



Essar Shipping Limited

November 2011

Essar Group – A world class industrial and infrastructure group



Essar Group

Energy



OIL & GAS

- 2,132 MBOE reserves
- 36 MMTPA refining capacity
- c. 1,385 retail outlets

POWER

- 450 MT coal reserves
- 1,600 MW operational capacity going up to 11,470 MW by 2014

Steel



RAW MATERIAL

- 2 bn tonnes of iron ore reserves
- 27 MMTPA pellet plants
- 188 MT coal reserves

STEEL MAKING & RETAIL

- 14 MMTPA steel-making capacity
- 5 MMTPA processing and distribution capacity
- 600 branded retail outlets under Essar Hypermart

Services



SHIPPING

- 23 ships + 12 ships on order
- 13 rigs incl. 1 semisubmersible
- Fleet of 5,000 chartered trucks

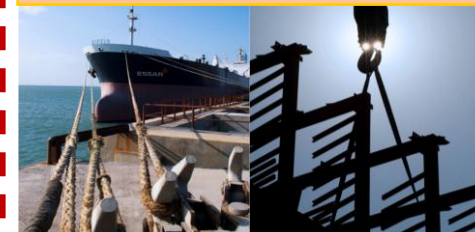
BPO

- 50,000+ Aegis employees
- 47 global Aegis locations

TELECOM SERVICES

- GSM services in Kenya with 1.5 mn subscribers
- 1,200 branded retail outlets under The MobileStore in India

Infrastructure



PROJECTS

- Engineering, Procurement & Construction
- Execution of turnkey EPC projects in India and overseas
- One of the largest and most sophisticated equipment banks in India

PORTS

- 88 MMTPA operational capacity
- Going up to 158MMTPA by FY 2014

CONCESSIONS

- Platform to participate in PPP initiatives in India

Company Overview

Essar Shipping Limited – An Overview

Shipping



- Fleet of 23 vessels, 1.62Mn DWT
 - 2 modern Double Hull VLCC's
 - 6 Capesize ships
 - 2 Supramax bulk carriers
 - 2 13,000 dwt General Cargo ships
 - 7 Mini Bulk Carriers & 4 Tugs
- 12 new ships on order

- Experienced and credible operator with more than 250 ship years of experience
- India's largest Capesize 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
- Diversified mix of assets and clients across geographies
- Long term contracts with strong client base consisting of Schlumberger, ConocoPhillips, Essar Oil, etc.
- Experienced and credible operator with strong HSE track record

Logistics



Land Logistics

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

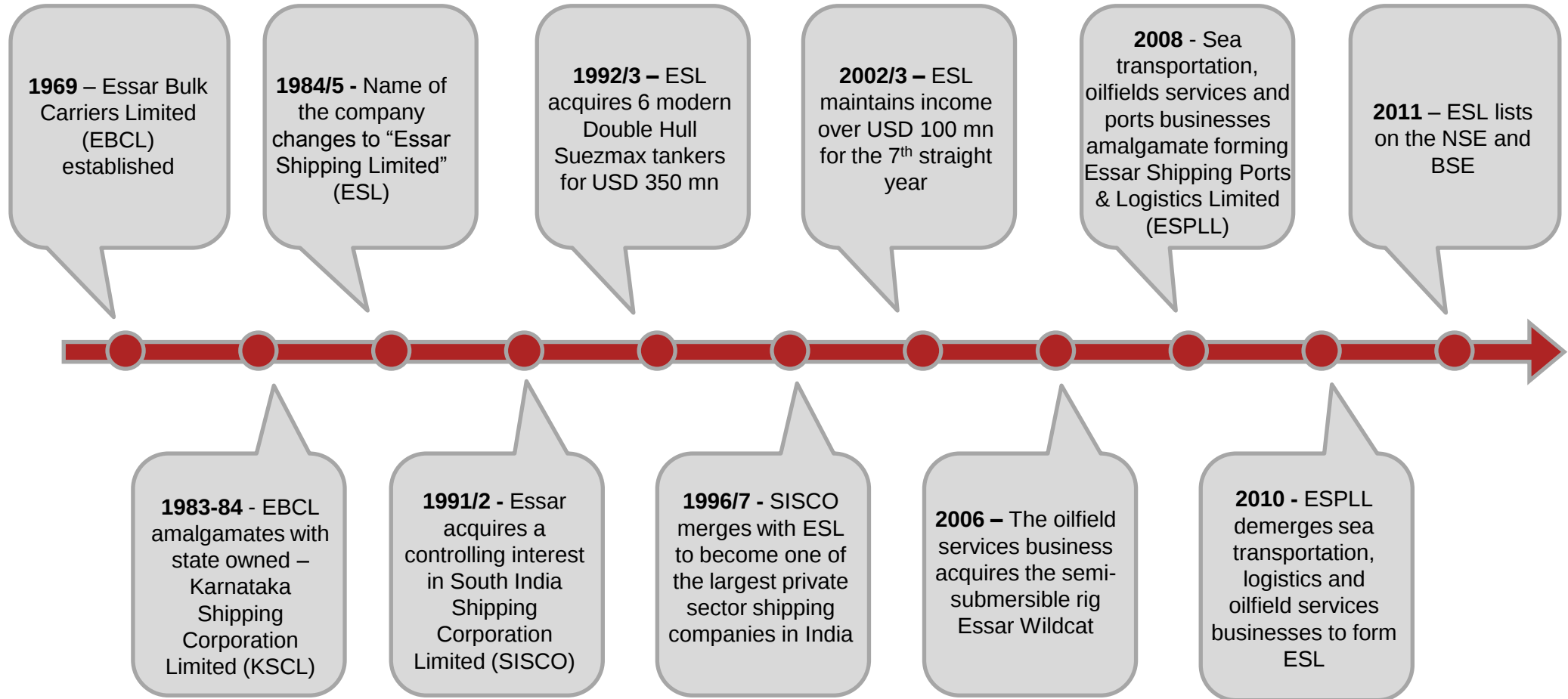
Transshipment Assets:

- 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

A complete logistics operator catering to all market requirements

Essar Shipping – Four Decades of History



Essar Shipping – Strategic Strengths

1

Proven and excellent track record with over 250 ship years of experience

2

Modern and diversified assets

3

Timely investment in modern ships, rigs and logistics assets for focussed growth and expansion

4

Long term contracts to mitigate cyclicalities of spot markets

5

Strong presence in the entire bulk logistics supply chain allowing for premium pricing and higher utilization rates

6

Strong relationship with Essar Group companies, global oil & gas, steel and power majors

A Global List of Clients

ConocoPhillips



IndianOil



Schlumberger

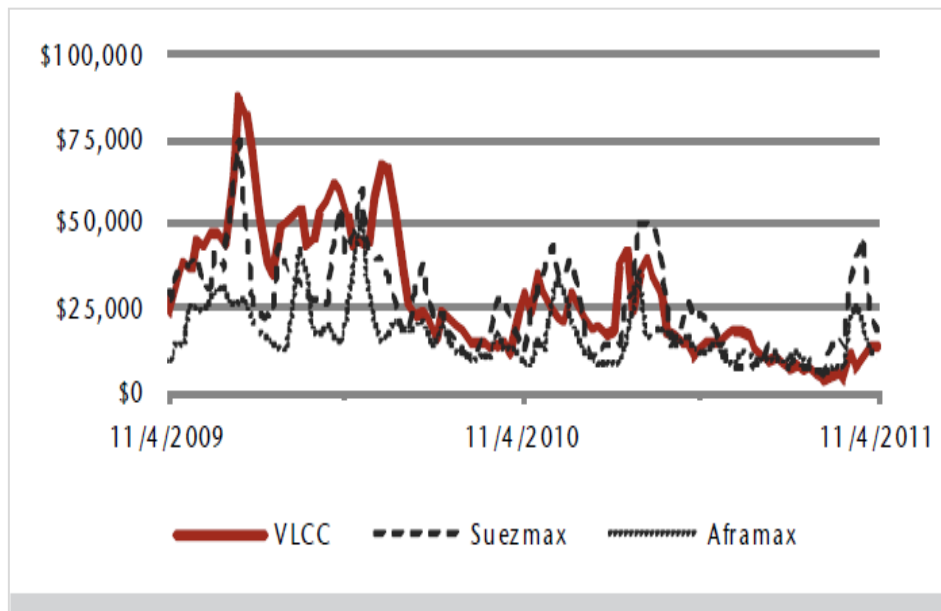


Sea Transportation

Sea Transportation – Outlook and Performance

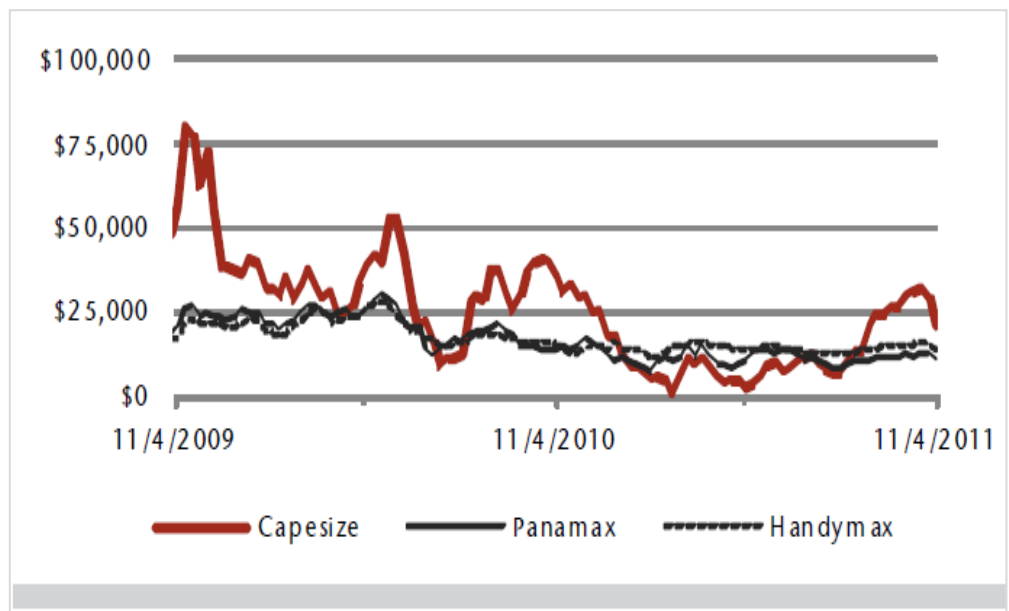
- Spot markets expected to continue being volatile in the near future
- Exposure to spot markets minimized through long term time charters and CoA's

Crude Tanker Charter Rates



Source: Clarksons Research

Dry Bulk Charter Rates



Source: Clarksons Research

Essar Shipping consistently outperforming the markets

(USD / day)	2009	2010	2011 YTD	Essar Shipping YTD Sept 11
VLCC Average Earnings	32,009	37,929	16,196	20,800
Capesize Average Earnings	39,064	30,587	10,663	34,000

Long Term Employment Visibility

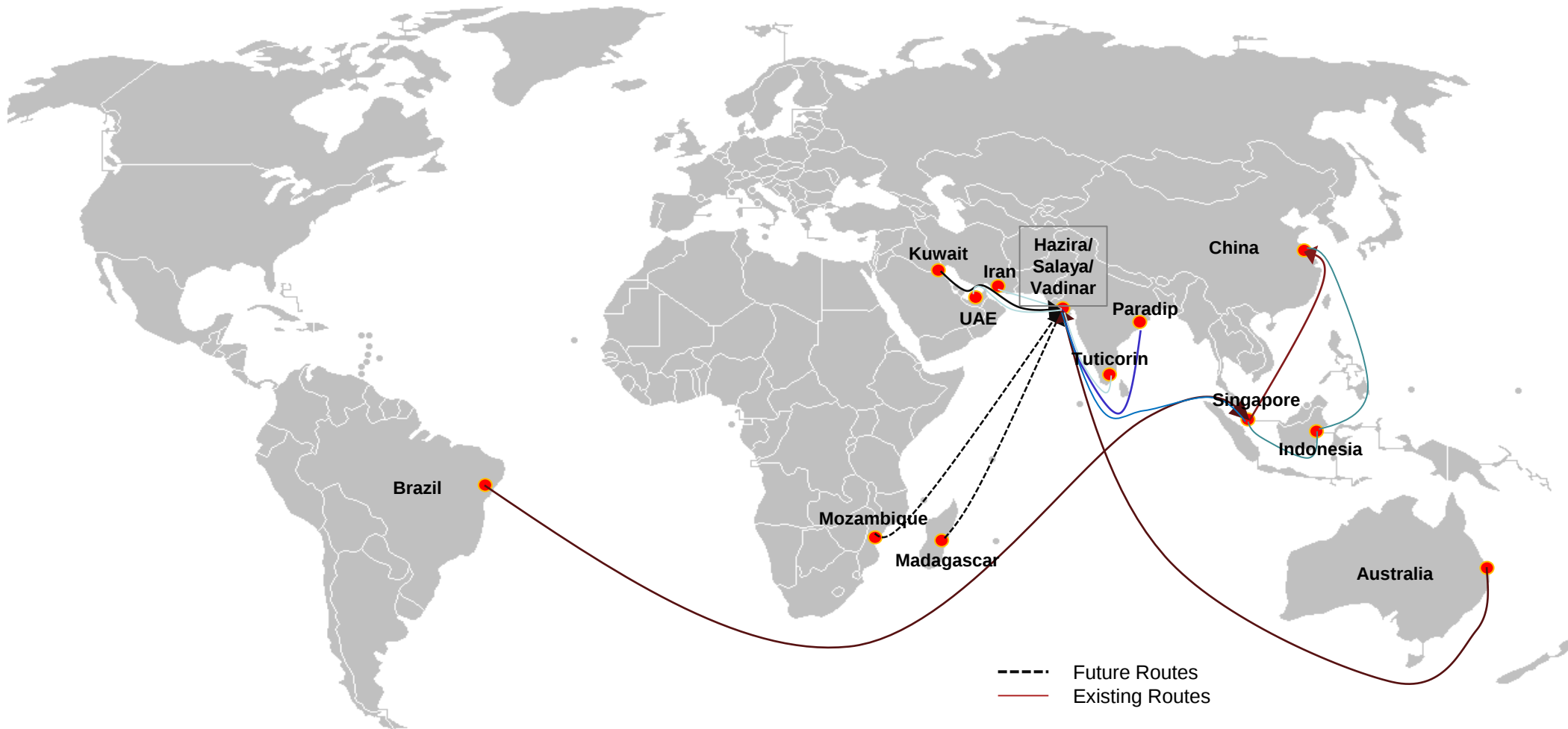
Cargo Type	Client	Vessel Type	Cargo Quantity (MMTPA)	Period (years)	Estimated Contract Value (USD Mn)	Status
Steam Coal	Essar Power	MiniCapes	9	25	2,925	Executed
Iron ore Pellets/CLO	Essar Steel	Capesize	7	15	1,430	Executed
Limestone / Dolomite	Essar Steel	Supramax	2	3	45	Executed
Coking Coal	SAIL	Panamax	2	3	85	Executed
Iron Ore	Baoshan Steel	Capesize	1	1	20	Executed
Iron ore Pellets/CLO	Essar Steel	MiniCapes	7	15	1,080	Draft Prepared
Corex Coal	Essar Steel	Supramax/ MiniCapes	2	15	750	Draft Prepared
Total			30		6,335	

Over US\$ 6 billion in long term revenue visibility

Fleet Deployment – Existing Fleet

	Vessel	DWT	Vessel Type	Year Built	Charterer	Charter Type	Cargo
Tankers	MT Smiti	281,396	VLCC	2005	Indian Oil Corporation	Voyage	Crude Oil
	MT Ashna	301,428	VLCC	1999	Essar Oil Limited	Voyage	Crude Oil
Bulk Carriers	MV Kiran	175,048	Capesize	1993	Baoshan Iron & Steel	Voyage	Iron Ore
	MV Mahavir Prasad	136,608	Capesize	1983	Essar Steel Limited	CoA	Iron Ore
	MV Badri Prasad	151,418	Capesize	1990	Essar Steel Limited	CoA	Iron Ore
	MV Ram Prasad	138,000	Capesize	1982	Essar Steel Limited	CoA	Iron ore
	MV Govind Prasad	129,329	Capesize	1983	Essar Steel Limited	CoA	Iron Ore
	MV Chandi Prasad	152,065	Capesize	1989	Essar Steel Limited	CoA	Iron Ore
	MV Malathi	55,707	Supramax	2004	Essar Steel Limited	Voyage	Limestone
	MV Malavika	53,169	Supramax	2005	Jaldhi Enterprises	Time	Iron Ore
	MV Tvisha	13,000	Handysize	1998	Essar Steel Limited	Voyage	Steel
	MV Tuhina	13,000	Handysize	1999	Essar Steel Limited	Voyage	Steel

Strong Back-haul Potential



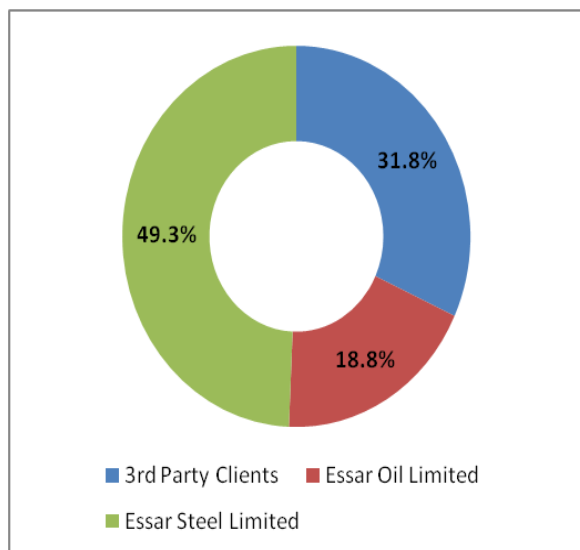
➤ Strong potential for transportation of dry cargo from Brazil and Australia, wet cargo to the Middle East

➤ Back-haul opportunities will be available on the new charter routes from Mozambique and Madagascar

Sea Transportation – Key Operational Highlights & Performance



Tonnage Committed by Client



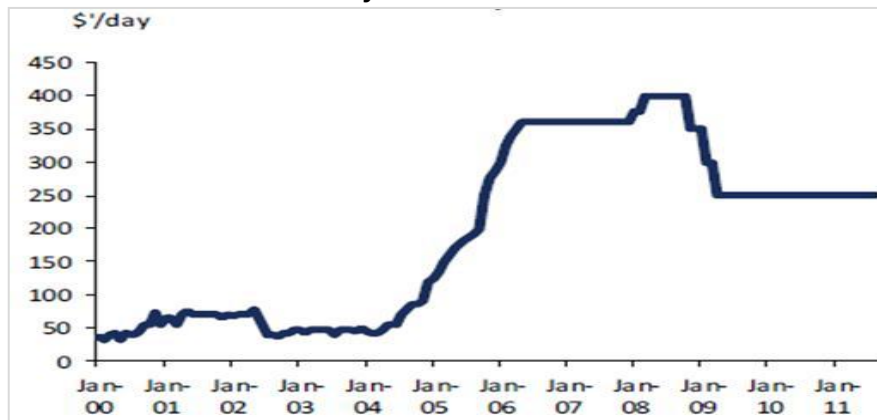
- MV Chandi Prasad , Cape size dry bulk carrier of 152,065 dwt has joined the fleet in July 2011
- Have entered into 15 year long term contract with Essar Steel Limited for transportation of Iron Ore along the Indian coast
- Entered into a 25 year Contract of Affreightment (CoA) with Essar Power for transportation of coal from Indonesia to India
- MT Smiti fixed with Indian Oil Corporation for a 1 year contract
- MT Ashna fixed with Essar Oil Limited
- MiniCape bulkers to start delivery from November 2011
- Fleet renewal is expected to bring down the average age of the fleet from 16.83 yrs in Oct 2011 to 11.69 yrs by end of FY2012

Oilfields Services

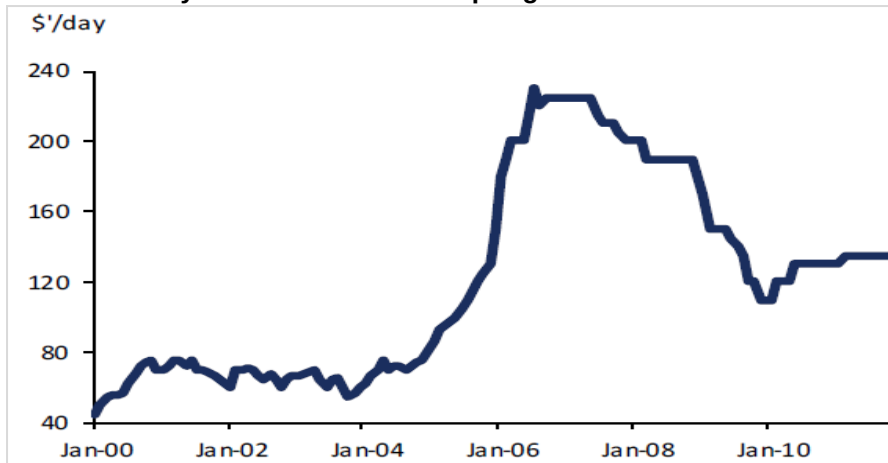
Industry Outlook – Oilfields Services

- 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 150,000 have been made in the Jack Up markets, suggesting strong recovery for high spec assets

Midwater Day rates in UK as on October 2011

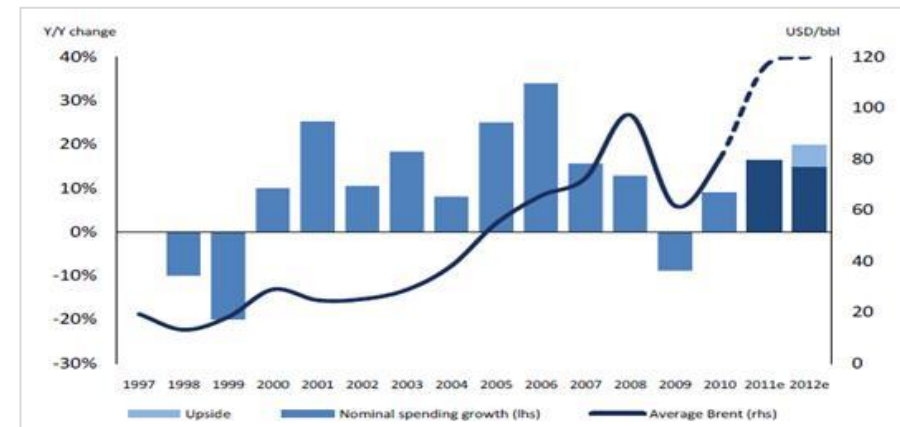


Day Rates for New Jack Up Rigs as on October 2011

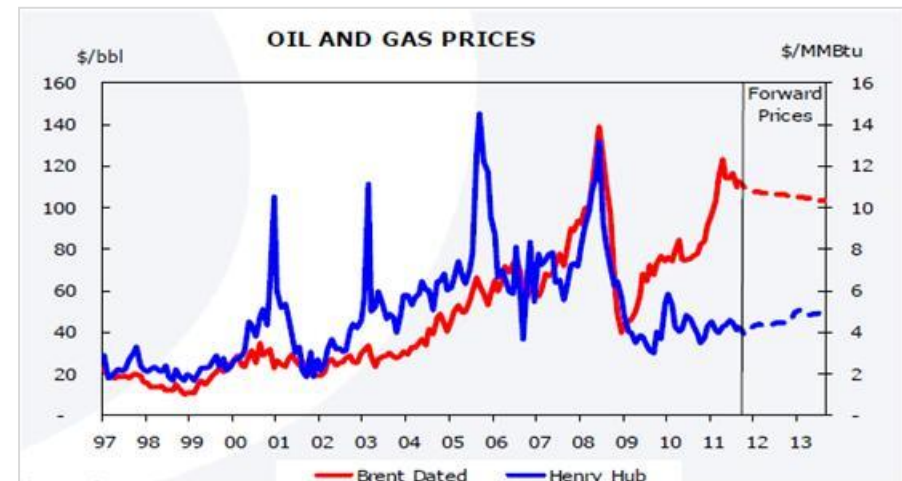


Pareto Research

E&P Spending Trends



Pareto Research



RS Platou

Essar Wildcat



- Essar Wildcat deployed with ConocoPhillips on 18 month contract from October 2011 at a day rate of US\$ 285,000
- Essar Wildcat completed underwater survey in lieu of dry docking and other major repairs at Keppel FELS Shipyard, Singapore between August-September 2011
- Successfully completed 1000 LTI Free days while on contract with Vietsovpetro in Vietnam

Revenue Outlook of Essar Wildcat's Contract with ConocoPhillips

Day Rate	US\$ 285,000	
Total Revenue Estimate	US\$ 120 million	
Mobilisation Fee	US\$ 3 million	
Location	Natuna Sea, Indonesia	
Wells	12	
Duration	18 months	

Particulars	Specifications
Type	Semi submersible
Semi submersible generation	Third Generation
Rig Design	Aker H-3
Rated Water Depth	1,300 ft
Drilling Depth	25,000 ft
Built by	Aker Verdal
Shipyard	Norway
Delivery year	1977
Major refurbishments	1994, 2008
Rig Registered/Flag	Liberia

F&G JU-2000A Jack Up Rigs

- Two new Jack Up Rigs under construction at ABG Shipyard, Dahej, Gujarat
- The rigs are based on leading designs of mobile offshore drilling and production units – JU-2000A by Friede & Goldman, USA
- The premium high-specification rigs will be able to command higher day rates
- The rigs propose to obtain the class notation Maltese Cross A1, indicating compliance with the American Bureau of Shipping's rules for unrestricted ocean service
- Deployment discussions have been initiated with interested parties in North and Latin America
- These rigs are capable of drilling in 350 feet deep waters in harsh environments such as the North Sea
- Drilling depth of 30,000 feet and a minimum design temperature of -20°C



Land Rigs

- 12 land rigs with capacities ranging from 250 HP to 2000 HP

Rig Name	Power/ Capacity	Brand	Status
Essar Mobile Rig-7	20 Ton	Kores	Asian Oilfield Services Ltd
Essar Mobile Rig-6	250 HP	Ideco	Being Marketed
Essar Mobile Rig-5	350 HP	Ideco	Essar Oil Limited
Essar Mobile Rig-4	550 HP	Ideco	Requires refurbishment
Essar Mobile Rig-3	750 HP	Ideco	Essar Oil Limited
Essar Mobile Rig-2	750 HP	Cooper	Essar Oil Limited
Essar Mobile Rig-1	1000 HP	Cabot	Essar Oil Limited
Essar Land Rig-5	1000 HP	National	Being marketed to Cairn
Essar Land Rig-4	1500 HP	Oilwell	Being marketed in MENA
Essar Land Rig-3	2000 HP	National	Being marketed in MENA
Essar Land-Rig 2	2000 HP	National	Requires refurbishment
Essar Land Rig-1	2000 HP	National	Requires refurbishment



Essar Land Rig-5, 1000 HP, while on charter to PREST

Logistics

The Logistics Sector

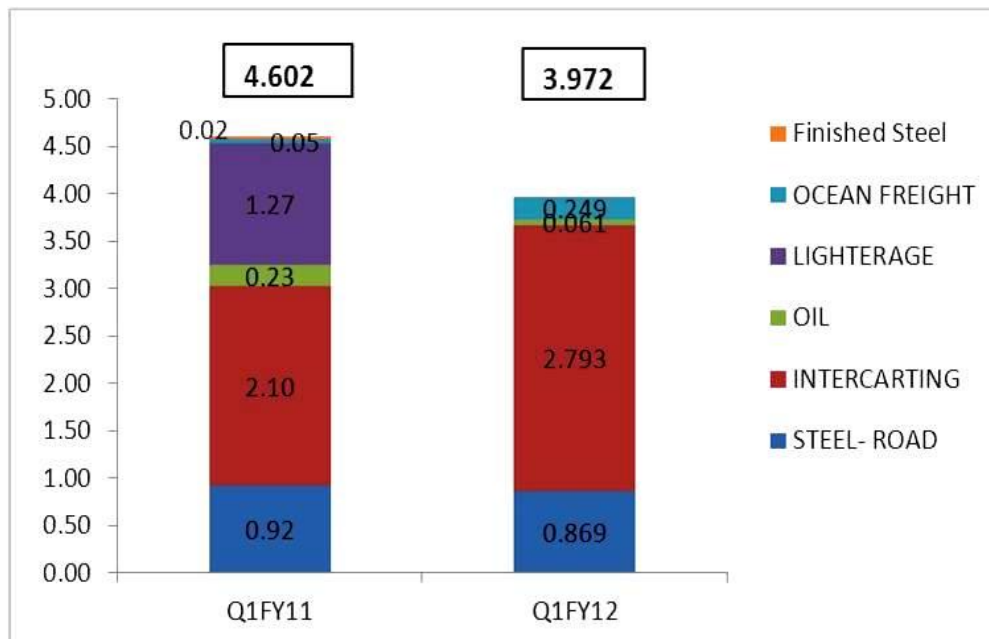
- India has one of the highest logistics costs among emerging economies thus creating a huge demand for 3PL and 4PL logistics services
- Road transportation accounts for 70% of the total cargo moved, in value and volume terms
- 90% of India's logistics sector is unorganized but evolving rapidly
- The NHDP and addition of higher capacity, multi-axle trucks to fleets has improved the competitiveness of the sector

Logistics Cost Comparison across Regions

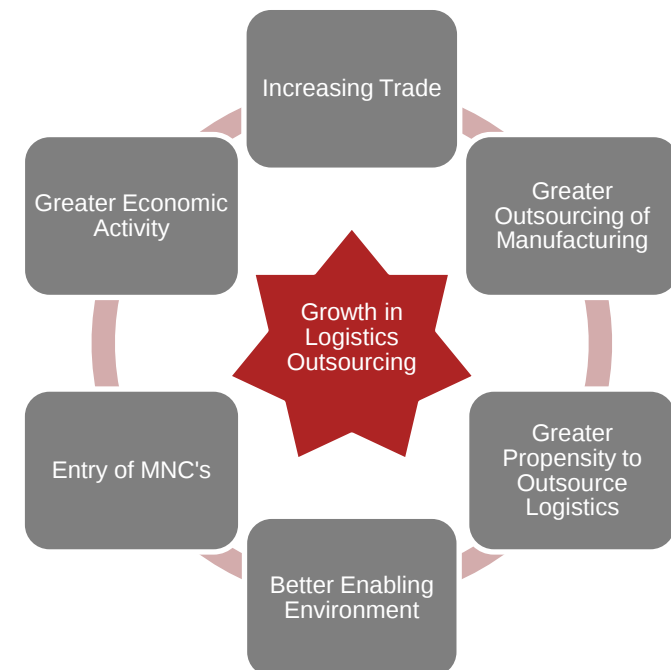
Region	Logistics Cost/GDP	Logistics by 3PL (% of total)
China/ India	16-20%	< 10%
US	10%	57%
Europe	10%	30-40%
Japan	11.4%	80%

Logistics in India, SSKI

Cargo Handled by ELL in Million Tonnes



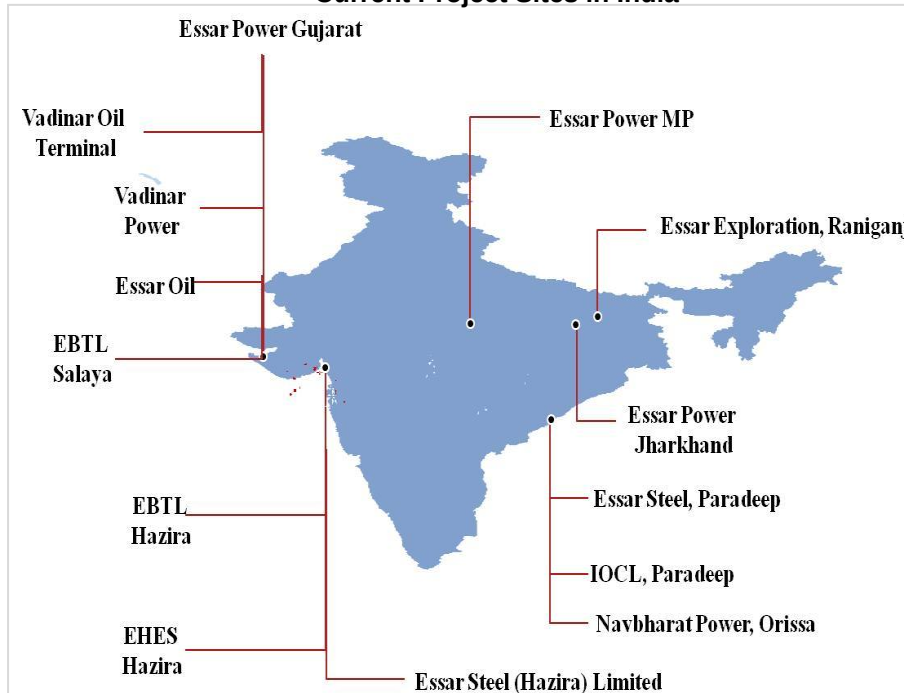
Strong Growth Drivers in Place for Logistics Outsourcing



Project Cargo

Capability of Transporting and handling heavy project equipment ranging from 1 ton to over a 1000 ton in a single piece, across the country on land or via sea

Current Project Sites in India



Achievements

- 1590 MT Reactor moved by multi-modal Vadinar Roll-on Roll-off jetty to Vadinar site
- 320 MT Stator moved by multi-modal from Kolkata Port to Mahan (M.P)
- Moved 63 Mtrs. long Cold Box from Hajira Anchorage to Essar Steel plant, Hajira
- 180 MT Crane including Main Cabin from Chennai to Vadinar
- Moved ODC 9.0 mtrs. (L) x 6.0 mtrs. (B) x 6.2 mtrs. (H) Fiber Tank from Baroda to Vadinar
- Mid-sea transfer from MV to Barge for a Fractionator weighing 550 MT, 85 mtrs long



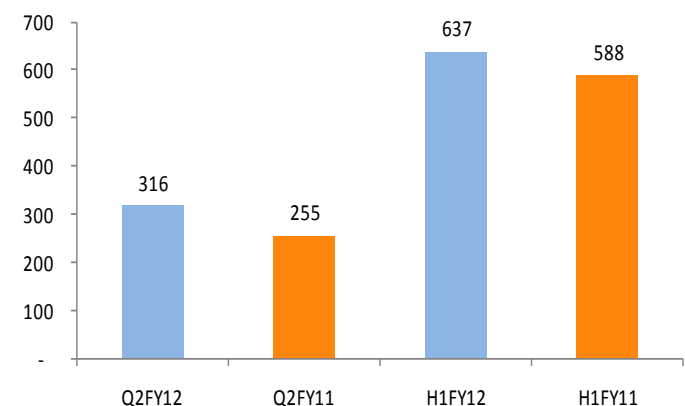
Essar Shipping Limited – Financial Performance

Revenue Comparison by Business Segment

(All figures INR Crore)

SEA TRANSPORTATION

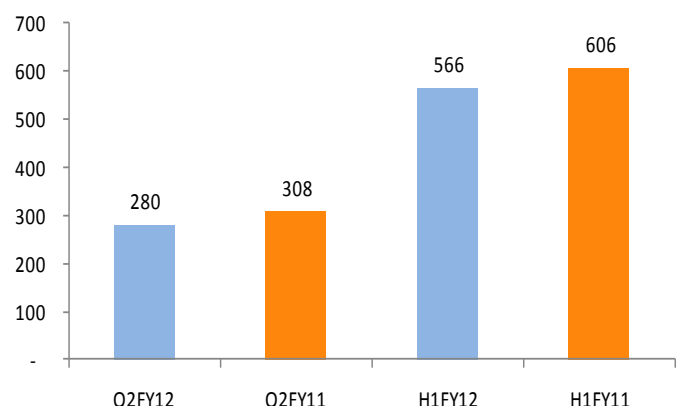
Revenue



In ₹ crore

LOGISTICS

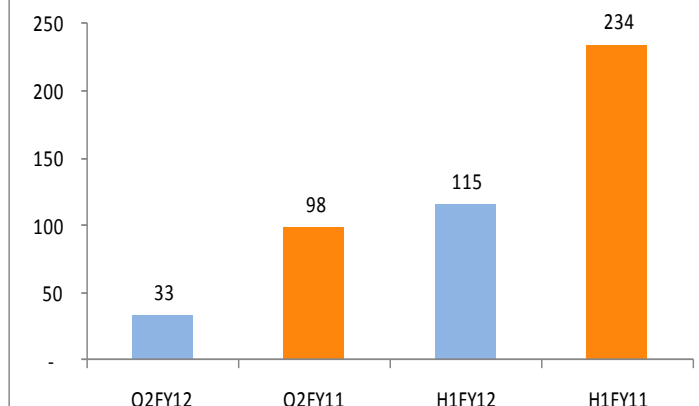
Revenue



In ₹ crore

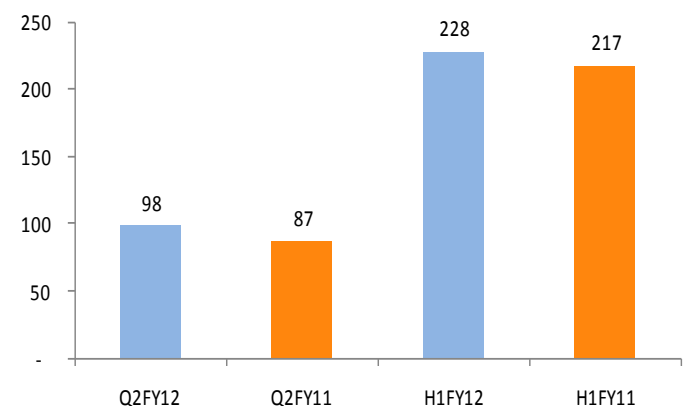
OILFIELD SERVICES

Revenue



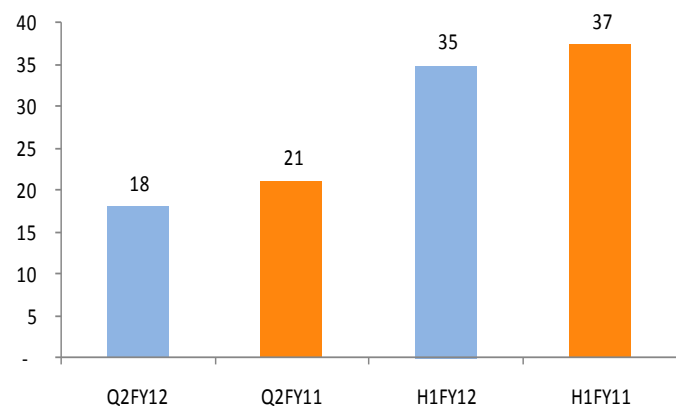
In ₹ crore

EBITDA



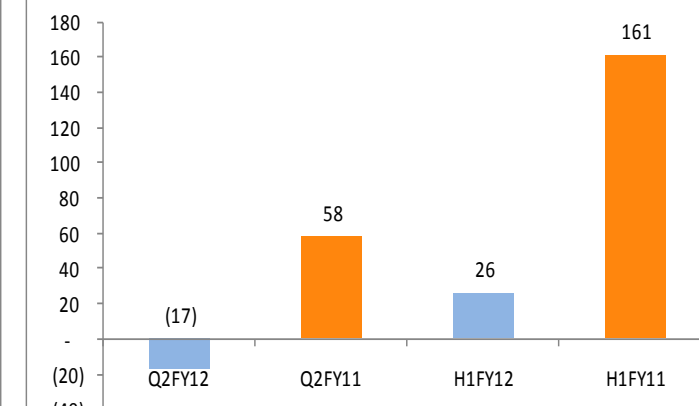
In ₹ crore

EBITDA



In ₹ crore

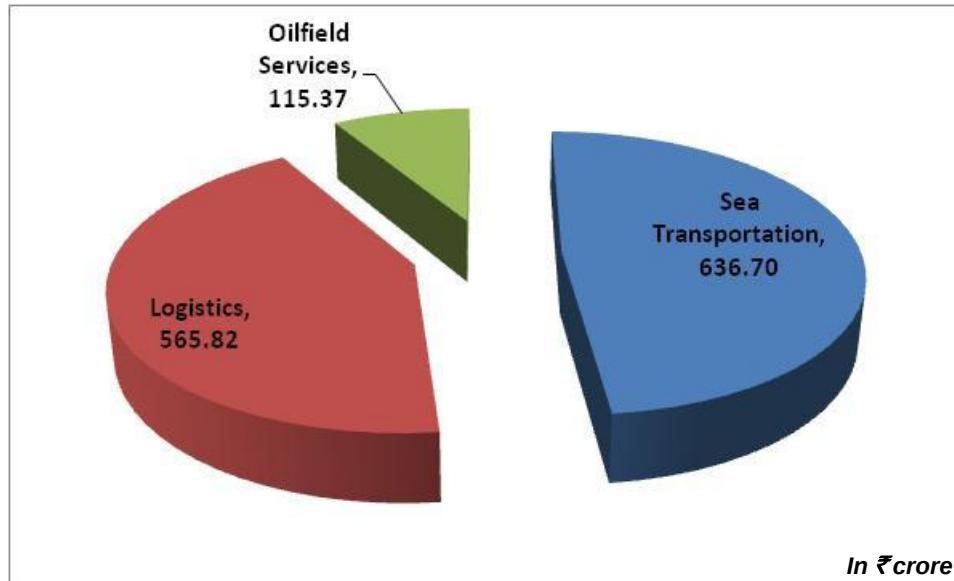
EBITDA



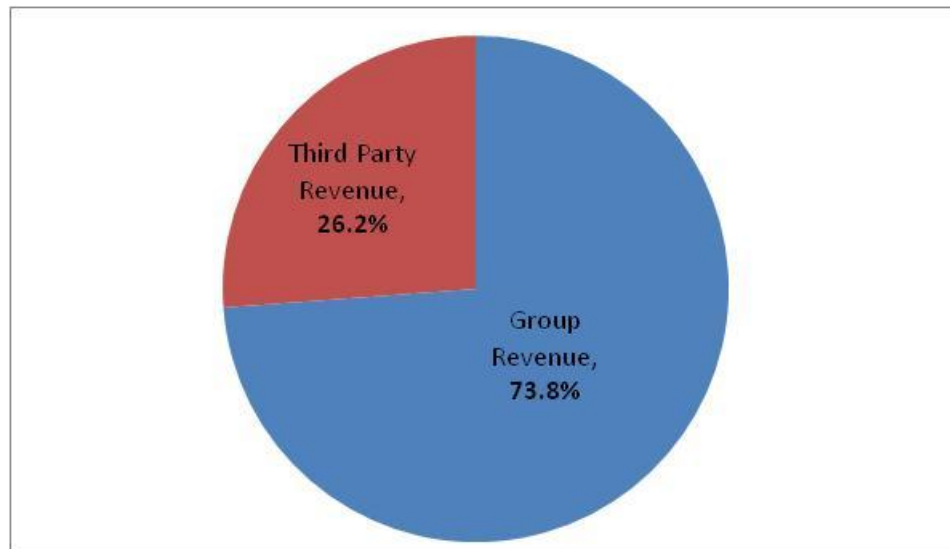
In ₹ crore

Financial Highlights by Business Segment

Revenue Breakdown by Business Segment



Consolidated Revenue Breakdown by Source



	H1 FY 2012		
(INR Crore)	Sea Transportation	Logistics	Oilfield Services
Total Income	636.70	565.82	115.37
Total Expenses	408.99	530.91	89.22
EBITDA	227.71	34.91	26.15
EBITDA Margin	35.8%	6.2%	22.7%
Interest and Finance Expenses	114.91	6.61	59.82
Profit Before Depreciation and Tax	112.80	28.3	(33.67)
Depreciation	71.94	15.59	81.11
Profit Before Tax	40.86	12.71	(114.78)
Tax	0.80	4.79	0.00
Profit After Tax	40.06	7.93	(114.78)
Operating Cash Profit (PAT + Depreciation)	112.00	23.67	(33.67)

Essar Shipping – Consolidated Financial Performance

	INR Crores			
	Q2 FY12	Q2 FY11	H1 FY12	H 1FY11
Income				
Operating and Chartering Earnings	569.09	476.92	1,145.44	1,076.21
Oilfields Services Income	30.02	97.00	110.79	234.32
Other Income / Forex Variation (Gain)	10.80	60.48	23.88	181.95
Total income	609.91	634.40	1,280.11	1,492.48
Expenditure				
Operating Expenses	491.94	445.73	959.33	956.87
Establishment and Other Expenses	31.38	25.37	58.18	55.70
Forex Variation (Loss)	0.70	-	0.70	-
Total Expenses	524.02	471.10	1,018.21	1,012.57
EBITDA	85.89	163.30	261.89	479.91
Interest and Finance Expenses	79.69	80.20	155.42	204.89
Profit Before Depreciation and Tax	6.20	83.10	106.47	275.02
Depreciation	88.99	71.94	167.72	158.23
Profit Before Tax	(82.78)	11.16	(61.24)	116.79
Tax	2.90	5.43	5.59	24.10
Profit After Tax	(85.68)	5.73	(66.83)	92.69
Operating Cash Profit (PAT + Depreciation)	3.30	77.67	100.88	250.92

Note: Financials reported as per Indian GAAP

As on September 2011		(INR Crore)
Networth		5,208.3
Gross Block		5,590.9
CWIP		1,551.2
Debt as on September 11		(INR Crore)
Shipping Business		2,216.5
Logistics Business		208.8
Oilfield Services Business		1,434.6
Corporate Debt		1,561.2
TOTAL DEBT		5,421.1
Project Debt		2,178.2
Operating Debt		3,242.3
Ending September 2011		
Weighted Average Cost of Debt		8.16%

A Broad Spectrum of Assets & Services



Very Large Crude Carrier "MT Ashna"



3rd Generation Semi-submersible Rig "Essar Wildcat"



Transportation of finished steel coils to 3rd party clients from Essar Steel, Hazira



Transportation of heavy equipment for Essar Steel, Hazira

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.

Analyst Contacts

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