

Essar Shipping Ltd

Performance Update

for QE 30th September 2012

Essar Shipping – Overview

Shipping



- Fleet of 23 vessels, DWT of 1.76 Mn
 - 2 modern Double Hull VLCCs
 - 4 Capesize ships
 - 4 Mini-Capesize Ships
 - 2 Supramax bulk carriers
 - 2 13,000 dwt General Cargo ships
 - 5 Mini Bulk Carriers & 4 Tugs
- 6 new ships on order

- Experienced and credible operator with more than four decades of experience
- India's largest Cape-size fleet
- All ships on long term contracts
- Strong client base consisting of 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, ConocoPhillips, 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

Rewards, Recognition and CSR Initiatives

- First Runner-up at Gujarat Star Awards in the category 'Shipping Line of the Year – Coastal Operator'



Essar Shipping Limited was part of the below CSR activities:

- Coastal clean-up drive launched in association with Indian Coast Guard
- Essar SAR (Search and Rescue) Award for bravery at sea
- Helped Bharkunda N.C., Durgapur, West Bengal to bring electricity to its campus

Operational Highlights

Key Operational Highlights

Sea Transportation Business



- Essar Shipping awarded the First Runner-up at Gujarat Star Awards in the category 'Shipping Line of the Year – Coastal Operator'
- Successful induction of four STX mini-apes for Essar Group Cargo
- Successful execution of SAIL & Baosteel COA under current difficult market conditions
- Sale of 1983 built ships MV Govind Prasad and MV Mahavir Prasad during the quarter thereby reducing the average age of the fleet to 13.5 years
- Efficient Completion of planned Dry Docking of MV Kiran, MV Chandi Prasad & MV Tuhina within budgets

Oilfields Services Business

- The semi-submersible rig Essar Wildcat continues to perform well with ConocoPhillips in Indonesia. The rig flared two wells during the quarter
- Successfully completed 3 years of LTI free operations on Essar Wildcat rig



Industry Outlook

Sea Transportation Business

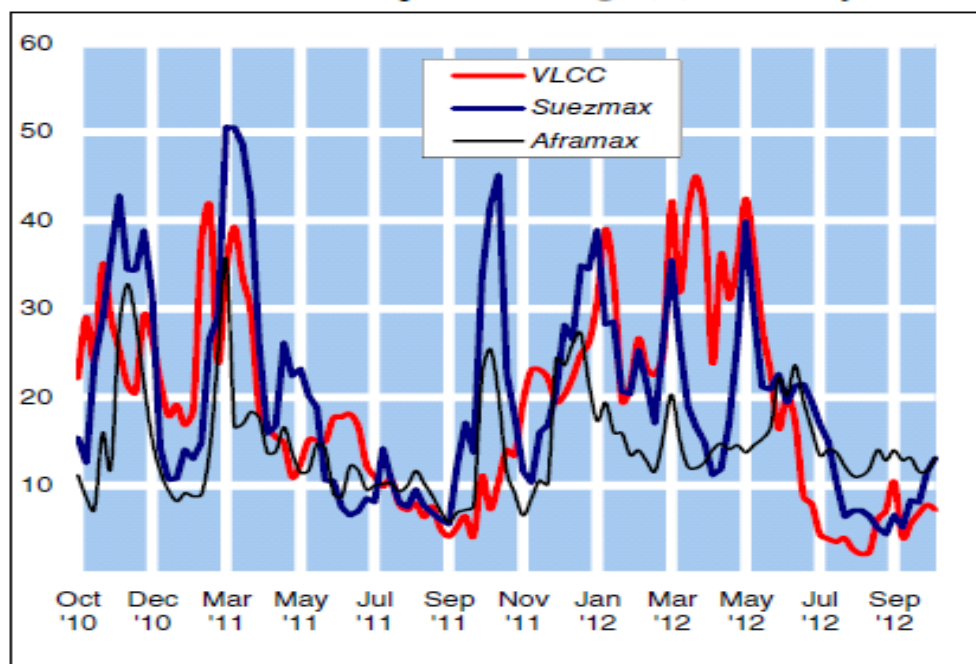
Sea Transportation

- Spot markets continue to be volatile, VLCC day rates have started picking up as evident from below chart
- Essar Shipping is hedged against spot markets volatility through time charters and CoA's

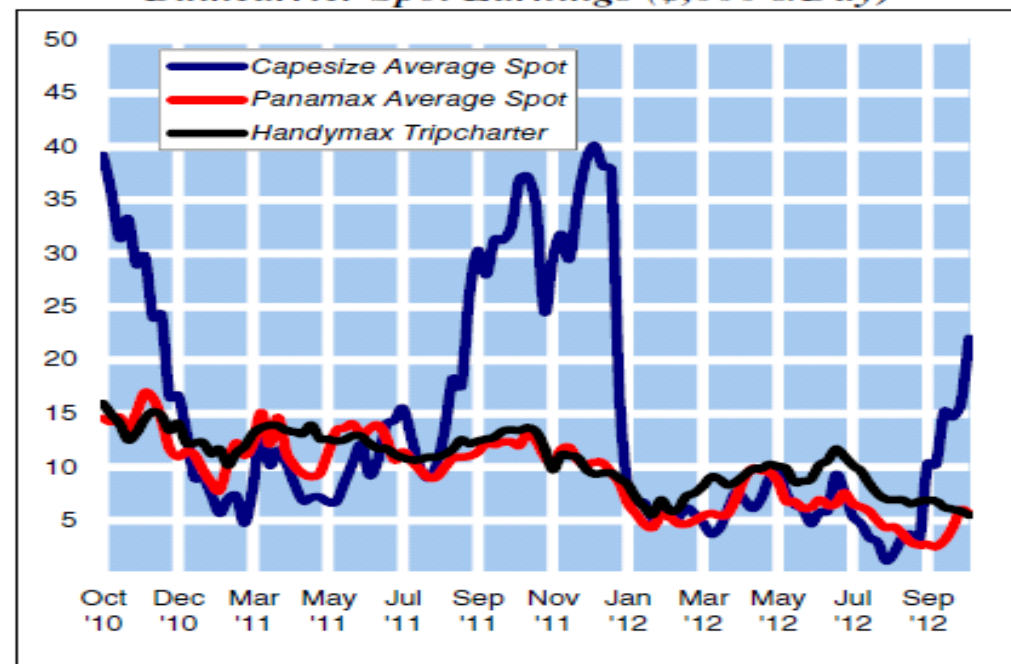
(USD / day)	2009	2010	2011	2012
VLCC Average Earnings	32,009	37,929	16,856	20,377
Capesize Average Earnings	39,064	30,587	18,078	7196

Source: Clarkson's

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



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



Source: Clarkson's

Industry Outlook

Oilfields Services Business

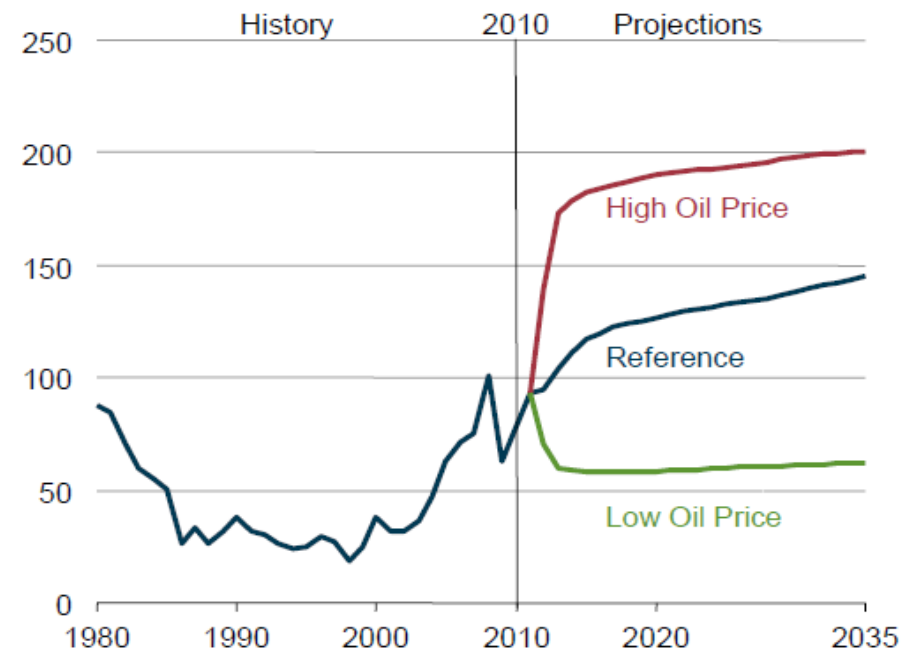
Significant Uptick Expected in E&P Activity

Strong Crude Price Outlook to improve E&P viability

- Recovery in crude prices and positive long term price outlook
 - Substantially improved viability of E&P capex
- Increased NOC activity from countries like India and China to improve energy security
 - Impetus on exploration in home markets
- Recent significant discoveries driving demand in Latin America
 - Increased E&P activity and demand for rigs in the vicinity of recent finds
- 2013 E&P Spending Plans biased to upside from record setting 2012 levels
 - Global E&P Budgets in 2012 reached a record high of USD 600 billion
 - Barclays forecasts that this spend level will continue unabated in 2013

Significant E&P Investment Backlog

Figure 18. Average annual world oil prices in three cases, 1980-2035 (2010 dollars per barrel)

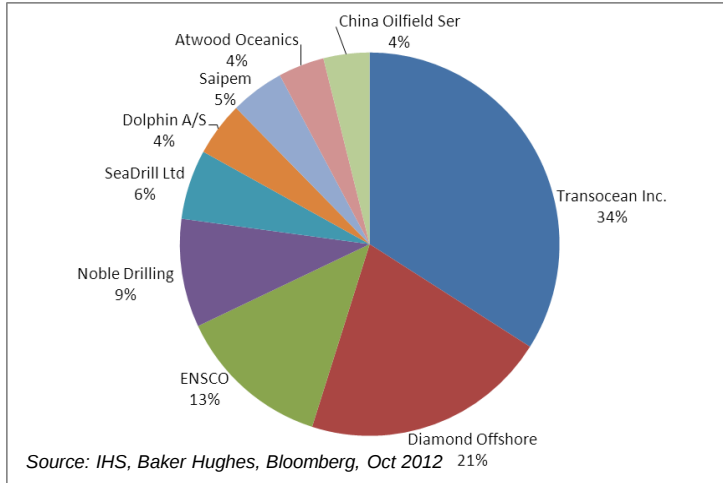


Source: IEA's World Energy Outlook – June 2012

Recovery in crude prices and recent discoveries to propel E&P capex leading to increased drilling activity

Semi-submersible Rig Segment Outlook

Global Semi-submersible Fleet Ownership



Highly Consolidated Industry Structure

- Top 2 operators own 49% of global semi-submersible fleet
- Highly consolidated industry structure expected to lead to increased pricing discipline and drive strong recovery in day rates

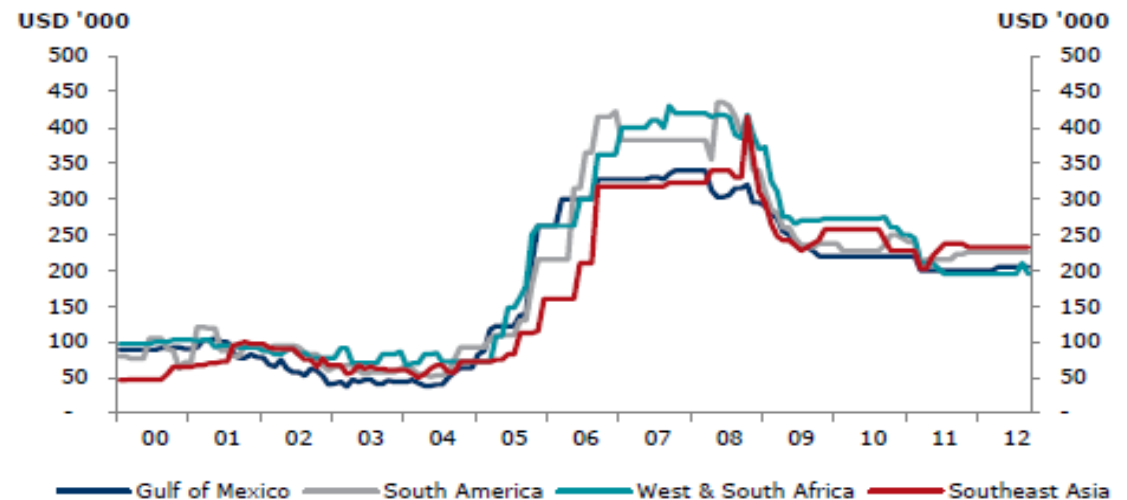
Market Outlook

- Markets have been improving for both floaters and Jack Ups
- 3G Semi-submersible markets have been increasingly optimistic
- Projections of USD 170,000 have been made in the Jack Up markets

Midwater <3,000ft

USD 1,000/day		YTD 2011	YTD 2012	Aug 2012	Sep 2012
North Atlantic	High	313	382	440	440
	Low	222	293	310	320
US Gulf	High	259	257	260	260
	Low	150	150	150	150
South America	High	267	282	282	282
	Low	174	170	170	170
West Africa	High	260	253	280	250
	Low	165	140	140	140
South East Asia	High	281	285	285	285
	Low	169	180	180	180

* graph illustrates "average" rates



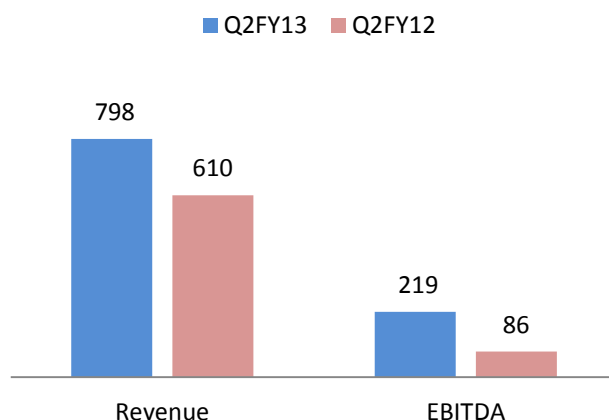
Improving demand scenario suggest strong recovery for high spec assets

Essar Shipping Ltd. – Financial Performance

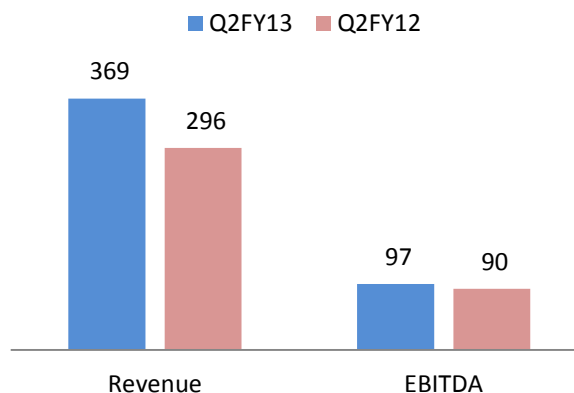
Financial Performance Q2FY13 vs. Q2FY12



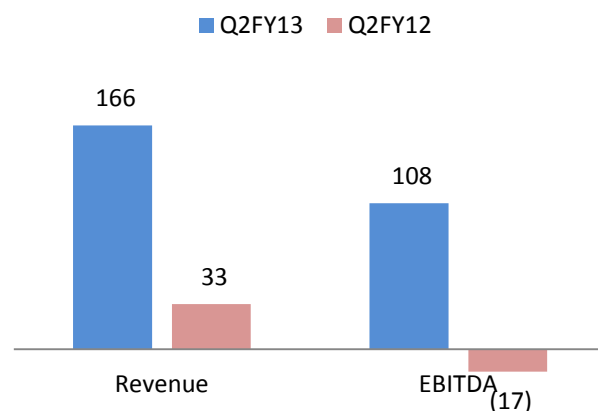
Consolidated Performance



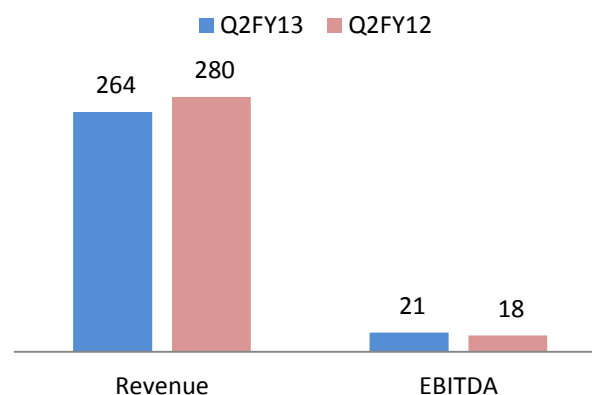
Sea Transportation Business



Oilfields Services Business



Logistics Business



Consolidated Performance

- Revenue and EBITDA has shown increase of Rs.188 Crore and Rs.133 Crore respectively mainly on account of the following

Sea Transportation Business

Reason	INR CR
Increase in TCE revenues on account of increased tonnage (<i>Increase in Gross revenues by Rs.73 Crore</i>)	25
Increase in OPEX / Lease Rentals for Minicapes	(38)
Profit on sale of MV Mahavir Prasad and MV Govind Prasad	20
Total Variance in EBITDA	7

Oilfields Services Business

- Revenue and EBITDA has increased by Rs.133 Crore and Rs.125 Crore respectively as during the previous quarter the rig was under contact changing stage from Vietsovpetro to ConocoPhillips and the rig also underwent dry-dock repairs leading to reduction in earning days

Logistics Business

- Marginal movement in cargo handling has led to reduction in Revenue by Rs.16 Crore.
- However, EBITDA has shown improvement by Rs.3 Crore

Essar Shipping – Consolidated Financial Performance



Income	INR Crores				
	Q2FY13 Actuals	Q2FY12 Actuals	H1FY13 Actuals	H1FY12 Actuals	FY12 Actuals
Operating and Chartering Earnings	599.70	569.09	1,347.14	1,145.44	2,398.14
Oilfields Services Income	158.21	30.02	326.61	110.79	397.13
Other Income	40.06	10.80	49.39	23.88	59.23
Total income	797.96	609.91	1,723.14	1,280.11	2,854.50
Expenditure					
Operating Expenses	551.29	491.94	1,197.17	959.33	1,960.16
Establishment and Other Expenses	28.49	32.04	55.73	58.85	141.84
Total Expenses	579.78	523.98	1,252.89	1,018.18	2,102.00
EBITDA	218.18	85.93	470.24	261.92	752.50
EBITDA %	27%	14%	27%	20%	26%
Interest and Finance Expenses	92.87	79.69	181.27	155.42	329.43
Exchange loss on Forward Contracts (POS)	50.19	-	50.19	-	-
Profit Before Depreciation and Tax	75.12	6.24	238.79	106.51	423.07
Depreciation	98.59	88.99	199.26	167.72	362.94
Profit Before Tax	(23.47)	(82.74)	39.53	(61.21)	60.13
Tax	12.52	2.90	21.61	5.60	23.30
Profit After Tax	(35.99)	(85.65)	17.91	(66.82)	36.83
PAT %	-5%	-14%	1%	-5%	1%
Operating Cash Profit (PAT + Depreciation)	62.59	3.33	217.16	100.90	399.77

(INR Crore)
As on 30th September 2012

Networth 5,193.48

Gross Block 5,886.61

CWIP 719.7

Project Debt 2,480.81

Operating Debt 3,106.91

Ending September 2012

Average Cost of Debt 8.71%

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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