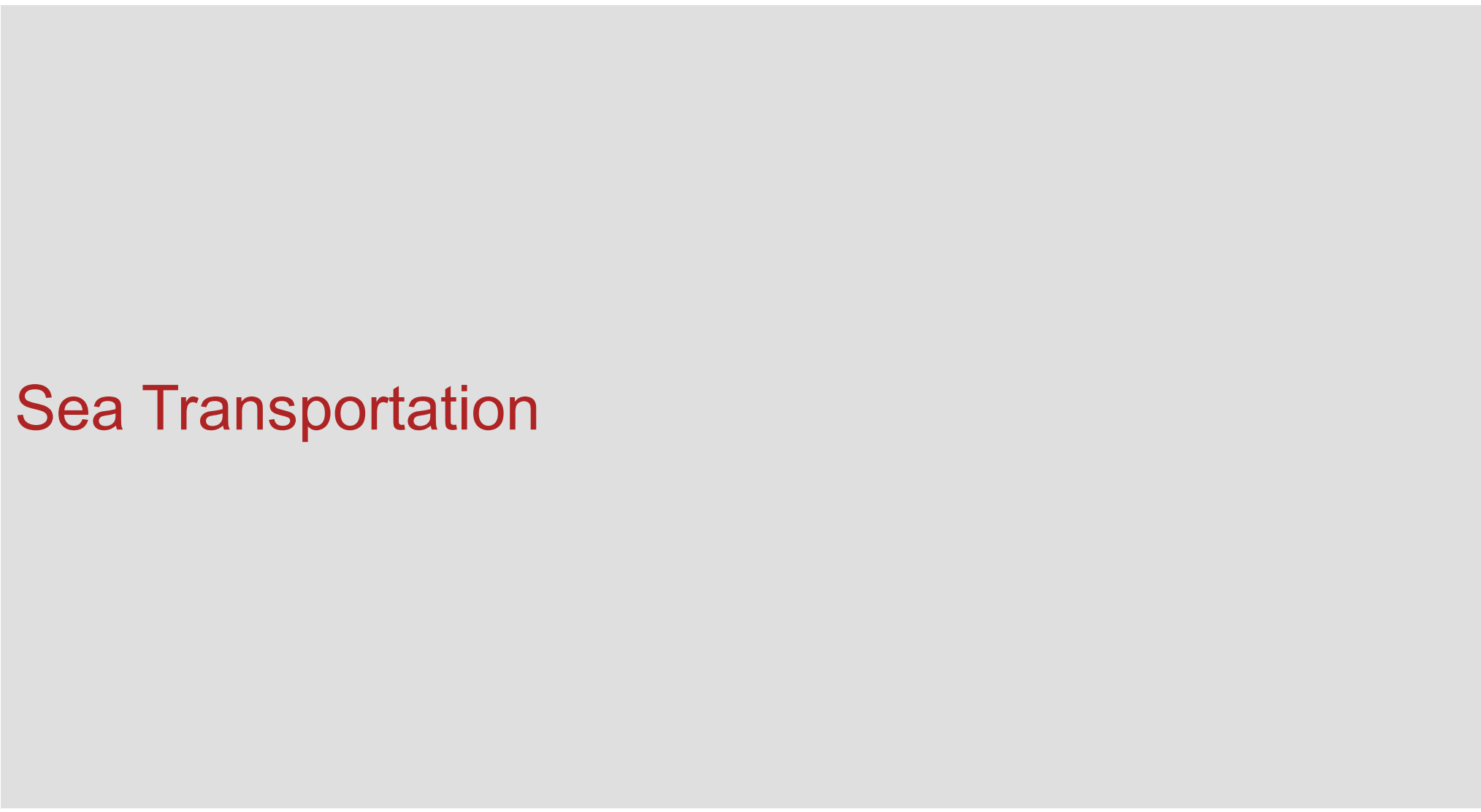
Transshipment Assets:

- 10 Articulated Barges
- 6 tugs

- Multi modal inland transportation of steel and petroleum products.
- Project Cargo logistics.
- Intercarting Services for inter plant logistics
- End to end plant to consumer transportation solutions

Poised to cater to the growing market requirements

Sea Transportation



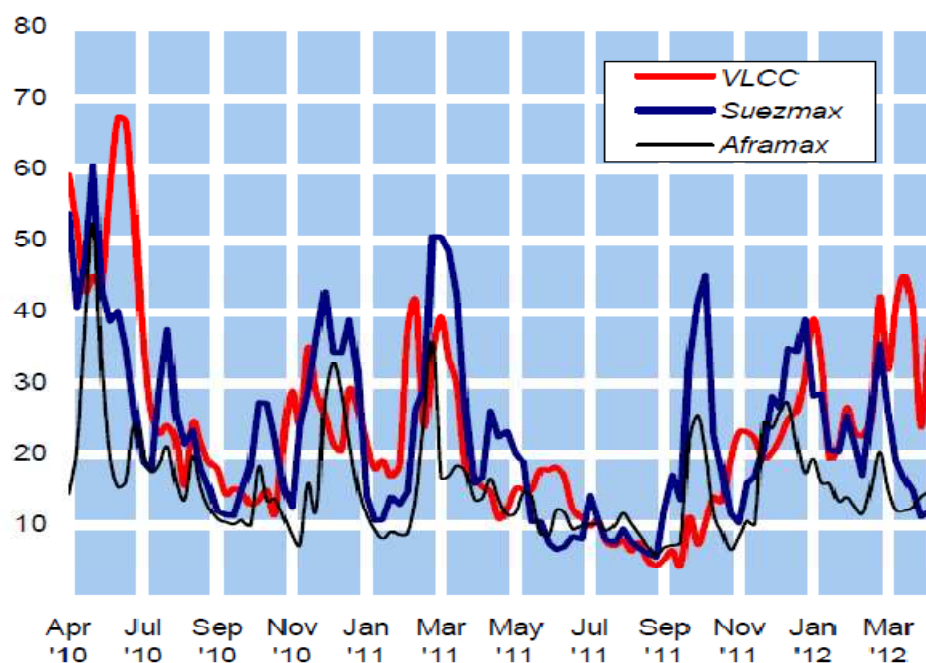
Sea Transportation – Industry Outlook

- Spot markets expected to continue being volatile, VLCC day rates have picked-up
- Essar Shipping is hedged against spot markets volatility through time charters and CoA's

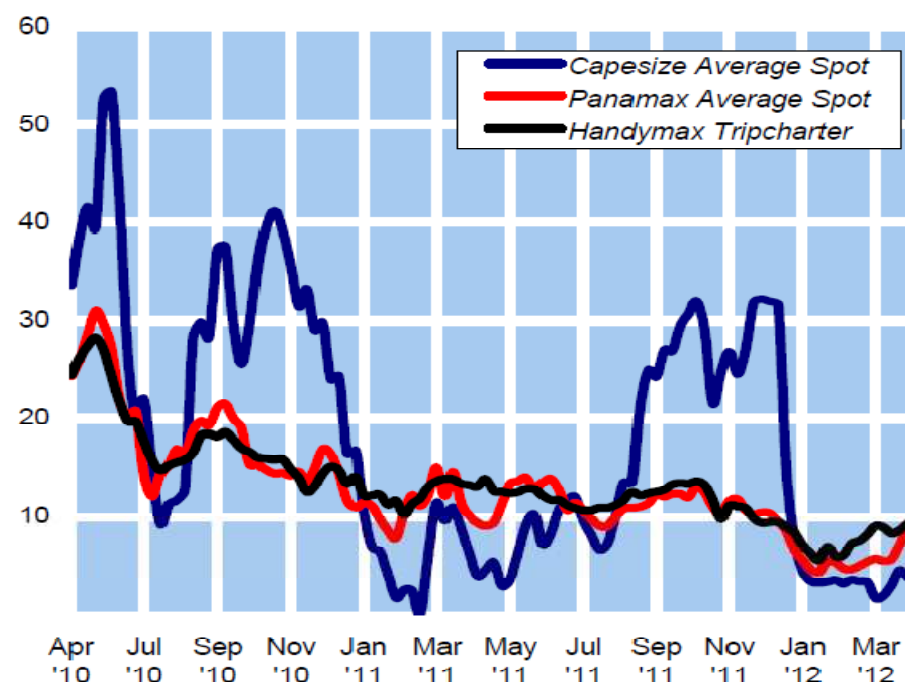
(USD / day)	2009	2010	2011	2012
VLCC Average Earnings	32,009	37,929	16,856	31,083
Capesize Average Earnings	39,064	30,587	14,433	4,293

Source: Clarkson's

Crude Tanker Spot Earnings (\$,000's/day)



Bulkcarrier Spot Earnings (\$,000's/Day)



Source: Clarkson's

Sea Transportation – Key Operational Highlights



- Took Delivery of 4 Mini-Capesize dry bulk carriers of 105,000 Dwt each, MV Kamlesh in the month of December 2011, MV Arun in February 2012, MV Ishwari in March 2012 and MV Shravan in April 2012.
- Average age of the fleet has reduced to 13.56 yrs from 16.83 yrs in December 2011 and further fleet renewal is expected to bring down the average age of the fleet to 9.7 yrs by end of FY2013.
- Have entered into long term Contracts of Affreightment (COA) for transportation of Iron Ore, Coal and finished steel products.
- Essar Shipping awarded **“Bulk Operator of the Year”** at the Gateway Awards for Excellence in Ports and Shipping
- Essar Shipping awarded the **“Shipping Line of the Year (Bulk)”** at Samudra Manthan Awards in December 2011
- ESL released its first Sustainability Report titled ‘Sustainability – Our Propelling Force; making ESL the first Indian shipping company and among few in the international maritime sector to report as per the GRI Generation 3 guidelines.
- Strong performance by the company in challenging global markets, highlighting the strength of having minimal exposure to spot markets and most of the business based on long term contracts.

A Global List of Clients

ESSAR 



सेल SAIL



IndianOil



ESSAR 
OIL & GAS



Shell



ESSAR 
POWER


Reliance
Industries Limited

ESSAR 
STEEL

Oilfields Services

Oilfields Services – Industry Outlook

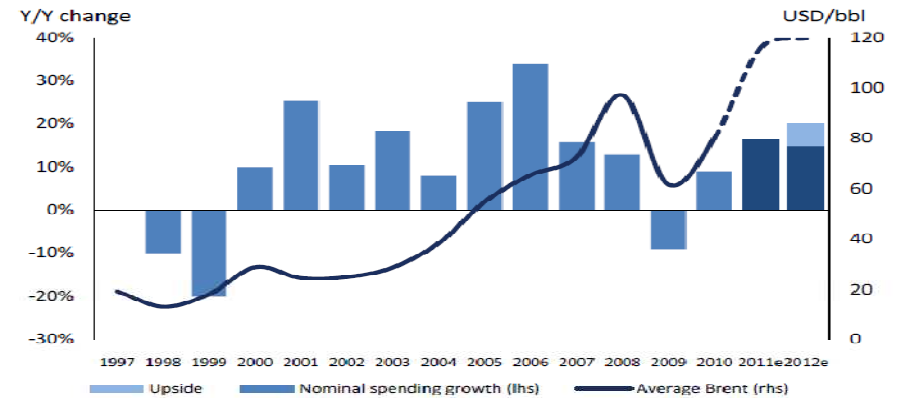
- Markets have been improving for both floaters and Jack Ups
- 3G Semi-submersible markets have been steady and expected to recover further
- Projections of USD 160,000 have been made in the Jack Up markets, suggesting strong recovery for high spec assets

Dayrate Estimates

	2012 Estimate	Current \$/day	-6 mnths. \$/day	-1 year \$/day
High Spec JU ¹⁾	160	140	135	135
Int. older jackups	100-120	110	100	85
UDW harsh ²⁾	550	550	500	450
UDW INT ³⁾	500-550	500	475	425
3G Norway ⁴⁾	400	390	370	360
Standard semis UK	275	285	250	250

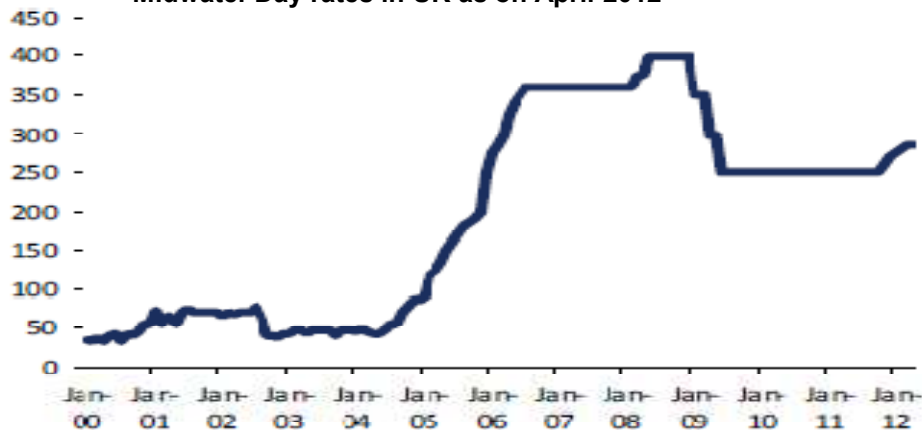
Pareto Research

E&P Spending Trends

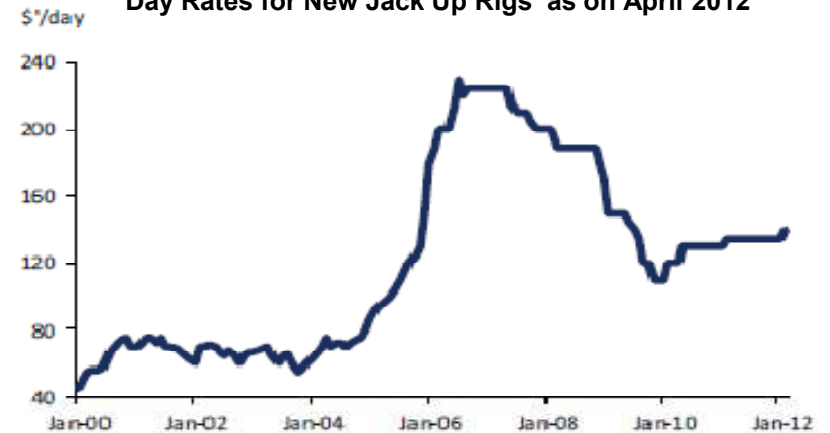


Pareto Research

Midwater Day rates in UK as on April 2012



Day Rates for New Jack Up Rigs as on April 2012



Oilfields Services – Key Operational Highlights



- Successfully deployed Essar Wildcat post extensive refurbishment and upgrade at Singapore

- Essar Wildcat deployed for an 18 month contract with Conoco Phillips in Indonesia starting from October 2011 at a day-rate of USD 285,000, one of the highest day-rates in the region.

- Successfully completed 3 years of LTI free operations on Essar Wildcat rig.

- LOA received for LR-4 (1,500 HP capacity) from NSOC on a Long-term contract to drill five wells in Brunei at a day-rate of USD 35,000

- LOA received for LR-3 (2,000 HP capacity) from BG Shirke on a Long-term contract at a day-rate of USD 19,500

Oilfield Services – A Global List of Clients



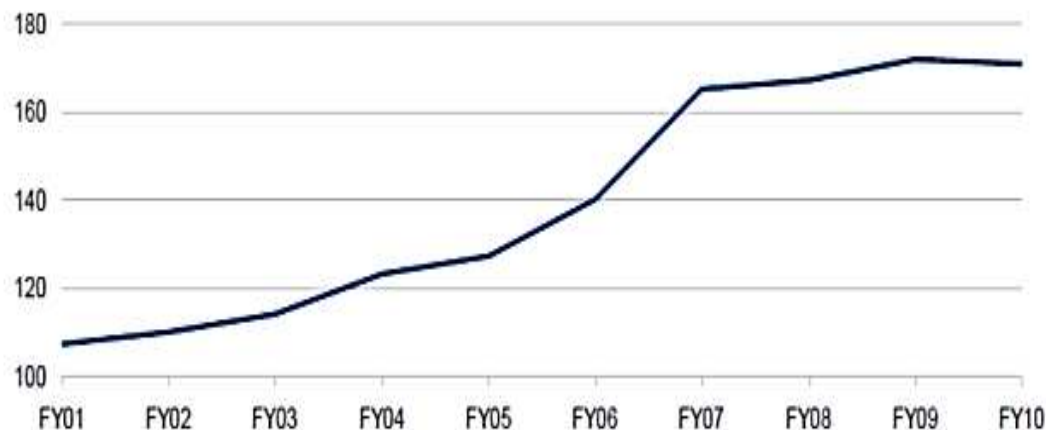
Logistics

Logistics – Industry Outlook

- India has one of the highest logistics costs among emerging economies thus creating a huge demand for 3PL and 4PL logistics services
- Road transportation accounts for 70% of the total cargo moved, in value and volume terms
- 90% of India's logistics sector is unorganized but evolving rapidly
- The NHDP and addition of higher capacity, multi-axle trucks to fleets has improved the competitiveness of the sector
- Indian Logistics industry is expected to grow at 15-20% YOY and reach USD 350 Bn by 2015 from USD 80 Bn

Road Freight

(Weighted average)



Source: Road Freight Index, TCIL

Logistics Cost Comparison across Regions

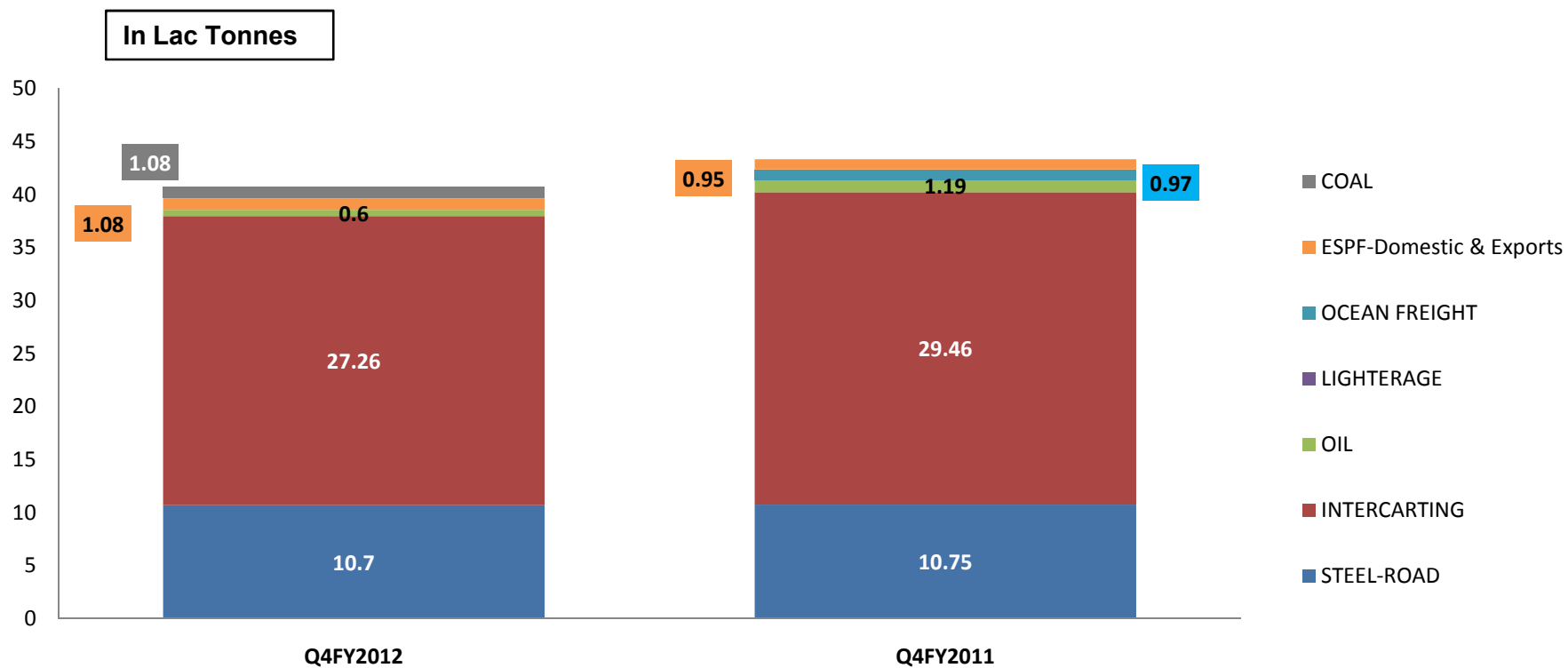
Region	Logistics Cost/GDP	Logistics by 3PL (% of total)
China/ India	16-20%	< 10%
US	10%	57%
Europe	10%	30-40%
Japan	11.4%	80%

Logistics in India, SSKI

Strong Growth Drivers in Place for Logistics Outsourcing



Logistics – Cargo Handled



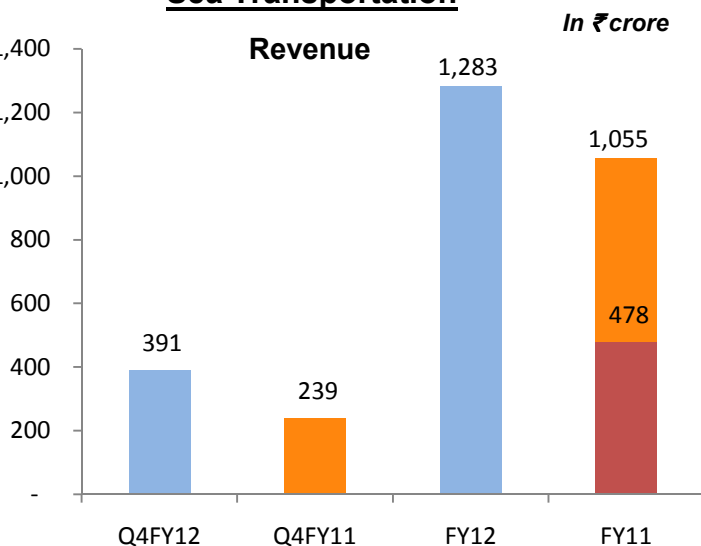
Essar Shipping – Financial Performance

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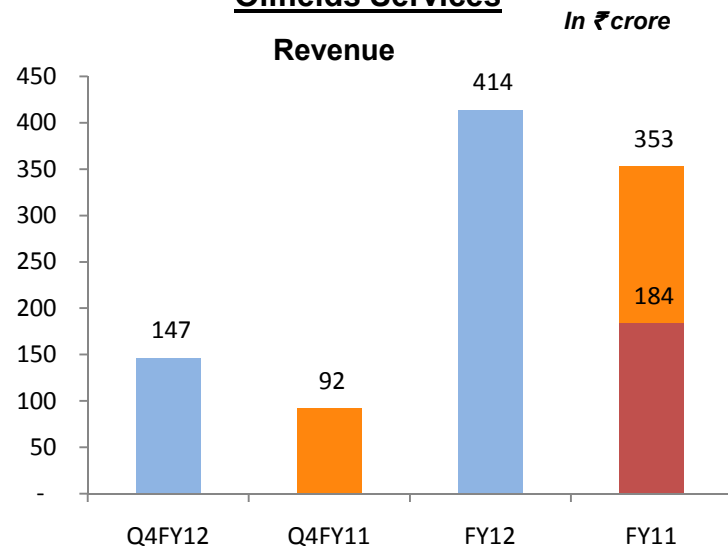
(Sea Transportation, Oilfields Services, Logistics)



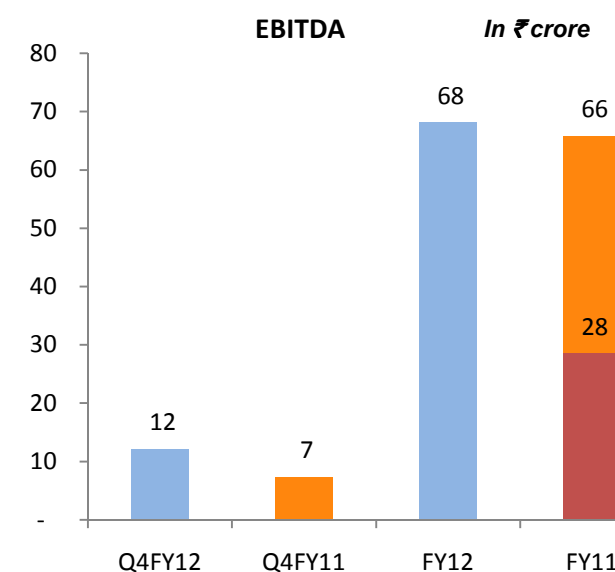
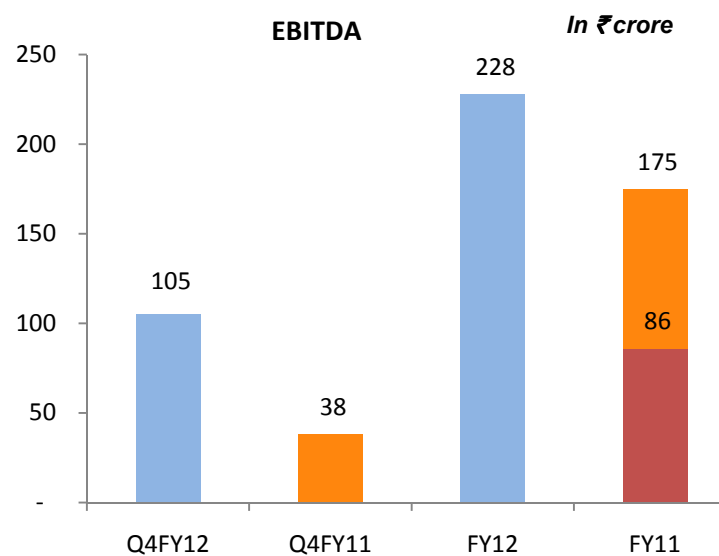
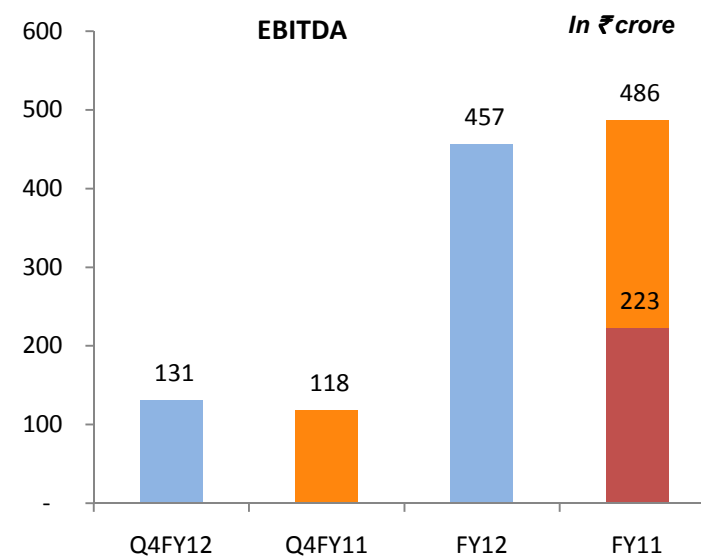
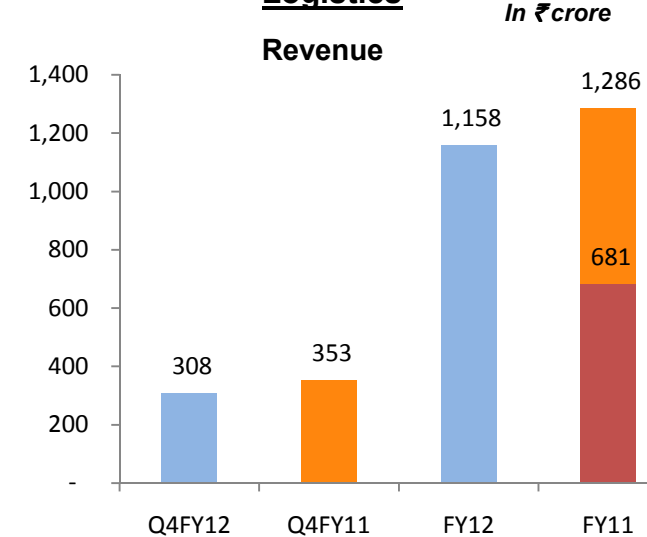
Sea Transportation



Oilfields Services



Logistics



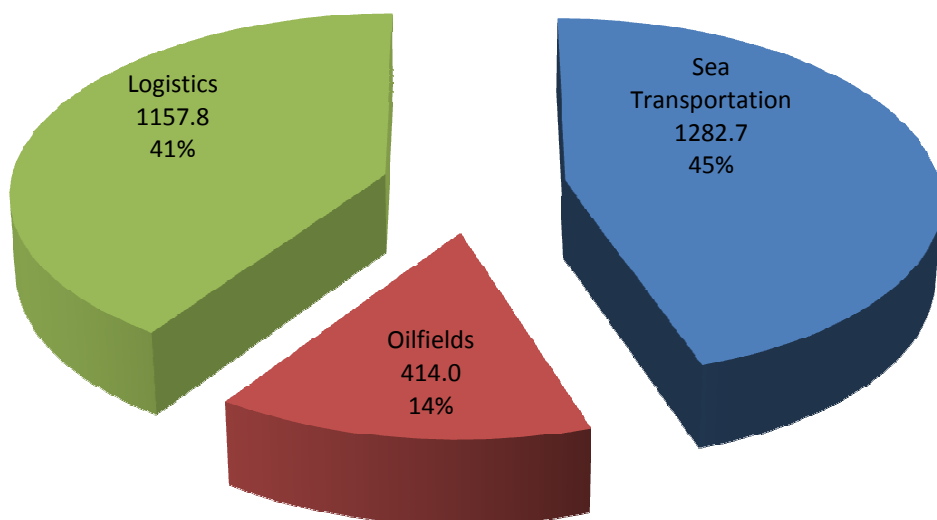
FY11 Financials – 6 Months Audited and 12 Months Management Estimates; since demerger was effective from 1st October 2010.

Financial Highlights by Business Segment



Revenue for FY2012

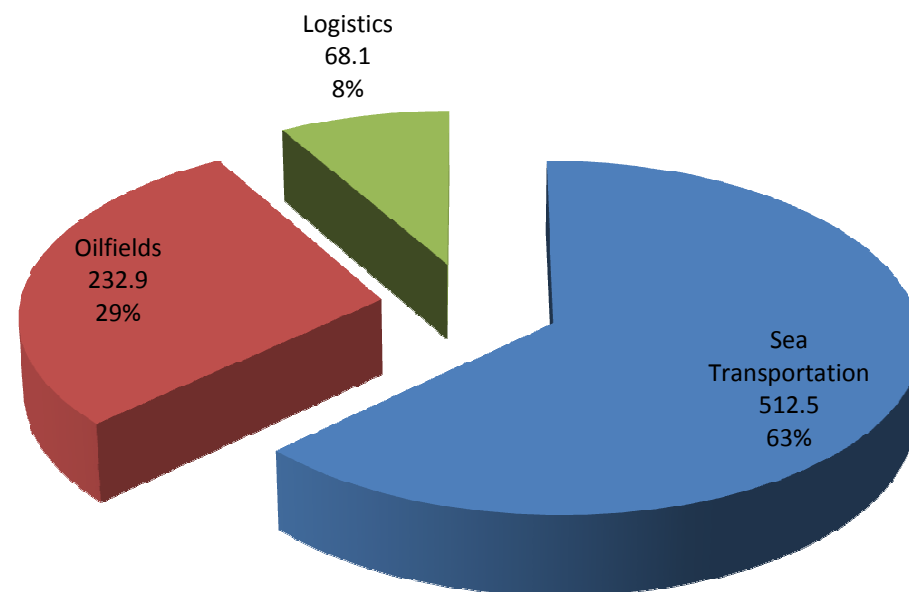
In ₹ crore



■ Sea Transportation ■ Oilfields ■ Logistics

EBITDA for FY2012

In ₹ crore



■ Sea Transportation ■ Oilfields ■ Logistics

Essar Shipping – Consolidated Financial Performance



ESSAR SHIPPING LIMITED (CONSOLIDATED)

INR Crores

	Q4 FY12	Q4 FY11	FY12	FY11*	FY11**
Income					
Operating and Chartering Earnings	679.88	549.10	2,398.14	1,107.95	2,138.95
Oilfields Services Income	145.68	76.43	397.13	167.99	336.52
Other Income / Forex Variation (Gain)	19.64	58.39	59.24	66.86	219.31
Total income	845.20	683.92	2,854.50	1,342.80	2,694.78
Expenditure					
Operating Expenses	554.70	472.28	1,960.16	912.82	1,841.48
Establishment and Other Expenses	49.44	48.25	141.84	92.99	126.46
Forex Variation (Loss)	(7.22)	-	-	-	-
Total Expenses	596.93	520.53	2,102.00	1,005.81	1,967.94
EBITDA	248.27	163.39	752.50	336.99	726.84
Interest and Finance Expenses	90.91	79.68	329.43	139.37	334.41
Profit Before Depreciation and Tax	157.36	83.71	423.07	197.62	392.43
Depreciation	95.82	85.16	362.94	162.23	314.73
Profit Before Tax	61.54	(1.45)	60.13	35.39	77.70
Tax	6.56	(0.78)	23.30	2.08	19.02
Profit After Tax	54.98	(0.67)	36.83	33.30	58.68
Operating Cash Profit (PAT + Depreciation)	150.80	84.49	399.77	195.53	373.41
* Financials are 6 Month financials post demerger of ESPLL					
** Financials are 12 Month Management Estimates					

(INR Crore)

As on March 31st 2012

Networth	5,495.7
Gross Block	5,886.6
CWIP	1,791.4

Project Debt	2,291.2
Operating Debt	3,345.4

Ending March 2012

**Weighted Average
Cost of Debt** **8.40%**

Note: Financials reported as per Indian GAAP

Essar Shipping Management Team



A.R. Ramakrishnan
Managing Director

Mr. Ramakrishnan is a Mechanical Engineer and a Post Graduate from IIM Calcutta. With over 32 years of rich experience in the industry, Mr. Ramakrishnan has been associated with the Essar Group since 1992 when he joined the Group as a Business Analyst. Prior to taking over as the Managing Director of Your Company, Mr. Ramakrishnan was a Whole-time Director of Essar Shipping Ports & Logistics Limited (ESPLL).

Mr. Ramakrishnan is also on the Board of Directors of the Indian National Shipowners' Association.



Capt Anoop Sharma
CEO –Sea Transportation

Capt. Sharma is a Master Mariner with an experience of 28 years spanning the entire breadth of the shipping industry. After rising to the level of Senior Vice President for Chartering at Shipping Corporation of India where he was built the company's comprehensive strategy to explore global business opportunities, Capt. Sharma joined Essar in 2008 as the Chief Executive Officer of the Sea Transportation business of ESPLL.

Capt. Sharma also holds a Diploma in Marketing Management from the Narsee Monjee Institute of Management Studies, Mumbai.



Ankur Gupta
CEO - Oilfield Services

Mr. Gupta holds a Bachelor of Technology degree in Electrical Engineering from IIT Delhi. Starting his career with Schlumberger Oilfield Services, Mr. Gupta held various managerial, technical and marketing roles in various geographies. He joined the Essar Group in 2010 as the Chief Executive Officer of the Oilfields Services business after spending 5 years as the Regional Vice President – Asia Pacific for Paradigm Geophysical.

With over 23 years of experience in the hydrocarbon industry, Mr. Gupta has worked in diverse regions such as North America, Europe, Middle East and the Far East.



Rahul Himatsingka
CEO - Logistics Services

Mr. Himatsingka holds an Economics degree from Hansraj College, Delhi University and has an MBA from the Indian Institute of Social Welfare and Business Management, Kolkata with a specialization in finance.

Mr. Himatsingka has been a part of the Essar Group since the inception of the logistics business, and was instrumental in its set up and putting in the processes for its effective management. Mr. Himatsingka has been associated with organizations such as Reliance Logistics and India Online Network prior to his association with Essar.



Vikram Gupta
Chief Financial Officer

Mr. Gupta holds a Masters in Management degree from the University of Mumbai and has over 9 years of experience in corporate finance. Mr. Gupta has been associated with the Essar Group since 2002 when he joined the Shipping business as a management trainee and has since been an integral part of the growth of the Group since.

Prior to being appointed as the Chief Financial Officer of Essar Shipping Limited, Mr. Gupta was the Chief Financial Officer of the Sea Transportation business of ESPLL where he led the company's fund raising activities and financial management.

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