

Media Monitoring

Client: **Chemoil**
Publication: **Reuters News**
Date: **5 June 2009**
Headline: **Reuters Summit-Chemoil to expand fuel supply to Indian ports**

Reuters Summit-Chemoil to expand fuel supply to Indian ports

- * **Chemoil** to double bunker sales in India's Mundra by yr-end
- * To start supplying fuel to Chennai end-2009, Mumbai end '10
- * Aims to boost shipping fleet

By Seng Li Peng

SINGAPORE, June 4 (Reuters) - Marine fuel supplier **Chemoil** Energy aims to double its sales in India's Mundra port and extend its presence by 2010 to other ports in the country, where demand is surging, a senior executive said on Thursday.

It also plans to acquire new ships by the end of the year, or beginning of 2010, depending on market conditions, Sanjay Anand, managing director for Asia, and the Middle East told the Reuters Energy Summit.

The Singapore-listed firm and its joint-venture partner Adani Group -- which owns India's largest private port -- expect bunkers sales at Mundra on the west coast to double to about 100,000 tonnes a month by end-2009, from 50,000 tonnes in April.

"The Gulf of Kutch, where Mundra is, accounts for more than 22 percent of all Indian Maritime cargo traffic. This is expected to cross 30 percent by 2011-2012," said the 54-year old Anand.

To achieve its target, **Chemoil** is modifying its storage tanks to blend fuels to cater to different specifications required by different tankers. Bunker demand in Mundra, where **Chemoil** started supplying marine fuel at the start of the year, is expected to grow to 8.5 million tonnes in five years from 3.0-3.2 million tonnes in 2008. **Chemoil** plans to expand its bunker supply to Chennai port by end-2009 and Mumbai by end next year.

"We are discussing with various parties about our expansion into Chennai, and we expect to start supplying 10,000 tonnes of bunker fuel by the end of the year," said Anand.

India is a key growth market for **Chemoil**. The country's bunker demand has the potential to grow to 22-23 million tonnes in about five years, but actual consumption is currently small at 1.4-1.5 million tonnes a year, he said.

Chemoil has also started phase four of expansion work at its storage terminal in Fujairah, jointly owned with Gulf Petrol Supplies (GPS), which will be expanded to 480,000 cubic metres by 2011 and to 650,000 cu m later that year from the current capacity near 95,000 cu m. **Chemoil** has

storage terminals in the three largest bunker ports in the world -- Rotterdam, Fujairah and Singapore which supplied a total 75.4 million tonnes of bunker fuel last year.

Chemoil's 482,000 cubic metres Helios storage terminal in Singapore's Jurong island was commissioned early last year, where it holds 40 percent of the storage capacity for its own use.

Brazil's largest energy company, Petroleo Brasileiro SA (Petrobras) has leased 40 percent of the storage capacity, while Japan's Itochu has the rest.

"I don't think we will be giving any more capacity (in the Singapore tanks) to third party company," said Anand, who started Link Marine, which provided shipping services to **Chemoil** before the Group acquired it in 2007.

EYES ON SHIPPING ASSETS

Chemoil is also looking to build up its shipping assets. It currently owns four vessels, including barges, and charters tankers to deliver marine fuel.

It charters three to four Panamexes, and one to two Aframexes at any given time.

"But prices of new ships are reducing by about 20-25 percent," he said. "Scrap prices have gone down from \$500.00 a tonne to about \$230.00 a tonne.

"It is an exciting time to go into shipping, but in my view, we need to wait a little more before moving into it," he said adding that **Chemoil's** wants to buy new vessels and not used tankers to meet shipping regulations.