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# India's Elektrans aims to grow tanker fleet, plans IPO in 2025

## Group chief executive Michael Elwert remains downbeat on dry bulk and containers

INDIA-based shipping company Elektrans Group has its eyes set on fleet expansion in the tanker segment and is preparing for an initial public offering by 2025, the group's chief executive Michael Elwert said in a recent interview, *writes Eric Yep.*

The shipping services provider is focused on growing its shipowning business at a time when most of the industry is tightening its belt amid a

prolonged industry downturn.

"You need to have a goal and direction, but you also need to manoeuvre around and navigate the perils of the sea while getting there. Unfortunately, the perils of the sea are like moving targets," Mr Elwert said.

Elektrans is moving towards an immediate fleet strength of around five or six vessels, to reach between 15 and 20 ships in the coming years, depending on how asset prices develop. It is in talks to acquire two medium range product tankers by the end of the third quarter of 2016, if parallel time

charter discussions work out favourably.

The two MR tankers under consideration could cost around \$45m, Mr Elwert said, adding that the company was flexible about the age of the vessels. At this rate, Elektrans would need an estimated \$338m to add 15 secondhand vessels to its fleet.

A five-year-old MR tanker currently costs around \$24m, and a 10-year-old costs around \$16.5m, according to the latest shipbroker estimates. This is down from \$28m for a five-year-old MR tanker a year earlier, and \$19.5m for a 10-year-old.

Mr Elwert said the product tanker market still had some healthy fundamentals despite the recent correction in prices. He noted that while the product tanker market was on a downward trend and would come down further, it would not totally collapse and still had the necessary ingredients to sail further.

"The reason why we want to continue investing in the tanker segment is that we believe in it both in the mid and long term," he said.

"I'm not a strong believer of a radical recovery in tankers in the next two to five years. The **Continued on page 4**

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situation affecting the freight levels is getting increasingly complex. However, it's important to have a position and to believe in something."

However, Mr Elwert still plans to steer clear of the dry bulk segment, where the situation is likely to get a lot worse.

"I do believe that unfortunately we will see a further drop and further casualties in dry bulk, as they are simply running out of cash and the banks at some stage may be forced to take the hit," he said.

Elektrans Group, which also has operations in ship recycling, marine travel, freight forwarding, technical crew management and crew transportation, plans to expand beyond its India-focused operations.



Elwert: The company will also be pursuing the Singapore flag.

"Singapore is the holding company of the future. We will also be pursuing the Singapore flag," said Mr Elwert.

At the same time, it plans to be a gateway to India for an international shipping fraternity that is still hesitant to enter the Indian market.

"India is growing. India is need of stronger infrastructure focus and Indian waterways have the potential for more transport," Mr Elwert said.