



ESSAR PORTS LIMITED



36th Annual Report 2011-12



CONTENTS

COMPANY PROFILE

- 02** Essar Ports: Identity
- 04** Presence
- 06** Growth Plans
- 07** Financial Performance

GOVERNANCE

- 22** Profiles of the Board of Directors
- 26** Awards
- 27** Corporate Information
- 28** Directors' Report
- 34** Corporate Governance Report

REVIEW OF FACILITIES

- 08** Vadinar
- 10** Hazira
- 12** Paradip
- 14** Salaya

FINANCIALS

- 43** Standalone Financial Statements
- 77** Consolidated Financial Statements
- 119** Financial Statements of Subsidiaries

MANAGEMENT INSIGHT

- 16** MD & CEO's Message

CSR

- 18** Sustainability at Essar



The background image shows a large port facility. In the foreground, a long pier with yellow railings extends into the water. In the middle ground, a large black and red cargo ship is docked at the pier. Other ships are visible in the background. The sky is clear and blue.

Fully mechanised ports

Delivers superior service quality

EPL develops assets which are not only fully-mechanised but environment-friendly as well. A keen focus on world-class infrastructure allows it to deliver superior service quality to its customers.

Faster turnaround time

Improves efficiency

EPL's facilities are highly efficient due to fast turnaround times. These efficiencies are dependent on deep draft, quick evacuation, and connectivity to the hinterland through rail and road and extensive storage facilities.

Forward expansion with consistent growth

Results in significant returns

EPL's consistent capacity expansion, over the years, ensures that it will be well-positioned to capture the growth of the Indian ports sector in the years to come. Growth in revenues has mirrored EPL's expansion in capacity. A 63% CAGR growth in revenues over the last 3 years translated into a topline of Rs. 1,131 crore in FY12.

SCALE

As the 2nd largest private sector port company in India

SERVICE QUALITY

With the implementation of superior infrastructure

EFFICIENCY

Through the fastest turnaround times for cargo evacuation in the industry

GROWTH

With consistent capacity addition over the years

VALUE

Through assured earnings from anchor customers



Greater scale

Unlocks growth potential

Essar Ports Limited (EPL) is the second largest private sector port company in the country with respect to capacity and throughput. The Company's current capacity of 88 Million Metric Tonnes Per Annum (MMTPA) is expected to increase to 158 MMTPA by FY14. The current cargo volume of 43 MMTPA is to be increased to 125 MMTPA by FY15, in line with the capacity expansion.

Improved value through assured earnings

Facilitates long-term visibility

EPL's anchor customers – Essar Steel, Essar Oil and Essar Energy Plc ensure secured annuities with respect to revenues and cargo volumes. Further, Take-or-Pay (ToP) agreements with these customers provide visibility of long-term earnings to the Company.



ESSAR PORTS



IDENTITY

Essar Ports Limited (EPL) is part of the multinational Essar Group, one of India's largest conglomerates with a presence across the energy, steel, infrastructure and services sectors. The second largest private sector ports company in India, by capacity and throughput, EPL operates ports for handling liquid, dry bulk, break bulk and general cargo.

Operational facilities at Vadinar and Hazira, Gujarat, with an aggregate capacity of 88 MMTPA, are used primarily by anchor customers – Essar Steel, Essar Oil and Essar Power. These facilities handle incoming raw materials such as crude oil, iron ore / pellets, limestone, dolomite and coal, and outgoing finished goods such as petroleum products and steel products.

EPL is in the process of increasing its overall capacity to 158 MMTPA with expansion projects at Hazira, a new port at Salaya, Gujarat, and two terminals at Paradip, Odisha. These projects will address the expected increase in traffic from plant expansions by the Company's anchor customers, and support additional business from third-party customers.

EPL'S SITES ARE STRATEGICALLY LOCATED BOTH ON THE EAST AND WEST COASTS OF INDIA.

Existing and upcoming sites at Vadinar, Hazira and Salaya are on the western coast of India in Gujarat to service the growing demand of the land-locked northern, north-western and central regions of India. Two days away from major ports in the Middle East, the state is responsible for importing 55% of India's crude requirement.

Paradip, on the eastern coast of India in Odisha, is an important location for the import of coal. The sites at Paradip will service mineral and metals-rich eastern India and address cargo servicing requirements for the steel and power industries.



PRESENCE

VADINAR

58 MMTPA Current Capacity

HAZIRA

30 MMTPA Current capacity
50 MMTPA Expanded capacity

SALAYA

20 MMTPA
Capacity (under construction)

PARADIP

16 MMTPA Current Capacity
14 MMTPA
Capacity (under construction)



GROWTH PATH

EPL is in the process of expanding its aggregate capacity to **158 MMTPA** by 2014 to address the rising cargo handling needs of anchor customers and third-party clients. The expansion project at the **Vadinar Oil Terminal** has increased its capacity to 58 MMTPA. The capacity of the **Hazira facility** is to be increased to 50 MMTPA. This will be

accomplished by the addition of **20 MMTPA** capacity, through the development of 1,100m of waterfront. The balance capacities will be addressed through a **20 MMTPA** new bulk terminal in Salaya, Gujarat, a **16 MMTPA** bulk cargo export terminal and a **14 MMTPA** coal terminal at Paradip Port in Paradip, Odisha. Of the total expanded capacity

58 MMTPA will be dedicated to servicing wet cargo, i.e. **crude oil** and **petroleum** products, at Vadinar while **100 MMTPA** across Hazira, Salaya and Paradip will be utilised in servicing dry, i.e. **general, break bulk and project cargo**.