

The Great Eastern Shipping Co. Ltd.

Business & Financial Review

November 2014

Forward Looking Statements

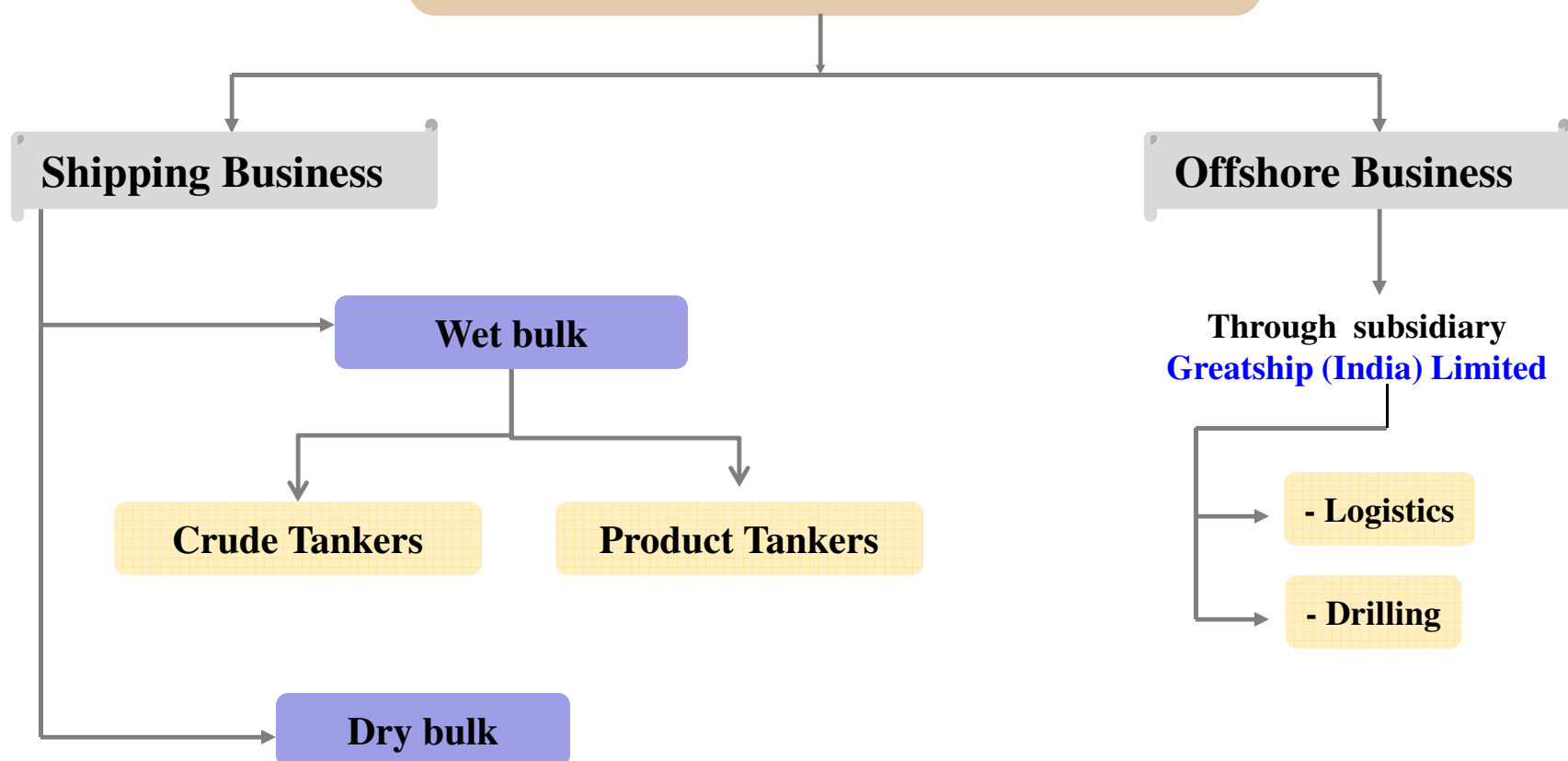
Except for historical information, the statements made in this presentation constitute forward looking statements. These include statements regarding the intent, belief or current expectations of GE Shipping and its management regarding the Company's operations, strategic directions, prospects and future results which in turn involve certain risks and uncertainties.

Certain factors may cause actual results to differ materially from those contained in the forward looking statements; including changes in freight rates; global economic and business conditions; effects of competition and technological developments; changes in laws and regulations; difficulties in achieving cost savings; currency, fuel price and interest rate fluctuations etc.

The Company assumes no responsibility with regard to publicly amending, modifying or revising the statements based on any subsequent developments, information or events that may occur.

Corporate Profile

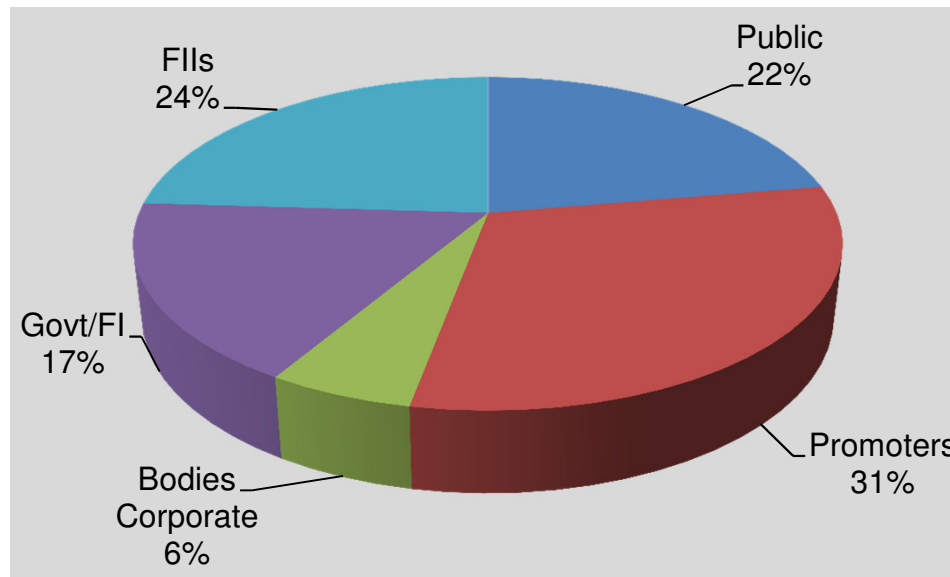
The Great Eastern Shipping Co. Ltd.
Incorporated in 1948



Company at a glance

- ✎ *India's largest private sector Shipping Company*
- ✎ *Diverse asset base with global operations*
- ✎ *Completed 66 years of operations*
- ✎ *30 years of uninterrupted dividend track record*

Shareholding Pattern as on September 30, 2014



Shipping business-owned fleet

30 ships aggregating 2.45 Mn dwt, avg.age 9.8 years

❑ **21 Tankers** avg.age 10.4 years

- **8 Crude carriers (4 Suezmax, 4 Aframax)** avg.age 11.2 years

- **11 Product tankers (4 LR1, 7 MR)** avg.age 7.2 years

- **2 Very Large Gas Carrier** avg.age 22.0 years

❑ **9 Dry bulk carriers** avg.age 8.4 years

- **1 Capesize** - avg.age 18.0 years

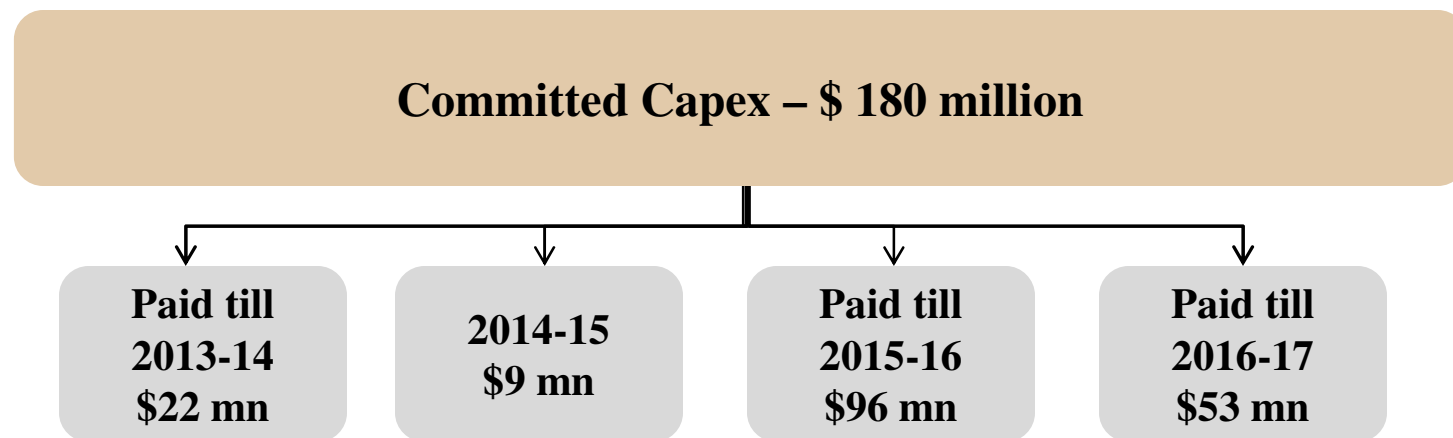
- **3 Kamsarmax** - avg.age 3.0 years

- **5 Supramax**- avg.age 7.4 years

Note: Fleet profile includes Very Large Gas Carrier 'Jag Vidhi' which has been contracted for sale in July 2014. The delivery of the vessel is due in H2 2014-15.

Shipping business- CAPEX plan

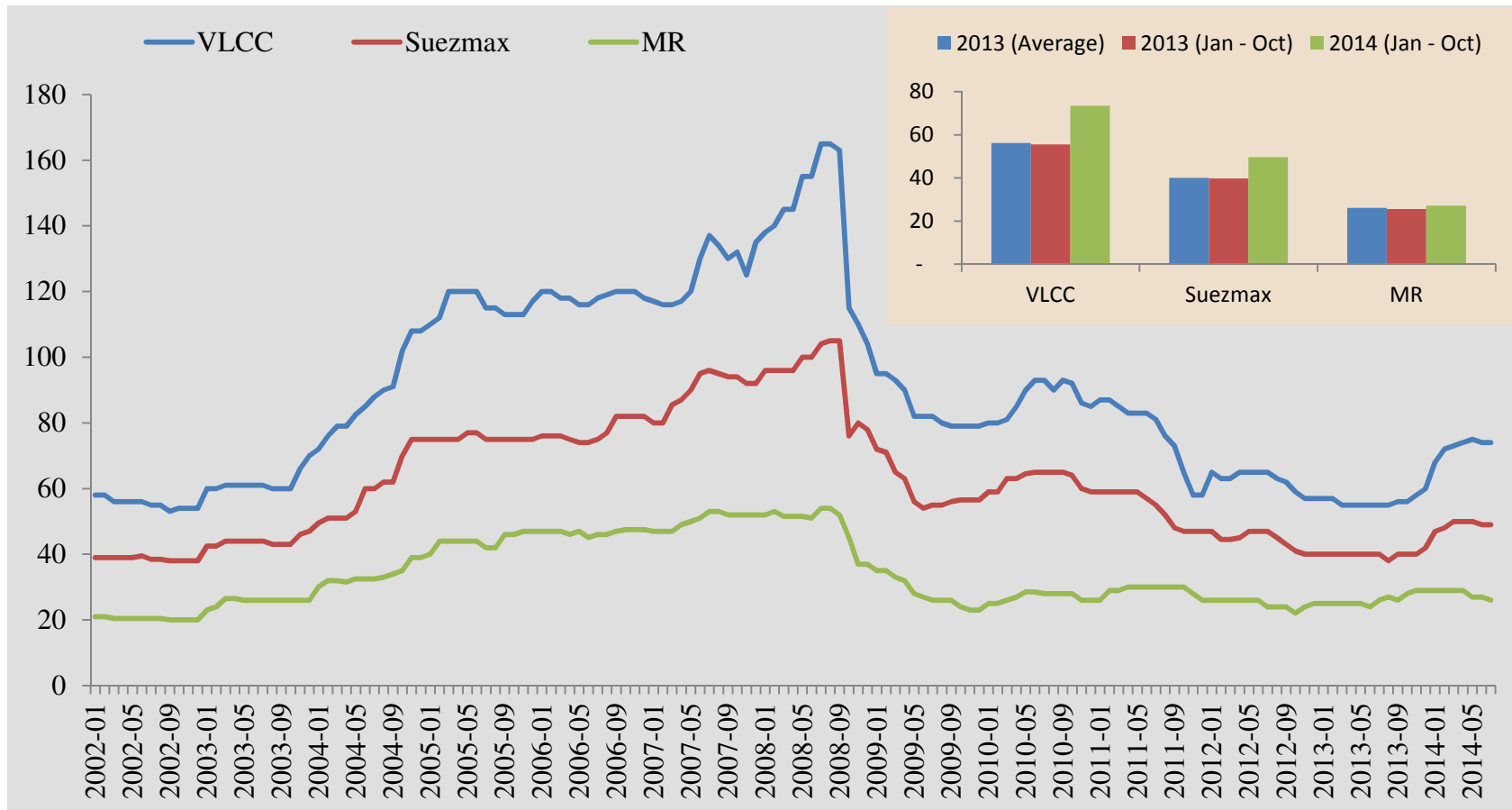
Vessels on Order		
Vessel	Yard	Expected Delivery
1 Medium Range Product Tanker	STX Group	Q4FY16
2 Kamsarmax Dry Bulk Carriers	Tsuneishi Shipbuilding	H1FY16
3 Kamsarmax Dry Bulk Carriers	Jiangsu New Yangzi Shipbuilding Co. Ltd, China	Q2 & Q3 CY2016



Asset Price Movement (5 yr old)- Tankers

Timeline- Jan 2001 till Oct 2014

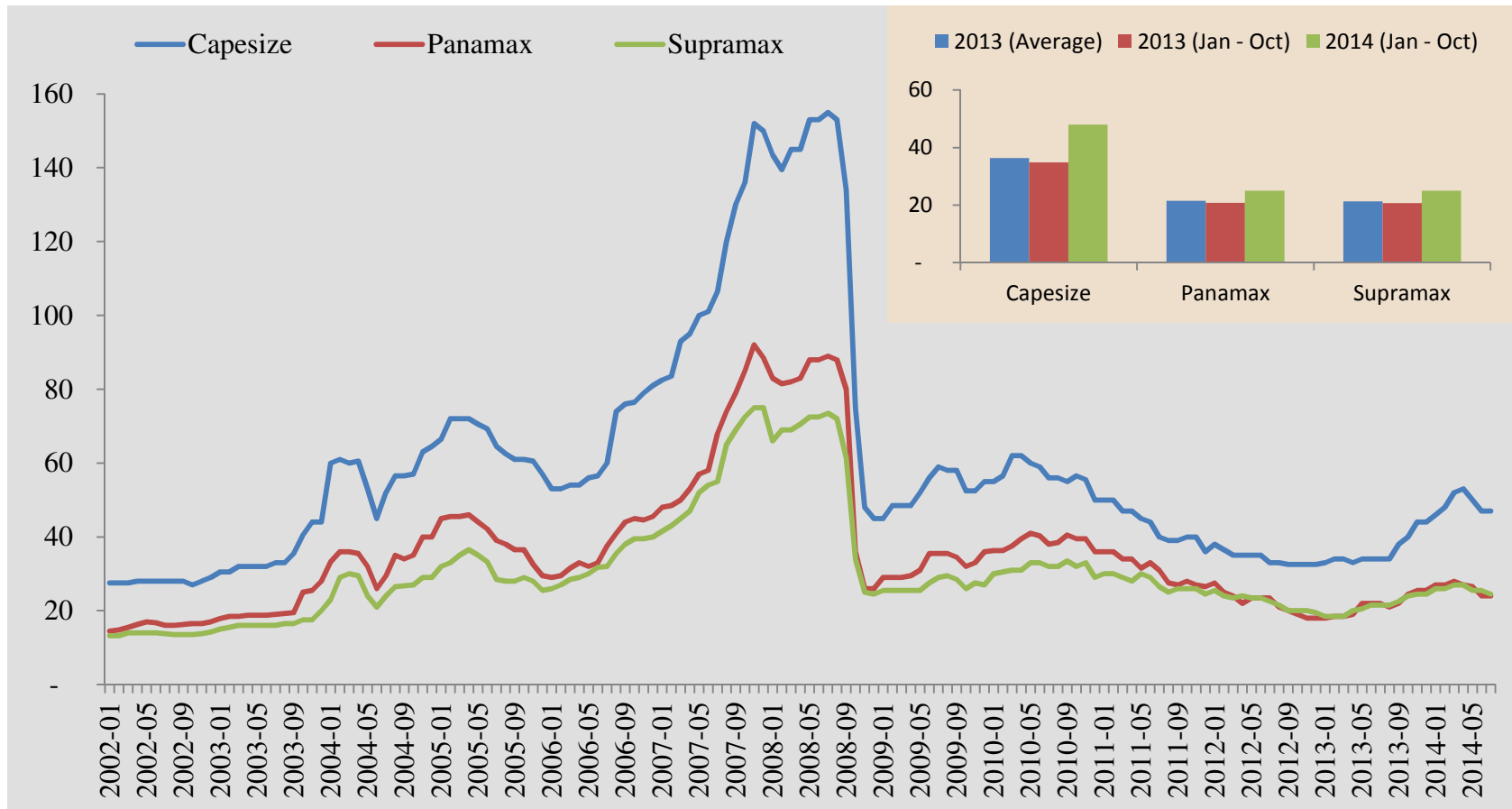
Amt in US\$ mn



Asset Price Movement (5 yr old) – Dry Bulk

Timeline- Jan 2001 till Oct 2014

Amt in US\$ mn

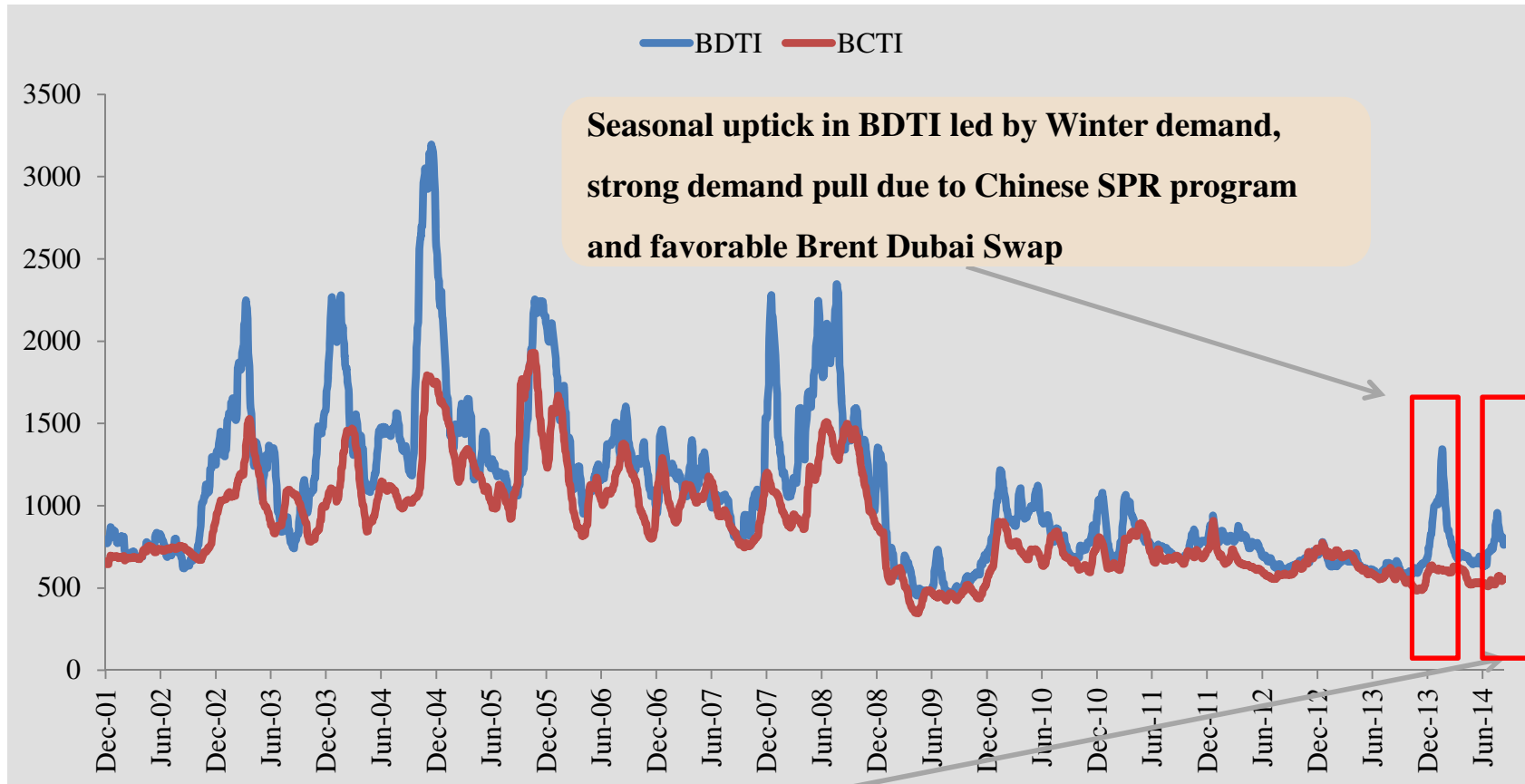


Asset Price Movement

20 year High /Low: (5 year old assets)

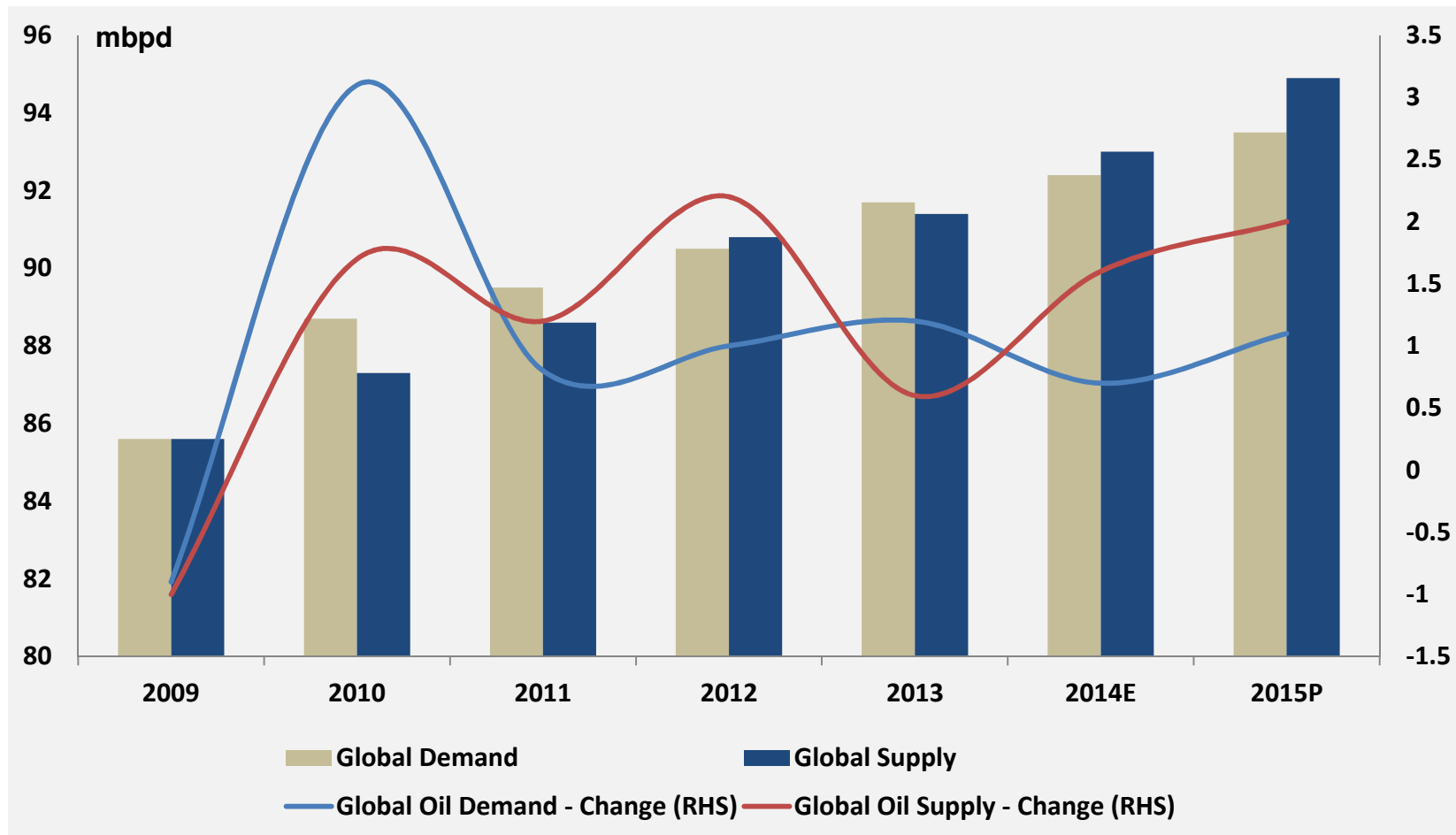
(Amt in \$mn)	High	Low	Current
<u>Tankers</u>			
VLCC	165	49	77
	(2008)	(1994)	
Suezmax	105	32	54
	(2008)	(1993)	
MR	46	20	25
	(2007)	(1999)	
<u>Dry Bulk</u>			
Capesize	155	25	42
	(2008)	(1999)	
Panamax	92	14	21
	(2007)	(1999)	
Supramax	75	13	22
	(2007)	(1998)	

BDTI & BCTI Movement (Jan 2001 to Oct 2014)



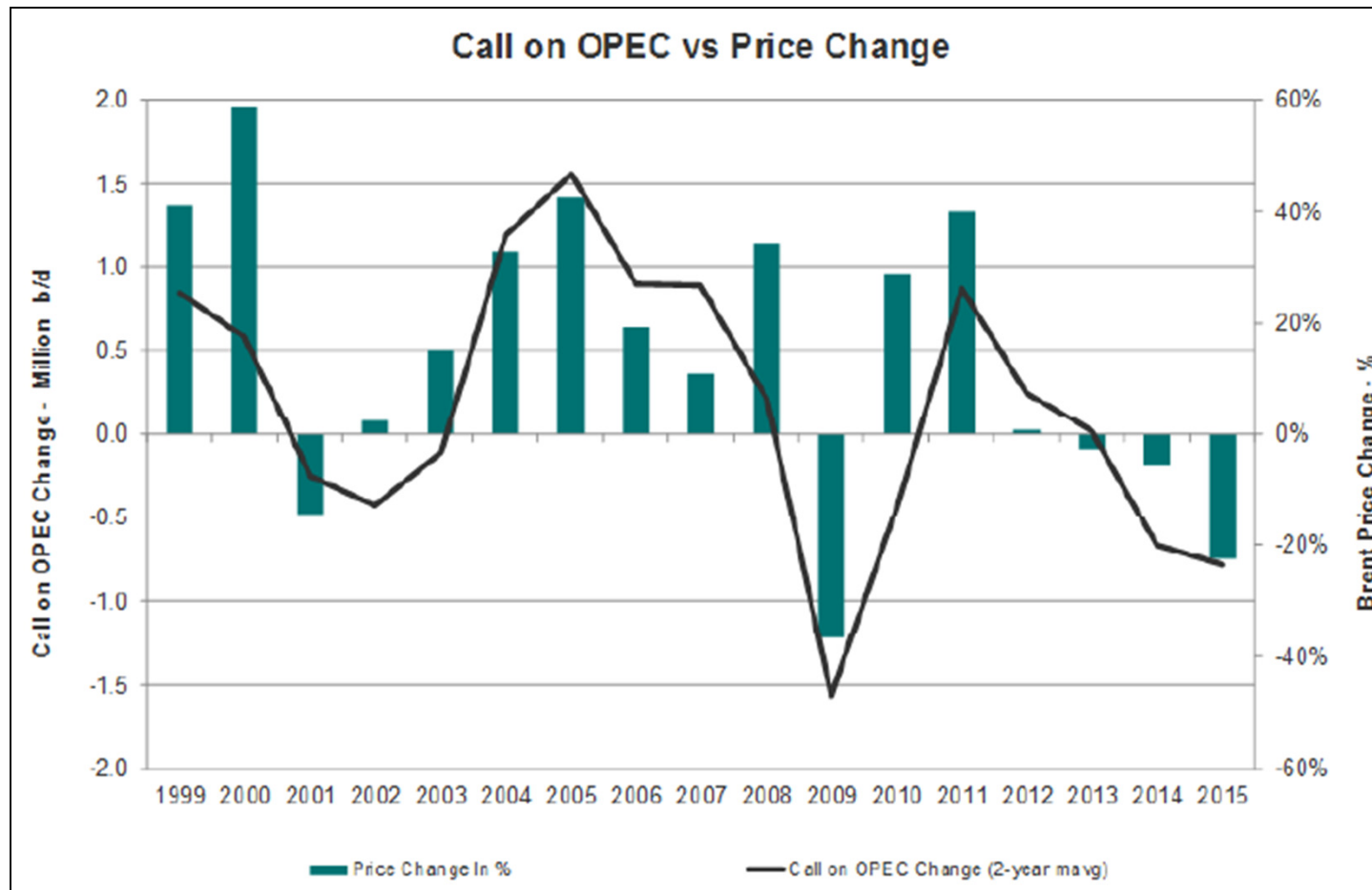
- BDTI spiked at the start of Q3 on account of demand pull from Asian refineries, weak Atlantic demand, favorable Brent-Dubai swap, geopolitical tensions & low fleet growth
- Seasonal refinery ramp-ups, low oil prices could aid tanker demand in Q4 2014

Higher supply could lead to continued downward pressure on prices



E: Estimates; P: Projections

OPEC production to determine the direction of oil prices



Crude Oil Trade – Changing patterns...

Oil supply dynamics changing

US – Shale revolution
Libya- Coming back???
OPEC – Production Cuts???
Canadian- Heavy sands
Iran – Uncertainty on Sanctions
North Sea – Decreasing Supply
Venezuela – Diversifying Customer base
West Africa – Supplying to Europe & East
Angola , Algeria – Production inching up
Nigeria – Increasingly unstable



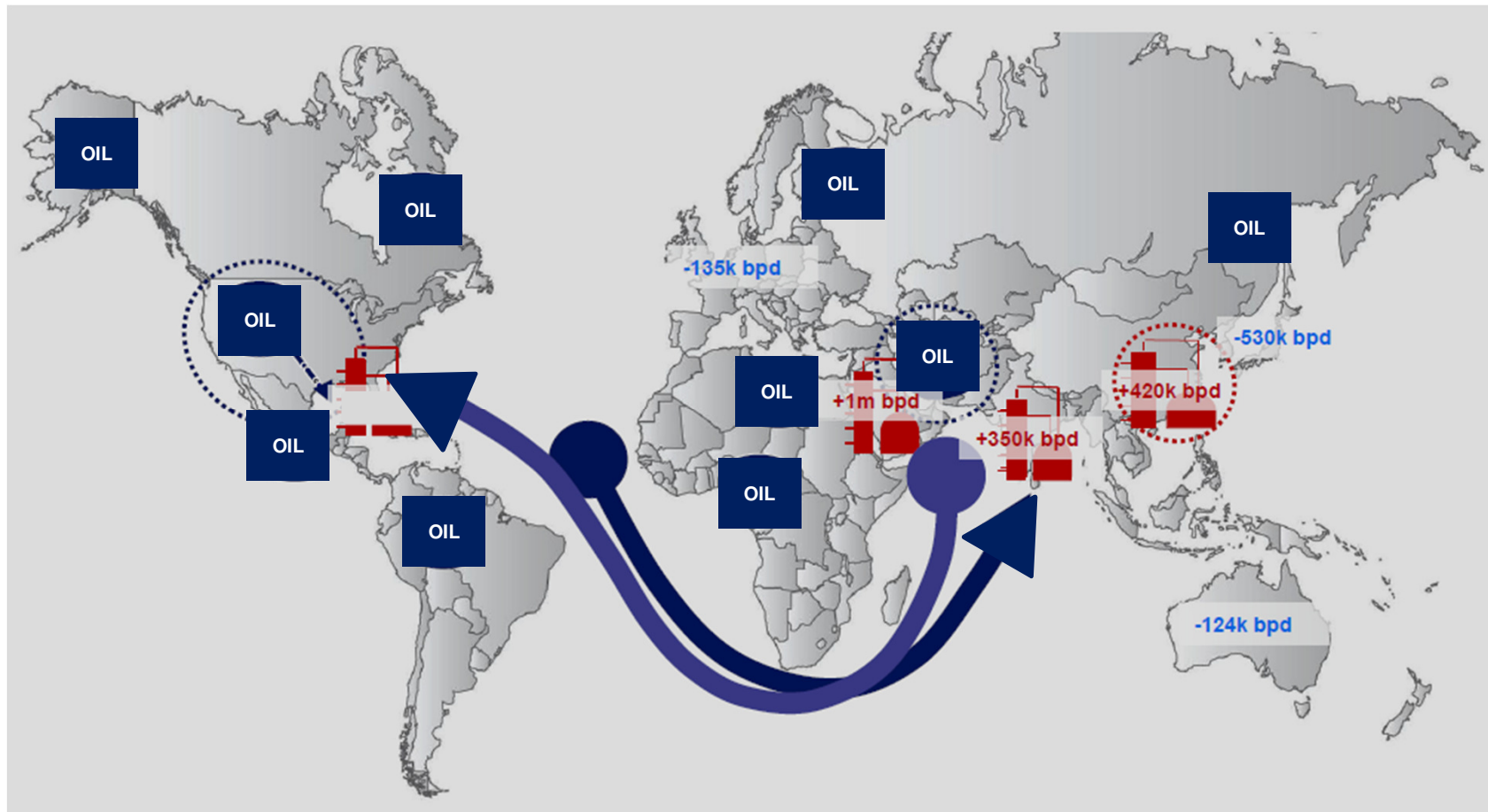
Oil demand sourcing matrix changing

China & India in forefront
US refineries operating at record utilization
Refinery closures in OECD Europe,
Australia, Japan

Other Market Developments

Political Risk - MENA, Russia/Ukraine
& Venezuela
Significant Middle East refinery expansion
Brent crude contango structure
and potential offshore storage on tankers

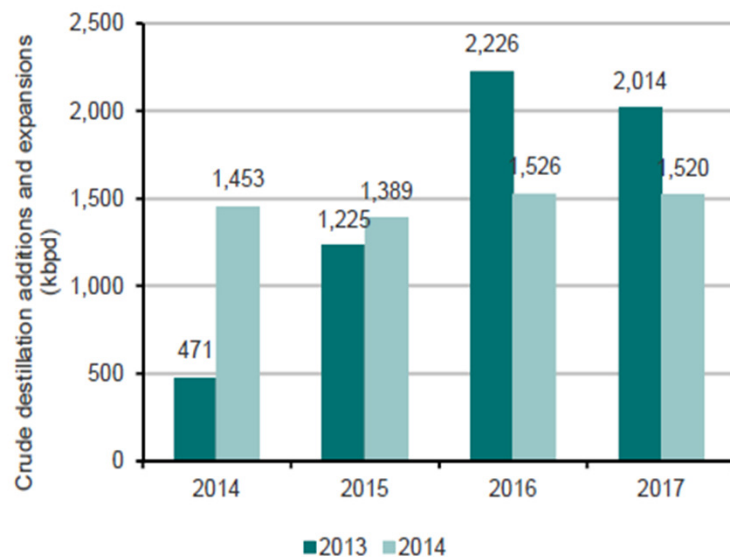
Crude Oil Trade – Changing patterns



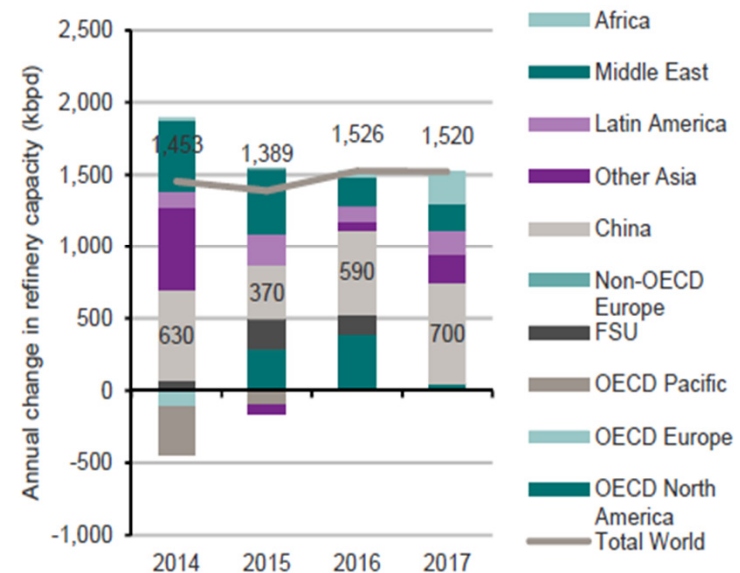
Significant new Refining capacity additions coming up in Asia and Middle East...

- The latest IEA report (June) expects about 1.4m–1.5m bpd of added global refining capacity annually for 2014–2017.
- Asia-Pacific and Middle East to account for three-fourth of the total refinery additions
- US refining sector to continue benefit, due to increasing exports of distillates to Latin America and Europe.

Global refinery capacity additions in the 2013- and 2014-report (IEA)

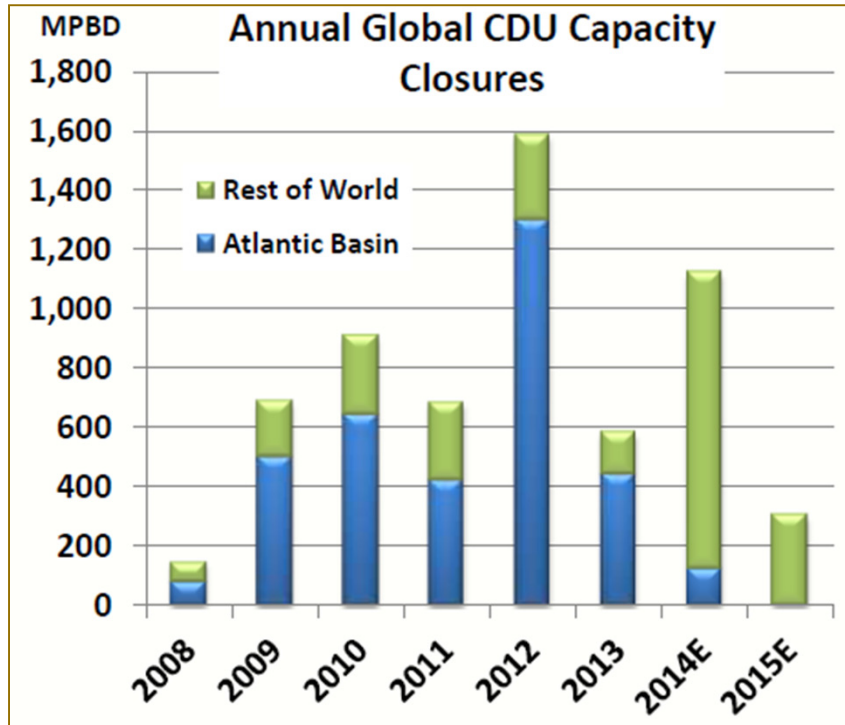


Additions by refinery region in the 2014-report



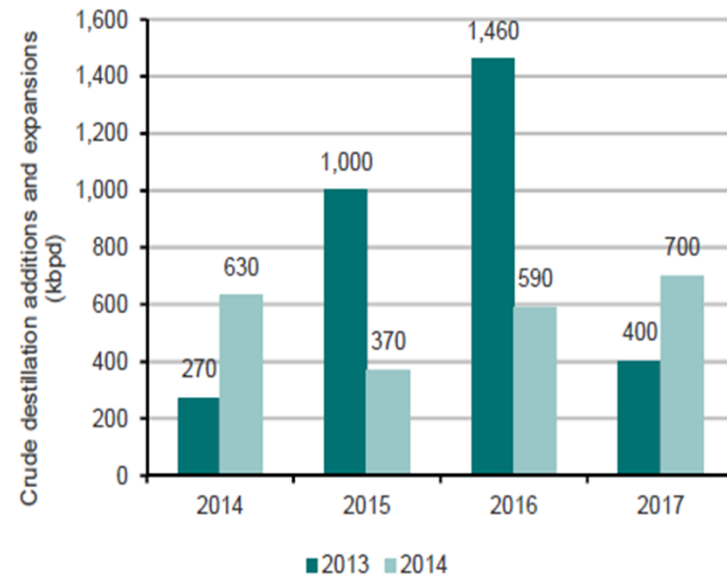
Leading to overcapacity, potential closures in the OECD region, lower utilization along with scaling back of certain planned expansions

Refining Capacity Rationalization



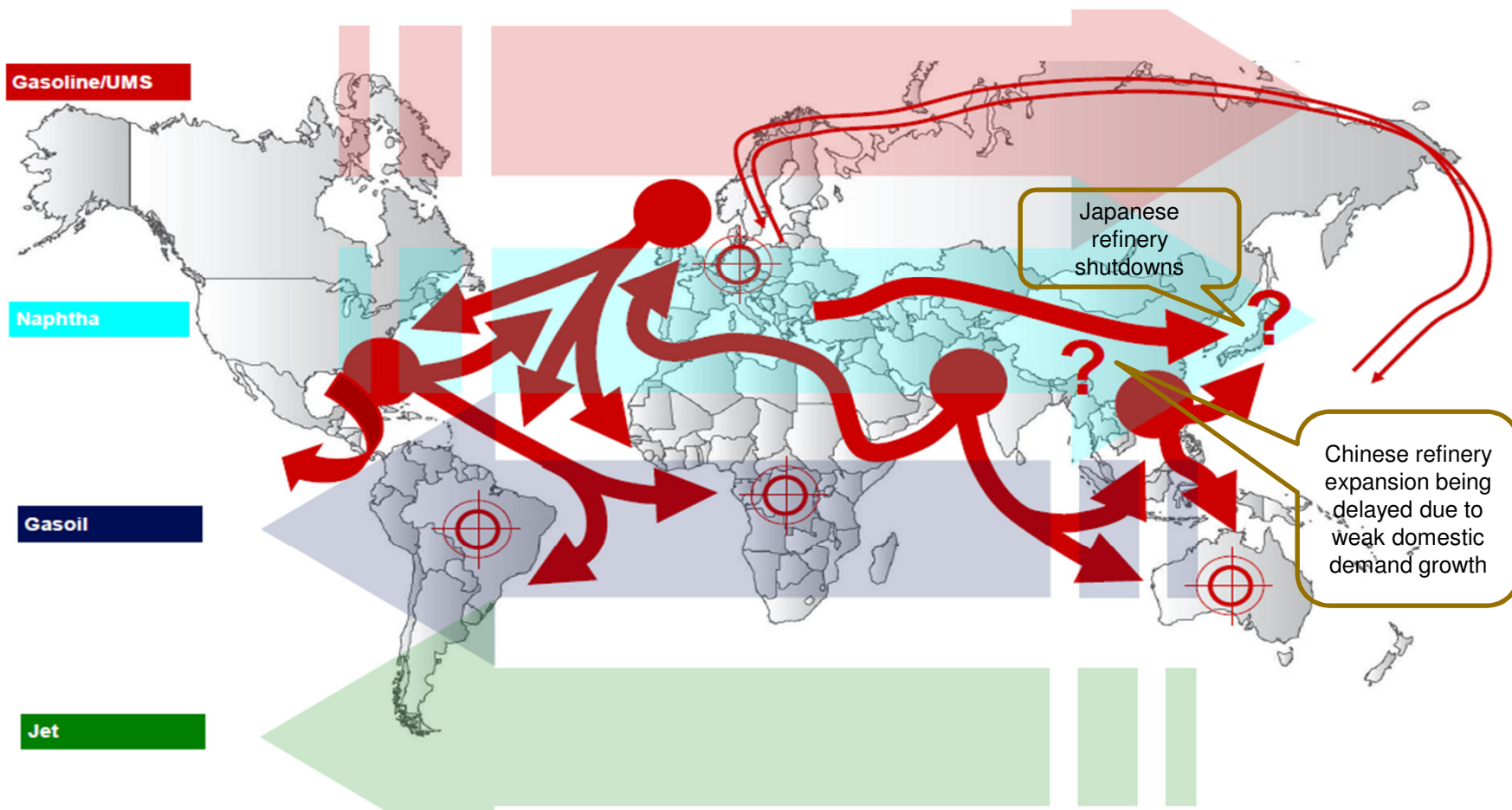
Chinese CDU expansions vs. previous projections

Refinery expansion in China

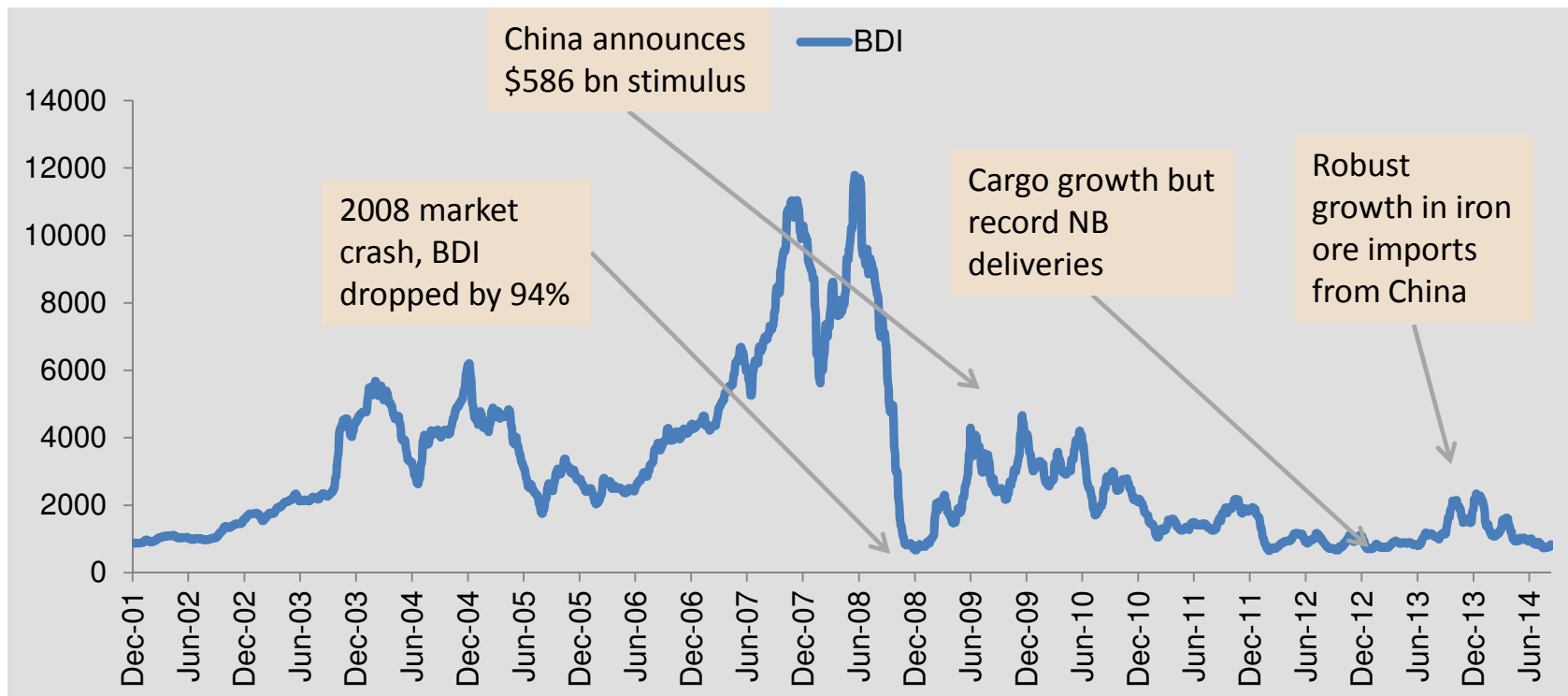


- Expansion in Latin America could witness delays
- China stalls new projects on looming surplus capacity, corruption scandals and pollution concerns
- Expect continued refinery shutdowns primarily in Europe, Australia and Japan

Growing Product trade... Increasing volumes, distances and triangulation opportunities



BDI Movement (Jan 2001 to Oct 2014)

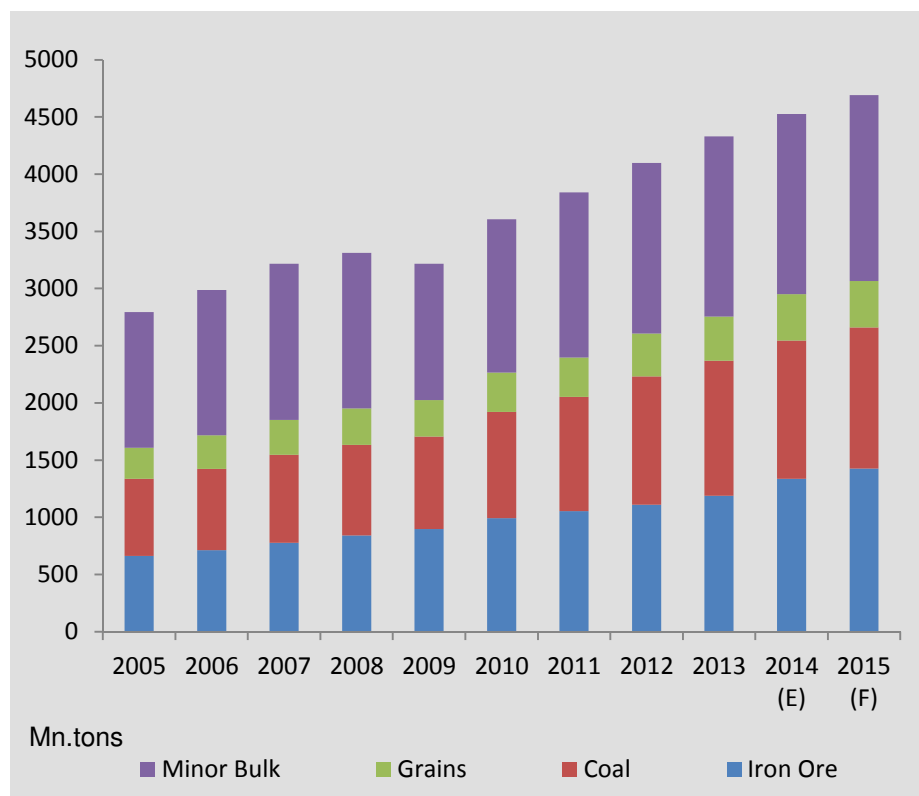
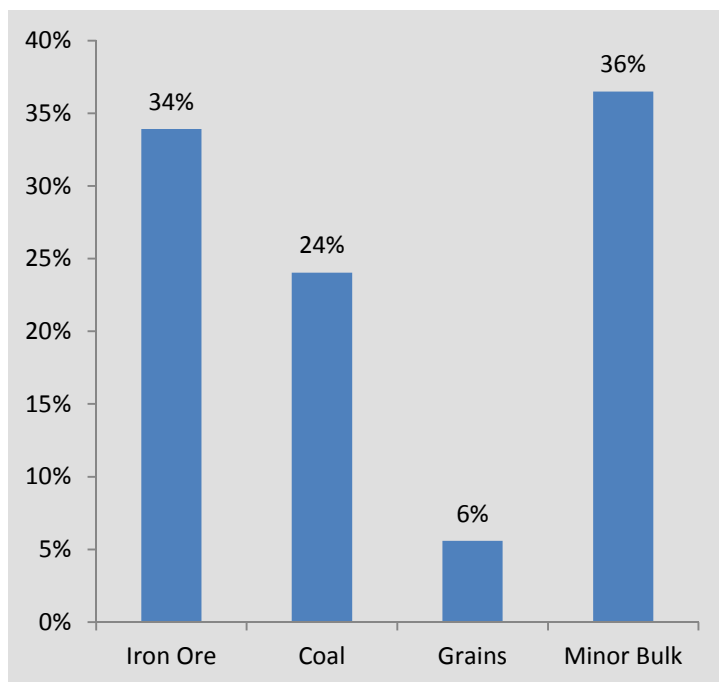


- Ban on nickel ore and bauxite exports from Indonesia, weak Chinese coal demand
- Upside potential to rates on account of bumper U.S. grain harvest season & increase in ton-mile demand due to increase in Brazil-China iron ore trade

Seaborne Bulk Trade ... growing steadily

Global dry bulk seaborne trade reached 4.3 bn tons in 2013

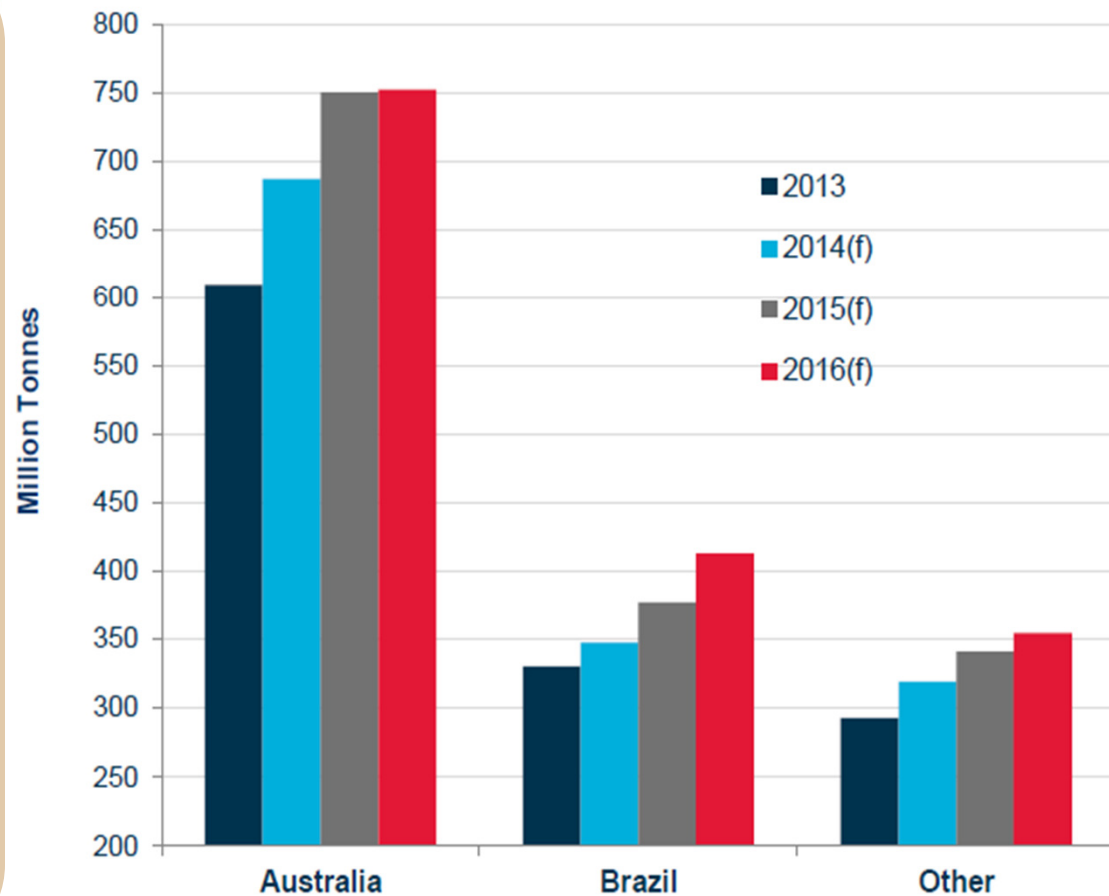
Contribution to seaborne trade growth by commodity



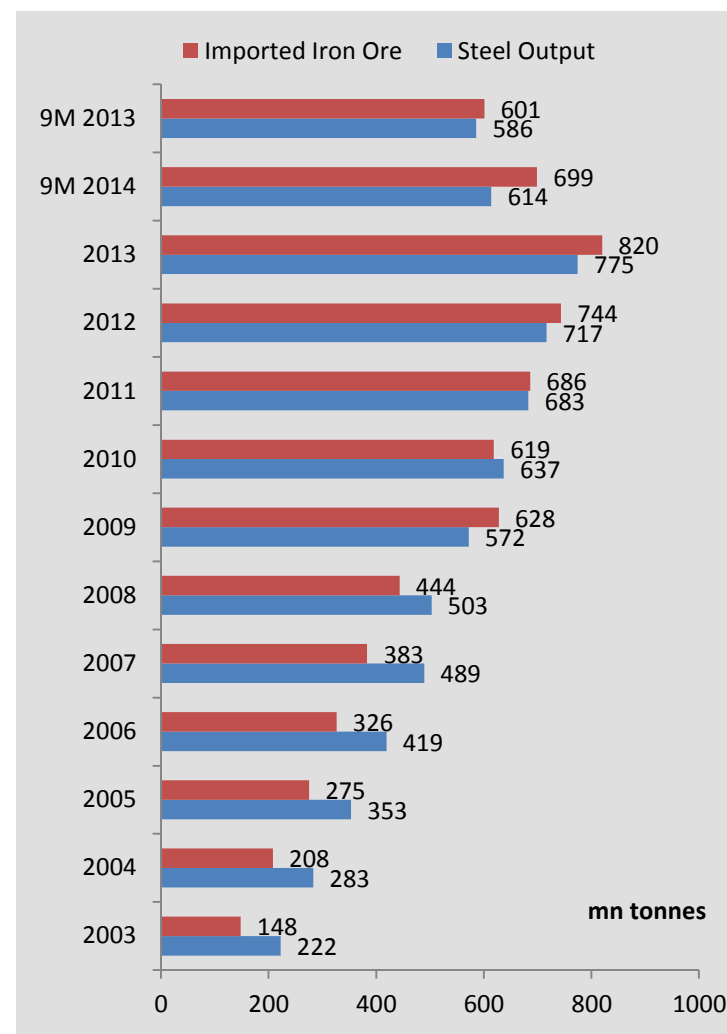
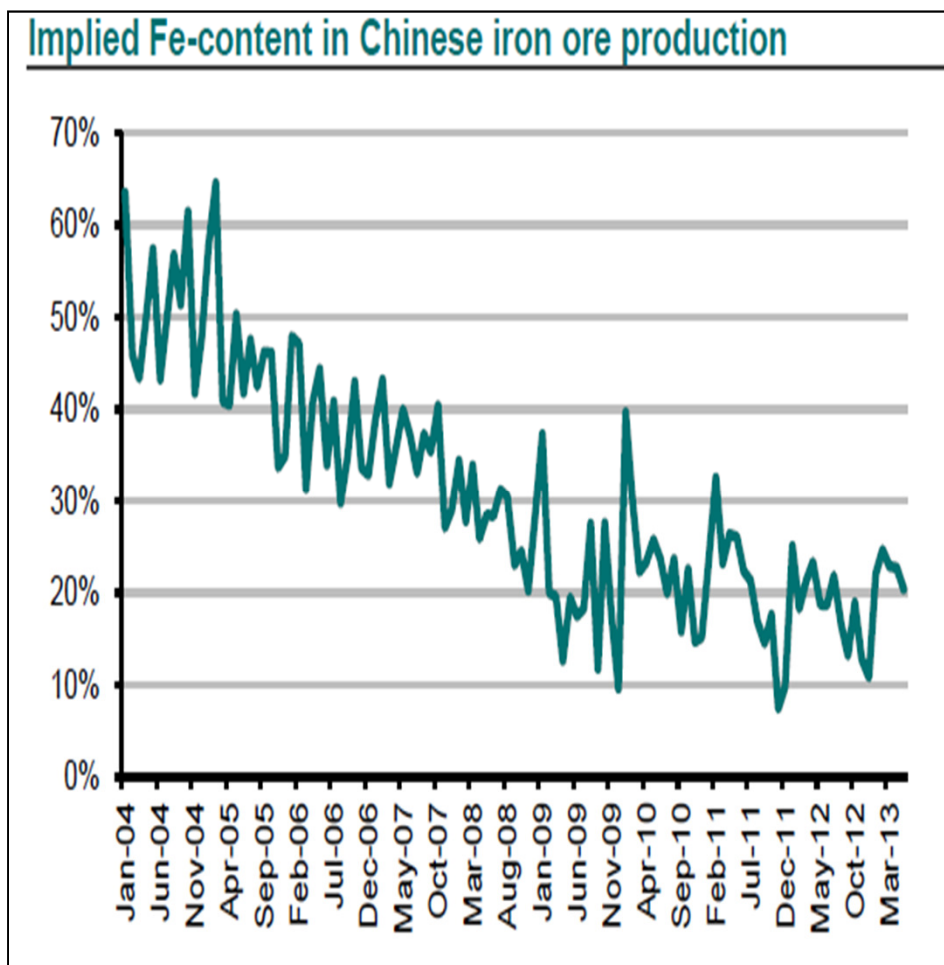
Seaborne trade expected to grow at 4-5% in 2014 & 3-4% in 2015

Dry Bulk Trade ...Driven by Iron Ore Volumes

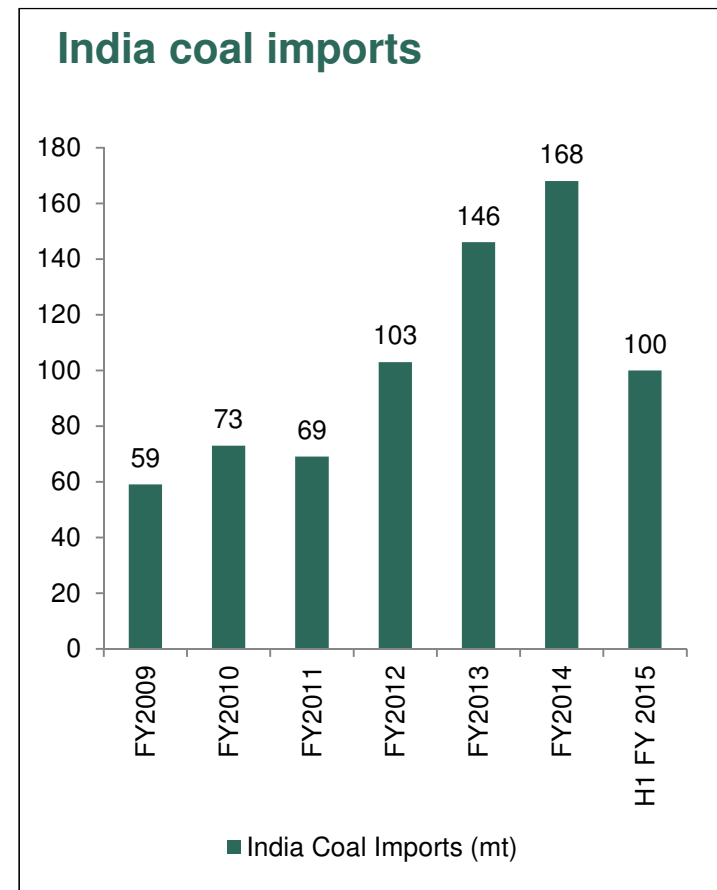
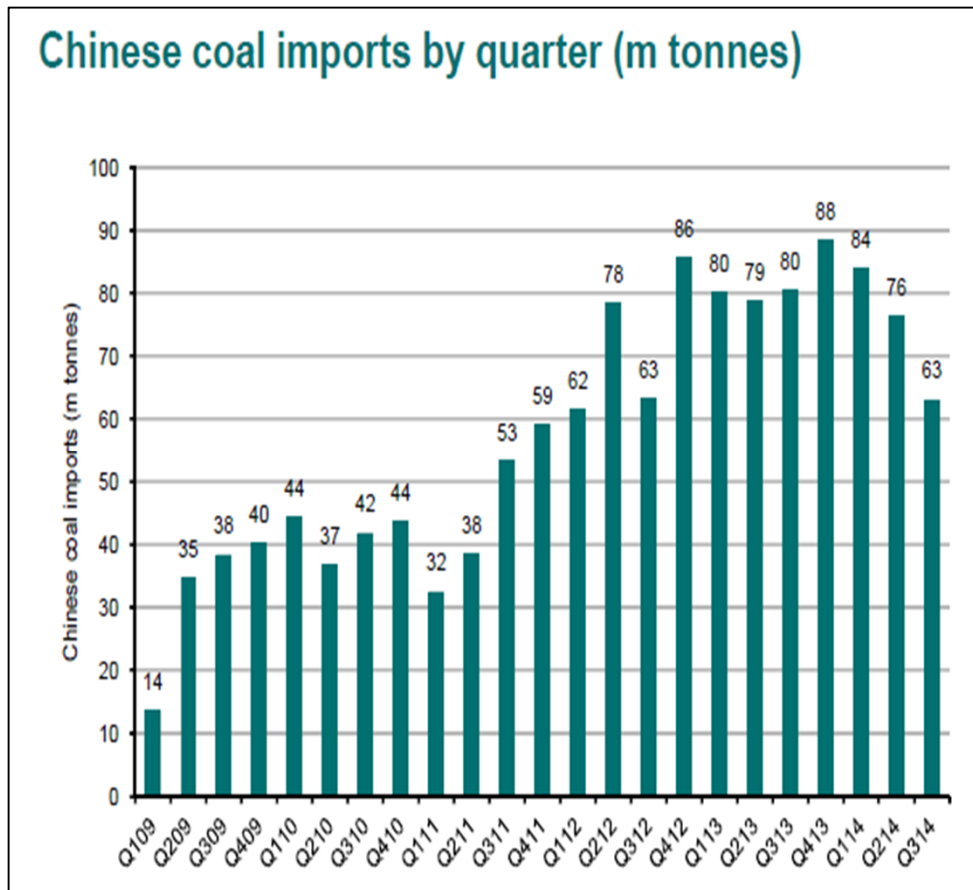
- ❑ Until 2016, iron ore seaborne trade will be a function of available international supplies
- ❑ Additional supplies
 - Australia – 142 mt
 - Brazil- 82 mt
 - Other 61 mt
- ❑ Post 2016, iron ore seaborne trade to be directed by demand and price arbitrage



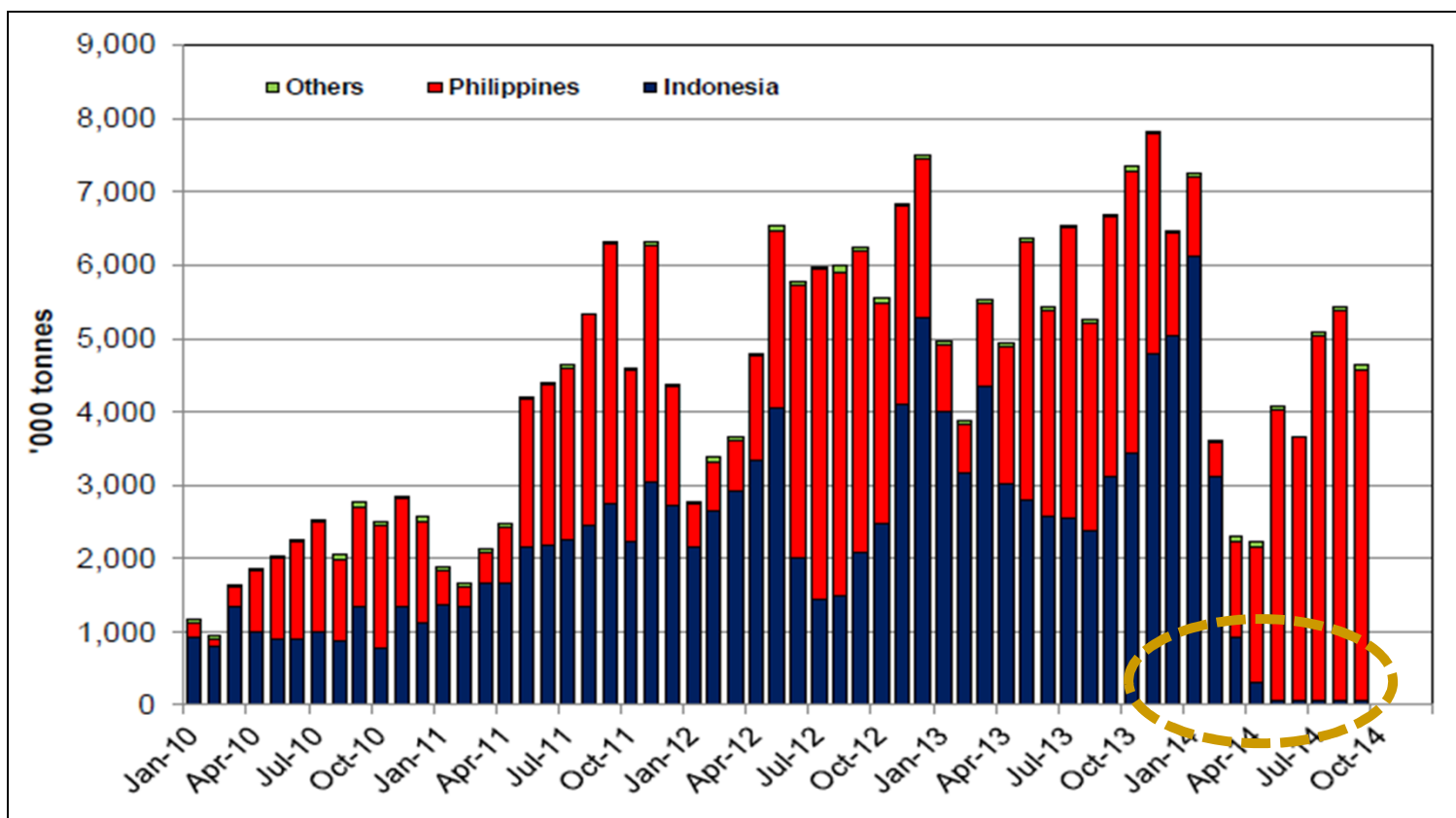
Dry Bulk Trade ...Declining Chinese iron ore quality



Dry Bulk Trade ...Lack luster Chinese coal imports take the sheen off !!!...India to become the growth driver..

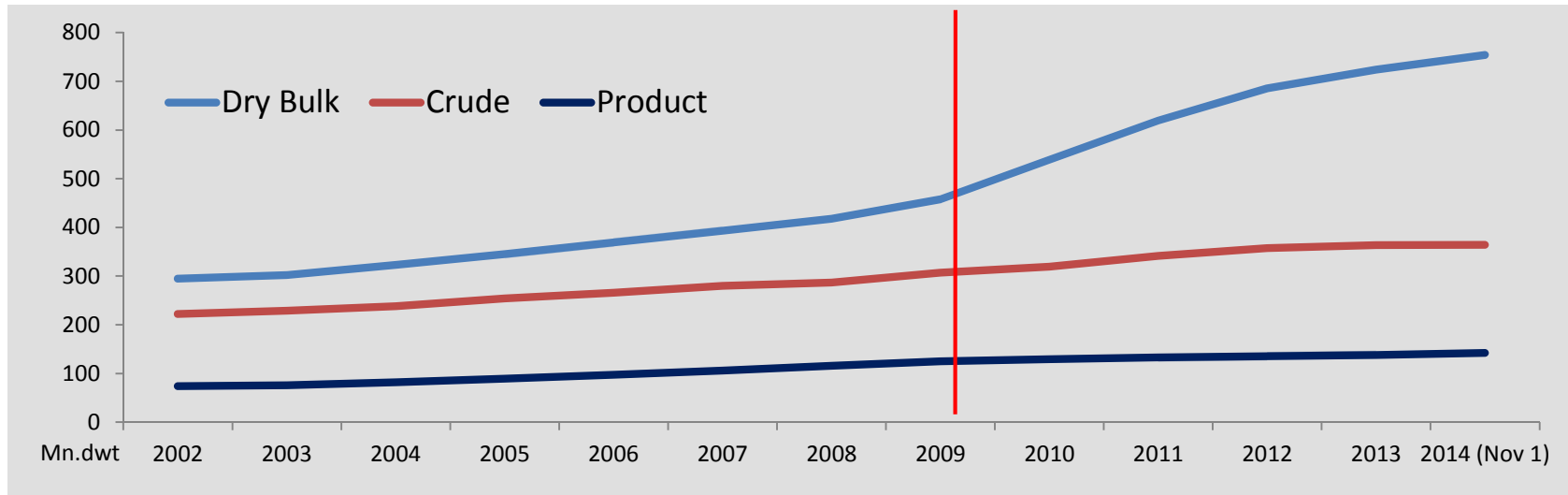


Dry Bulk Trade ...Indonesian bauxite & nickel ore exports plunged to zero following the ban



Imports from Philippines have increased in 2014. However, exports from the country have not reached the volumes shipped from Indonesia prior to the ban

World Fleet Growth



Fleet growth 2002-2013

(mn dwt)	2003	2008	2013	% change (2013 over 2003)	Fleet (1 st Nov'14)	% change over 2013
Dry	302	418	724	240%	754	4.2%
Crude	229	287	363	159%	364	0.2%
Product	76	116	138	182%	142	2.6%

... Fleet expected to grow

World Fleet addition*	Fleet (1 st Nov'14) (in mn dwt)	CY2014	CY2015	CY2016+
Crude tankers	364.1	2%	4%	8%
Product tankers	141.9	2%	6%	7%
Dry bulk carriers	754.3	3%	9%	9%

*includes only new building from yards

... but high slippages may happen

Scrapping... too little to cheer

Scrapping as % of world fleet (year wise)

Fleet as on 1 st Nov'14 (in mn dwt)	Scrapping (Jan-Nov) 2014 (in mn dwt)	Vessel Category	CY2010	CY2011	CY2012	CY2013
364	6.2	Crude	2%	2%	3%	2%
142	1.5	Product	5%	2%	2%	2%
754	13.7	Bulk	1%	4%	5%	3%

Require acceleration in scrapping to minimize the demand supply mismatch

Greatship (India) Limited

(a 100% subsidiary)

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September 2014

Offshore business- Fleet Profile

The Greatship Group

➤ *Current Owned Fleet*

- ✓ 3 Jack Up Rigs (350ft)
- ✓ 4 Platform Supply Vessels (PSV)
- ✓ 9 Anchor Handling Tug cum Supply Vessels (AHTSV)
- ✓ 2 Multipurpose Platform Supply and Support Vessels (MPSSV)
- ✓ 6 Platform / ROV Support Vessels (ROVSV)

On Order: 1 Jackup Rig (350 ft) – expected delivery in CY2015

Greatship's Modern & Technologically Advanced Fleet

Young Fleet

- Young fleet with an average age of approx. 4 years by FY 2013-14
- Demand shifting to modern vessels, especially as safety becomes a major concern for oil companies

Technologically Advanced

- Specialized/technologically advanced vessels equipped with DP I/DP II (Dynamic Positioning) and FiFi I (Fire Fighting) technologies
- Equipped to operate in challenging environments
- Efficient and versatile vessels

Revenue Efficiencies

- Higher utilization rates
- Minimum down time

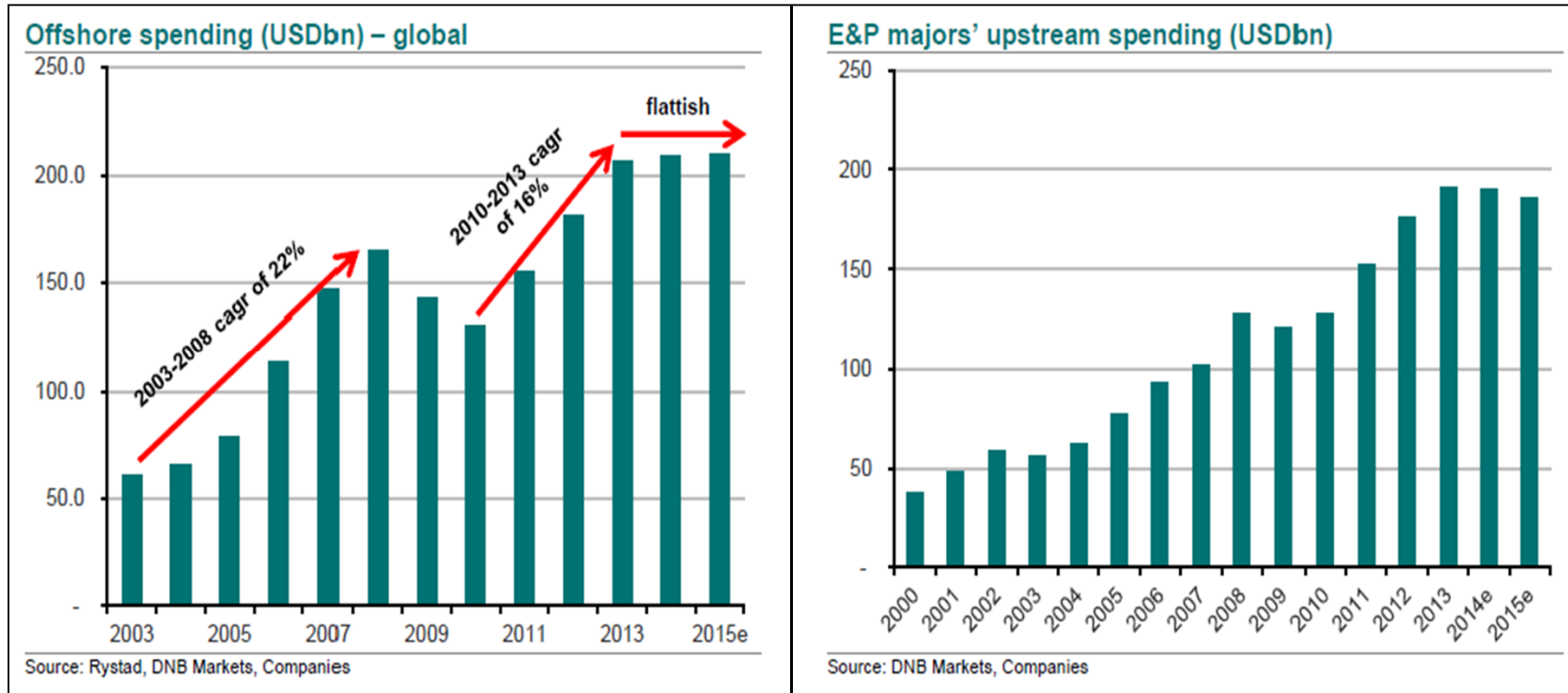
Cost Efficiencies

- Lower Operating costs
- Reduced maintenance capex & opex

Offshore Service Value Chain

	Exploration	Development	Production
Length of Typical Cycle	- 3 to 5 years	- 2 to 4 years	- 5 to 55 years
Description	<ul style="list-style-type: none"> - Collection of survey data - Analysis & interpretation - Identification of oil & gas reserves 	<ul style="list-style-type: none"> - Construction & installation of production platforms, pipelines & equipment - Preparation for production 	<ul style="list-style-type: none"> - Management of oil & gas production - Operations & Maintenance - Retrofit work
Vessels	<ul style="list-style-type: none"> - AHTV, AHTSV, MPSSV, Tugs - PSV/ Supply, Crewboats - ROV Support Vessels - Seismic survey & support hydrographic survey (for pipeline routes) - Chase boats 	<ul style="list-style-type: none"> - AHTV, AHTSV, MPSSV, Tugs - PSV/ Supply, Crewboats - Derrick/ Crane Vessels - Cable & pipe-lay vessels - Heavy Lift Transport - Offshore Dredgers - Accommodation units 	<ul style="list-style-type: none"> - AHTSV, - PSV/ Supply - MPSSV/ Production Support Vessels - Emergency Rescue & Response Vessels - Crewboats - Accommodation units

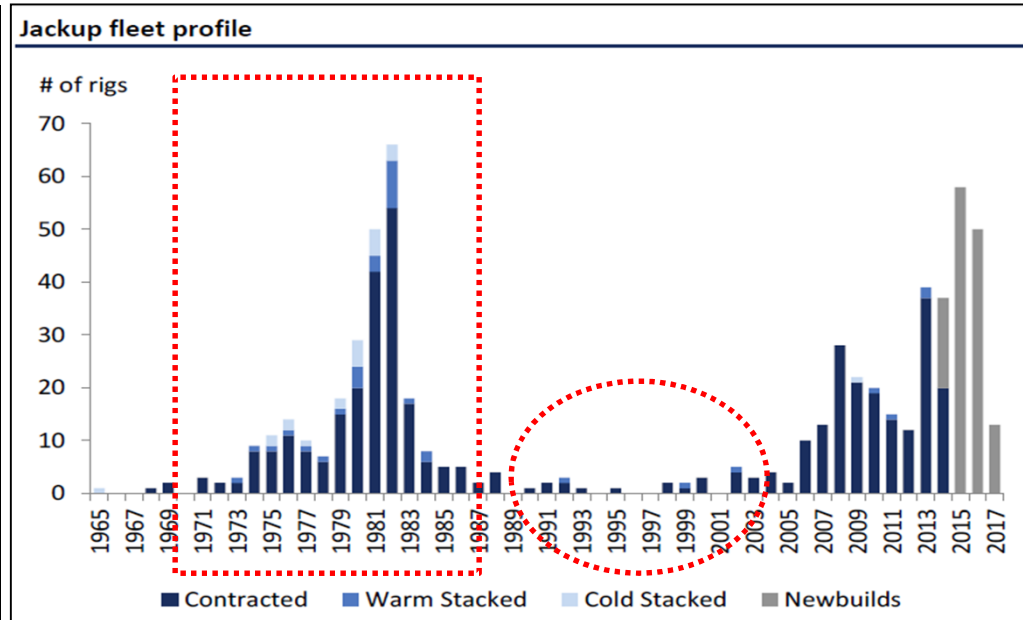
Rising concerns on E&P spending outlook



- ❑ Increased capital discipline, focus towards improving shareholder returns and low oil prices could lead to moderation in E&P spending
- ❑ Impact likely to be higher on Deep and Ultra deepwater projects

Global Fleet Supply – Offshore

(Nos)	Jackup Rigs	AHTSVs	PSV / Supply
Current Fleet	495	2,049	1,451
Orderbook	144	187	356
% of O/B to current fleet	29%	9%	25%



- High fleet growth to impact rates
- However, utilization for modern assets to be higher
- Potential scrapping as current world fleet of jack-ups is old (Avg. age is 21 years)
- Slippages on orders at Asian yards could lead to lesser-than expected fleet growth

FINANCIAL HIGHLIGHTS

Q2 FY 2015

Q2FY 2015 Financial Highlights

Standalone			Key Figures	Consolidated		
Q2 FY15	Q2 FY14	H1FY15	(Amount in Rs. crs)	Q2 FY15	Q2 FY14	H1FY15
Income Statement						
548.77	425.02	1042.79	Revenue (including other income)	960.36	839.17	1866.41
243.35	206.34	461.79	EBITDA (including other income)	459.56	456.93	928.13
108.15	62.33	195.76	Net Profit	206.64	160.63	429.57
Balance Sheet						
9,335.65	9,805.66	9,335.65	Total Assets	14,670.21	15,315.87	14,670.21
4,944.50	4,817.75	4,944.50	Equity	7,241.13	6,706.88	7,241.13
3,200.71	3,664.11	3,200.71	Total Debt (Gross)	6,036.62	6,983.15	6,036.62
599.03	561.58	599.03	Long Term Debt (Net of Cash)	2,689.92	2,896.99	2,689.92
Cash Flow						
27.02	125.92	136.42	From operating activities	319.55	422.92	621.79
263.30	69.00	330.00	From investing activities	205.86	(19.71)	51.27
(294.98)	(366.73)	(407.05)	From financing activities	(484.93)	(563.80)	(544.90)
(4.66)	(171.81)	59.37	Net cash inflow/(outflow)	40.48	(160.59)	128.16

Q2FY 2015 Financial Highlights

Standalone			Key Figures	Consolidated		
Q2 FY15	Q2 FY14	H1FY15		Q2 FY15	Q2 FY14	H1FY15
44.34%	48.55%	44.28%	EBITDA Margin (%)	47.85%	54.45%	49.73%
8.76%	5.06%	8.03%	Return on Equity (ROE) (%)	11.57%	9.59%	12.26%
7.65%	5.60%	7.15%	Return on Capital Employed (ROCE) (%)	8.61%	7.62%	8.92%
0.65	0.76	0.65	Gross Debt/Equity Ratio (x)	0.83	1.04	0.83
0.12	0.12	0.12	Net Debt/Equity Ratio (x)	0.37	0.43	0.37
60.46	62.03	60.10	Exchange rate USD/INR, average (Rs)	60.46	62.03	60.10
61.75	62.61	61.75	Exchange rate USD/INR, end of period (Rs)	61.75	62.61	61.75
			Share related figures			
7.17	4.09	12.98	Earnings per share, EPS (Rs)	13.71	10.55	28.49
7.16	4.09	12.96	Diluted earnings per share (Rs)	13.68	10.53	28.44
12.63	10.12	23.26	Cash Profit per share (Rs)	23.86	21.49	48.10
-	-	4.00	Dividend per share (Rs)	-	-	4.00

Q2 FY 2015 Performance Highlights

Breakup of revenue days

Revenue Days	Q2'FY15	Q2'FY14
Owned Tonnage	2,603	2,590
Inchartered Tonnage	0	0
Total Revenue Days	2,603	2,590
Total Owned Tonnage (mn.dwt)*	2.45	2.42

* As on 30th September, 2014

Average TCY Details

Average (TCY \$ per day)	Q2'FY15	Q2'FY14	% Chg
Crude Carriers	20,263	14,142	43%
Product Carriers (Incl. Gas)	20,537	14,429	42%
Dry Bulk	9,337	9,745	(4)%

Mix of Spot & Time

Days (in %)	Q2'FY15	Q2'FY14
<u>Dry Bulk</u>		
Spot %	88%	48%
Time %	12%	52%
<u>Tankers</u>		
Spot %	61%	52%
Time %	39%	48%
<u>Total</u>		
Spot %	68%	51%
Time %	32%	49%

Book Value & Net Asset Value (NAV) comparison

Last 4 quarters

	Consol. Book Value (Rs. Per share)	Consol. NAV (Rs. Per share)
September 2014	480	558
June 2014	468	560
March 2014	449	550
December 2013	454	539

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THANK YOU

visit us at www.greatship.com

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