

The Great Eastern Shipping Co. Ltd.

Business & Financial Review

August 2015

Forward Looking Statements

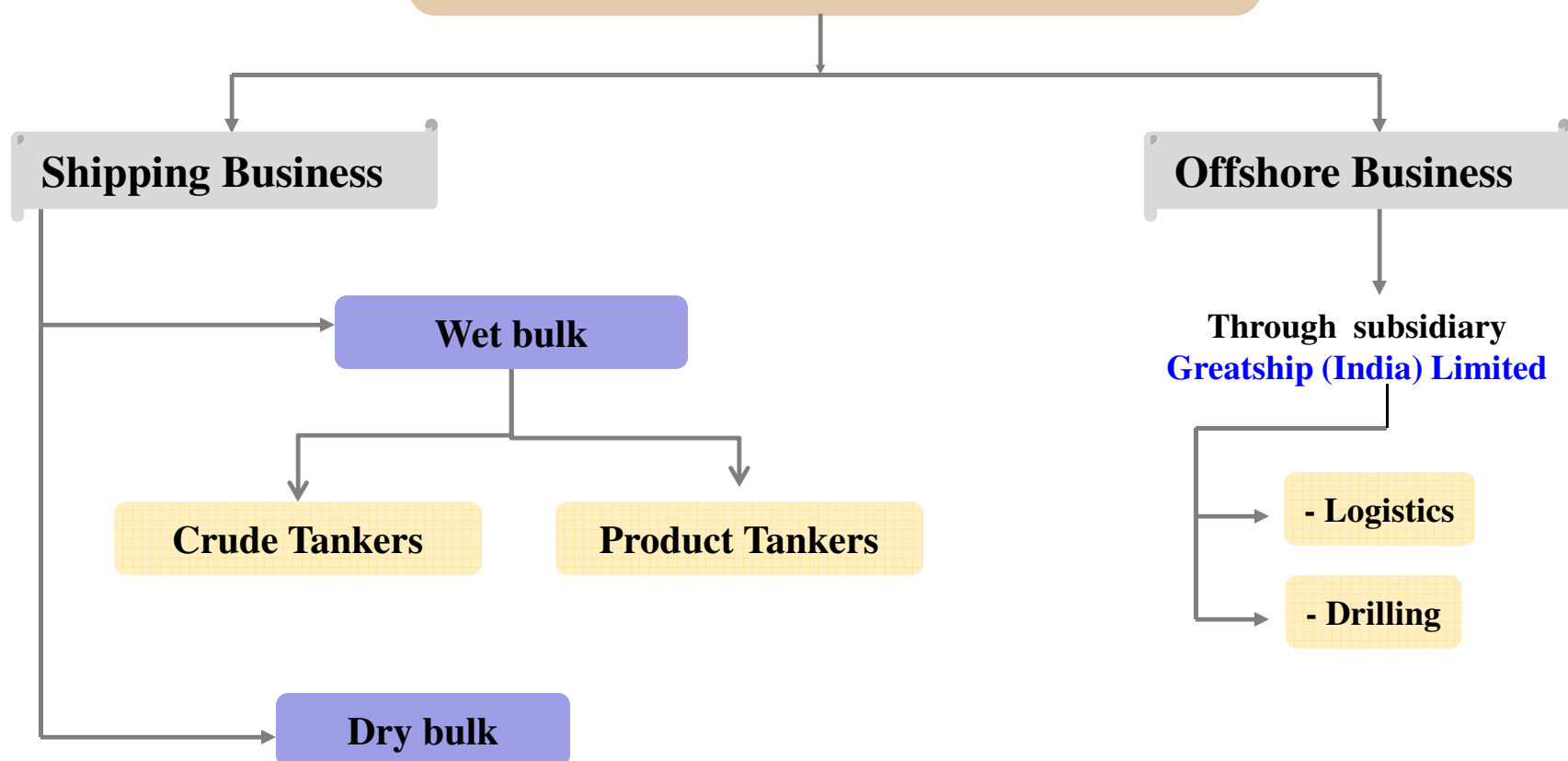
Except for historical information, the statements made in this presentation constitute forward looking statements. These include statements regarding the intent, belief or current expectations of GE Shipping and its management regarding the Company's operations, strategic directions, prospects and future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

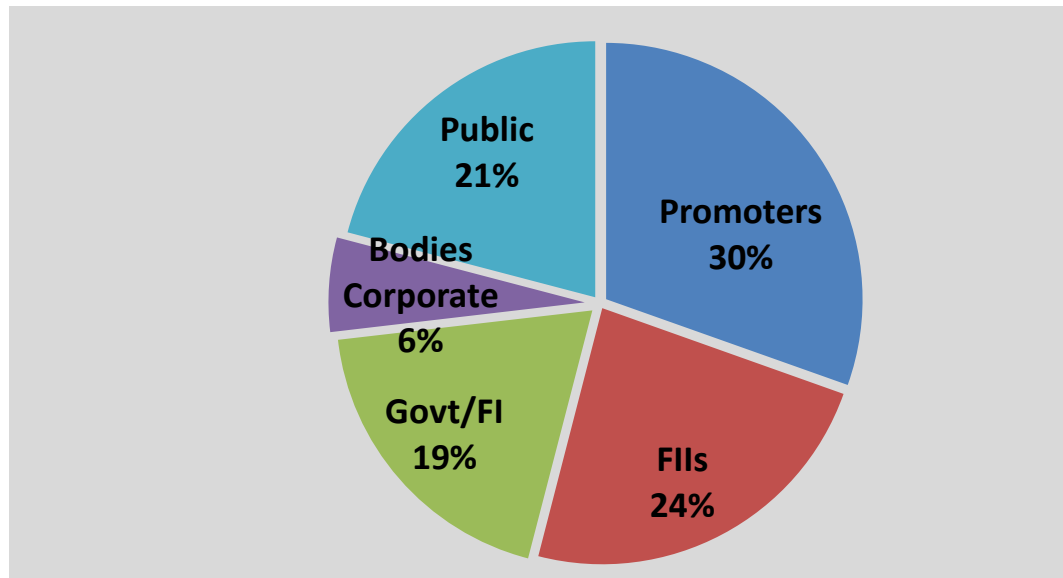
The Great Eastern Shipping Co. Ltd.
Incorporated in 1948



Company at a glance

- ✎ *India's largest private sector Shipping Company*
- ✎ *Diverse asset base with global operations*
- ✎ *Completed 67 years of operations*
- ✎ *Over 30 years of uninterrupted dividend track record*

Shareholding Pattern as on June 30, 2015



Shipping business-owned fleet

30 ships aggregating 2.4 Mn dwt, avg. age 9.6 years

❑ 21 Tankers avg.age 11.0 years

- 8 Crude carriers (4 Suezmax, 4 Aframax) avg. age 12.2 years

- 12 Product tankers (4 LR1, 8 MR) avg. age 8.4 years

- 1 Very Large Gas Carrier avg. age 21.0 years

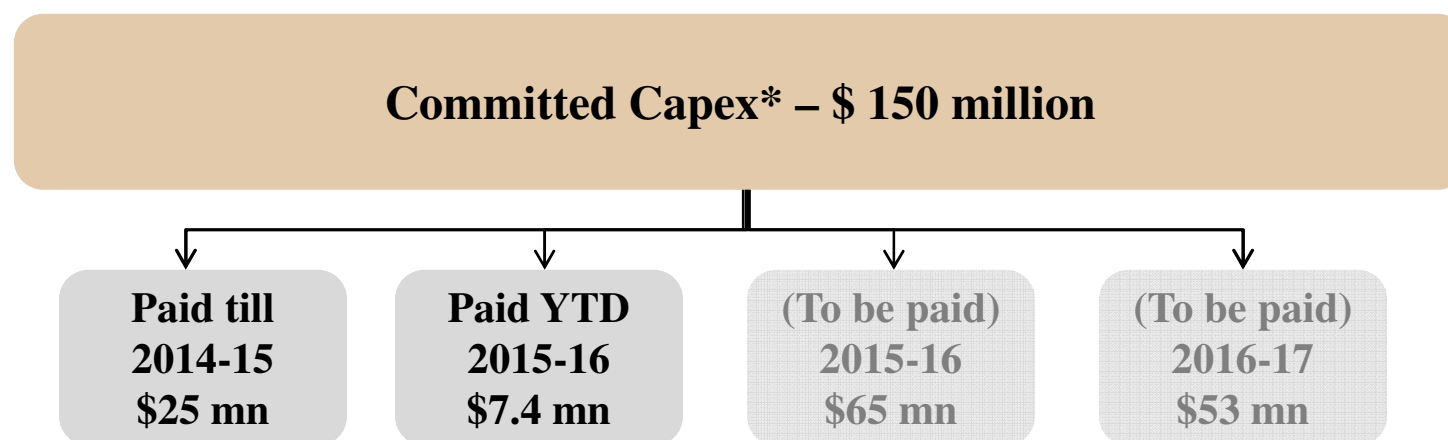
❑ 9 Dry bulk carriers avg. age 5.5 years

- 4 Kamsarmax - avg. age 3.0 years

- 5 Supramax - avg. age 8.4 years

Shipping business- CAPEX plan

Vessels on Order		
Vessel	Yard	Expected Delivery
1 Medium Range Product Tanker	STX Group	Q4 FY16
1 Kamsarmax Dry Bulk Carrier*	Tsuneishi Heavy Industries (Cebu) Inc	August/September 2015 (Already contracted for sale upon delivery)
3 Kamsarmax Dry Bulk Carriers	Jiangsu New Yangzi Shipbuilding Co. Ltd, China	H1 FY17

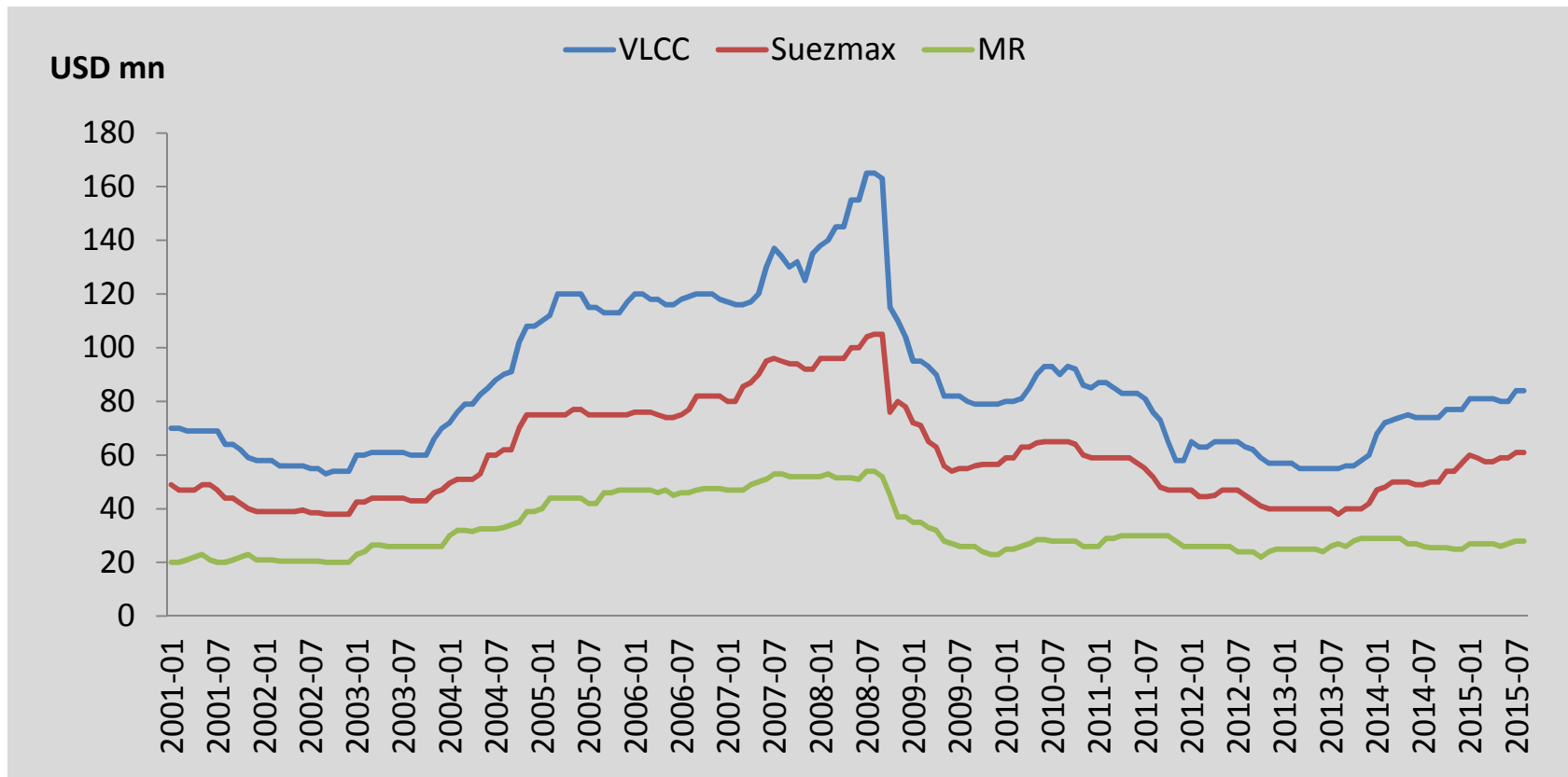


** Includes "Jag Aakash" which has been committed for sale to buyers upon its delivery to us in August/September 2015*

Asset Price Movement (5 yr old)- Tankers

Timeline- Jan 2001 till July 2015

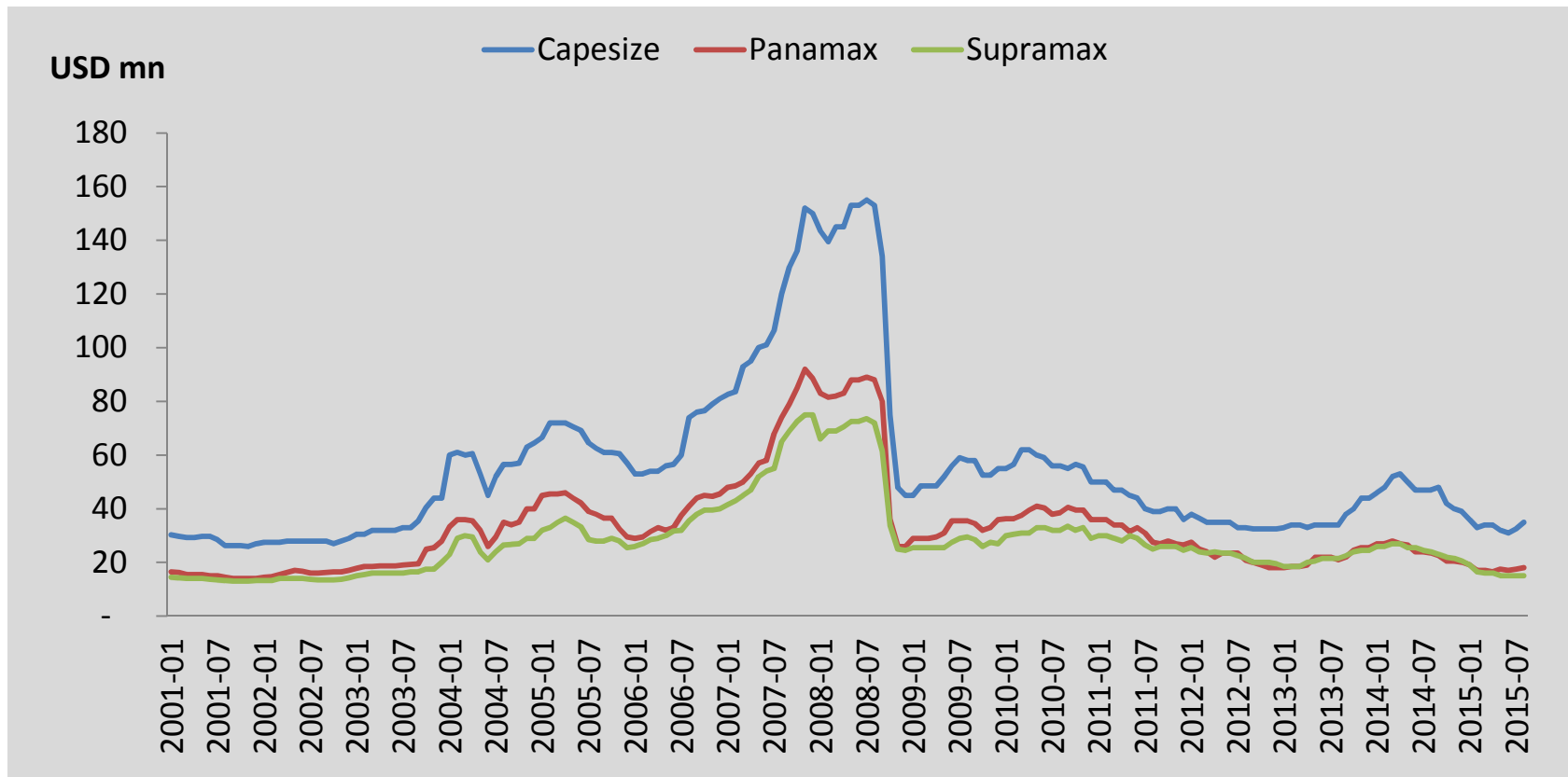
Amt in US\$ mn



Asset Price Movement (5 yr old) – Dry Bulk

Timeline- Jan 2001 till July 2015

Amt in US\$ mn

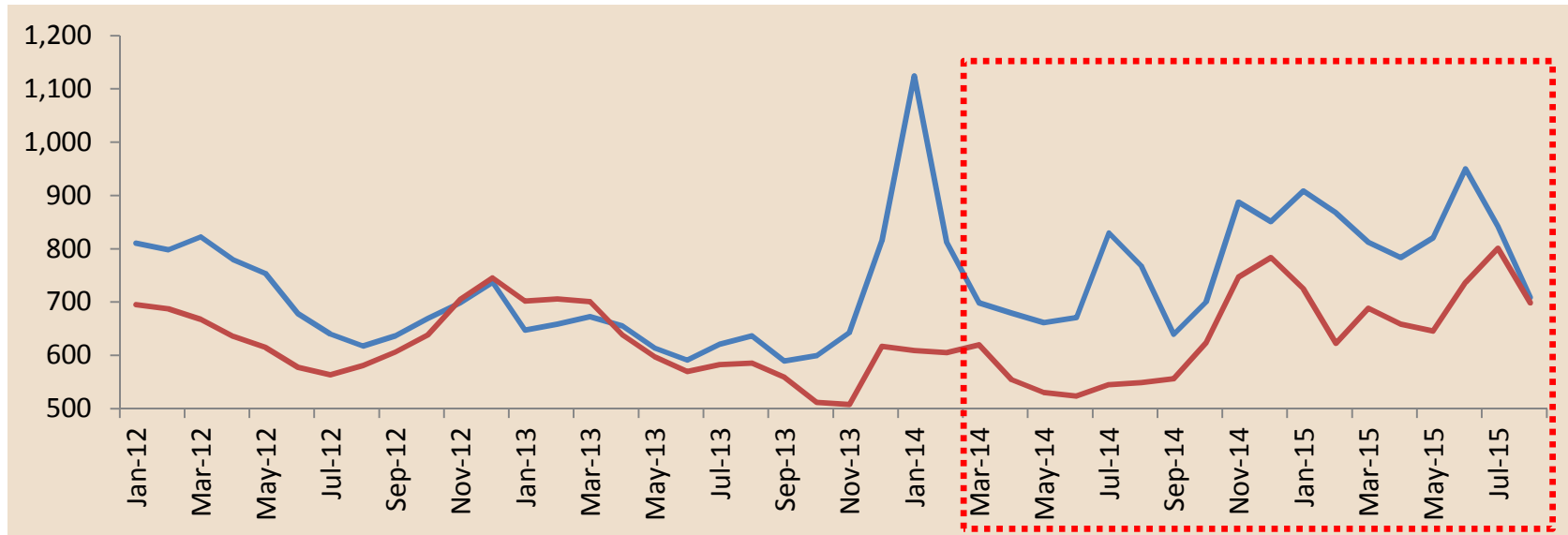


Asset Price Movement

Long-term year High /Low: (5 year old assets)

(Amt in \$mn)	High	Low	Current
<u>Tankers</u>			
VLCC	165	49	84
	(2008)	(1994)	
Suezmax	105	32	61
	(2008)	(1993)	
MR	46	20	28
	(2007)	(1999)	
<u>Dry Bulk</u>			
Capesize	155	25	35
	(2008)	(1999)	
Panamax	92	14	18
	(2007)	(1999)	
Supramax	75	13	15
	(2007)	(1998)	

BDTI & BCTI Movement (Jan 2012 to July 2015)

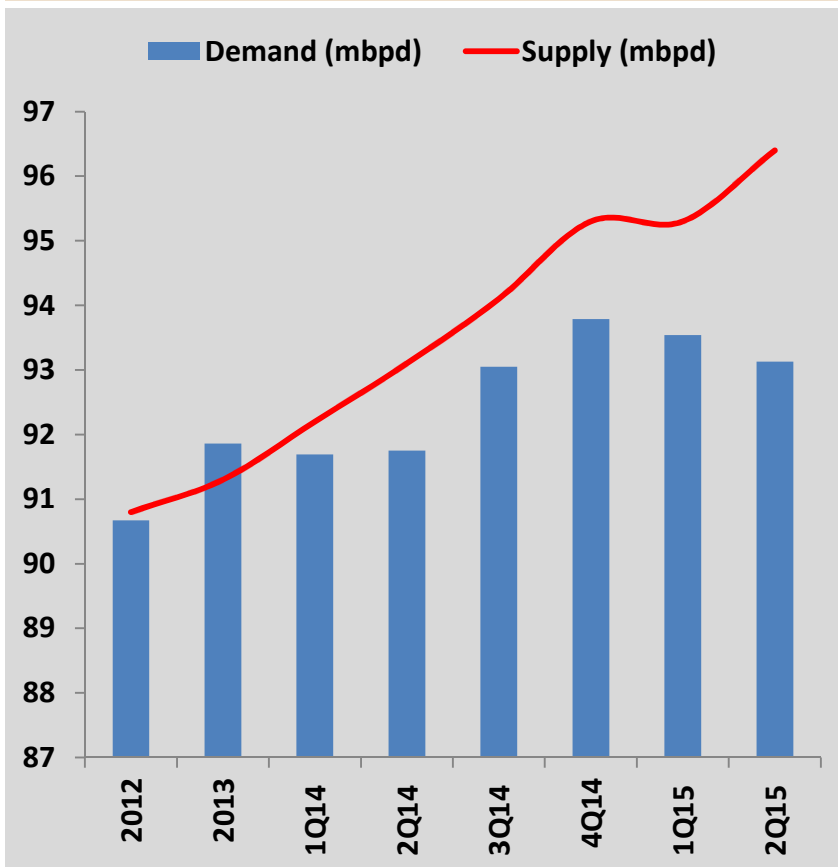


Crude tankers freight rates have risen significantly

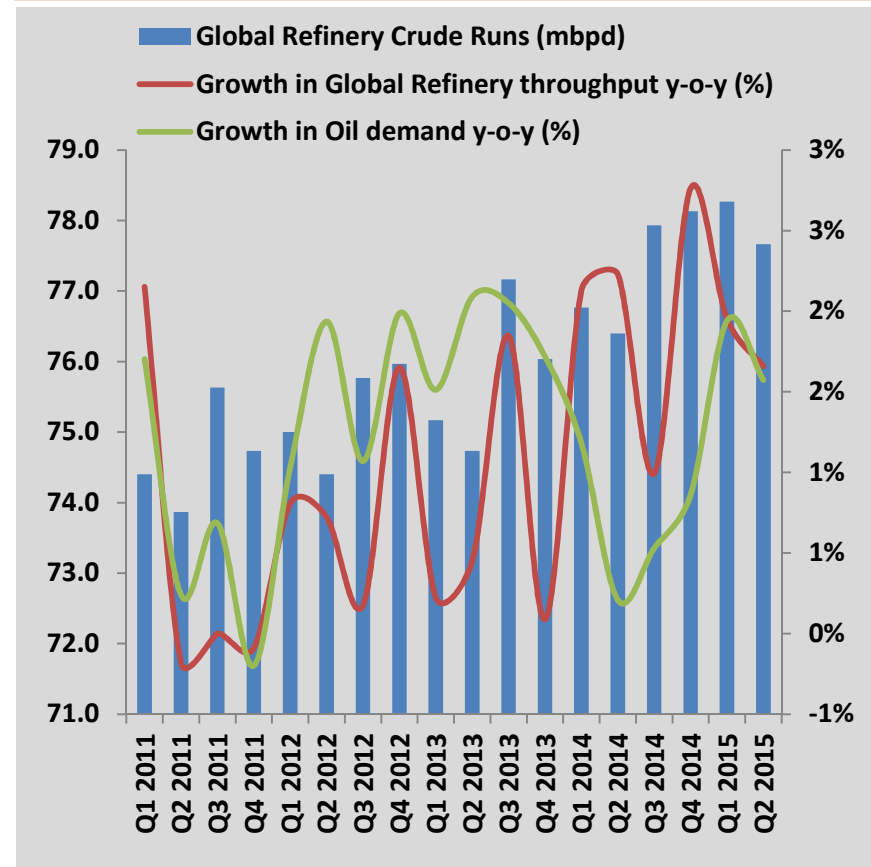
- Low oil prices & contango – Contributing to Strategic storage & Commercial storage respectively
- Strong refinery margins – Increase in crude processed
- Rise in end-user demand, especially for Gasoline in several countries
- Atlantic crude oil surplus prompting long-haul exports from West Africa & Latin America
- Increase in OPEC crude production & exports

Surplus oil led to lower oil prices; strong refinery margins leading to higher crude runs

Oil demand, Supply & Surplus

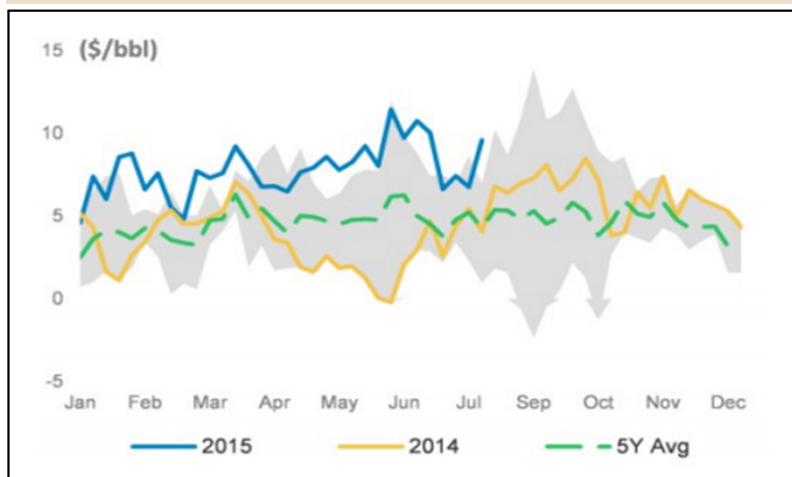


Global refinery throughput & growth

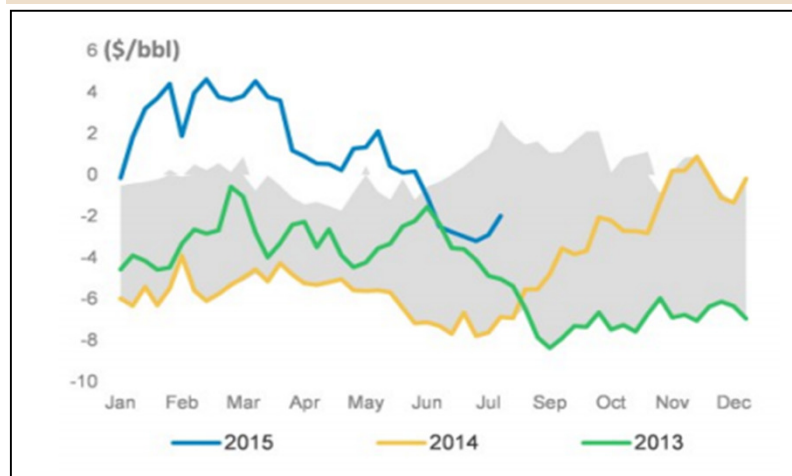


Strong refinery margins

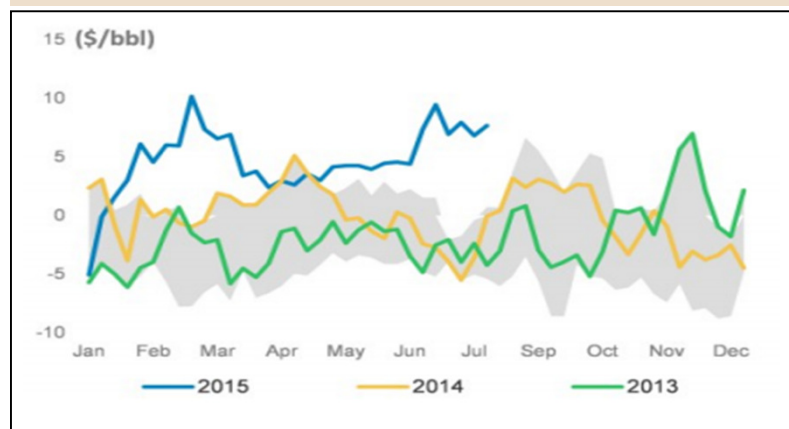
Brent Rotterdam Cracking Refining Margin



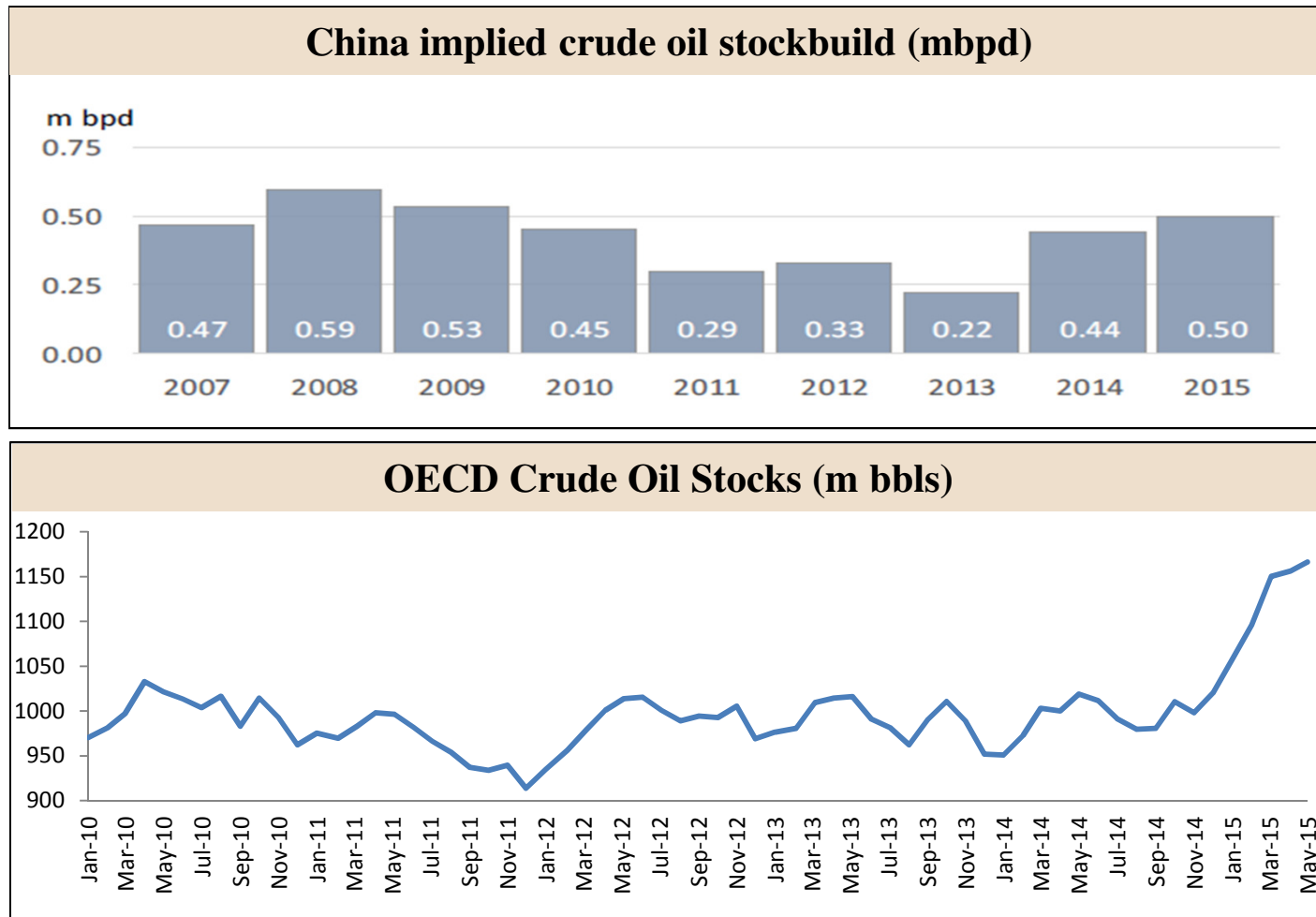
Arab Light Singapore Simple Refining Margin



LLS USG Simple Refining Margin

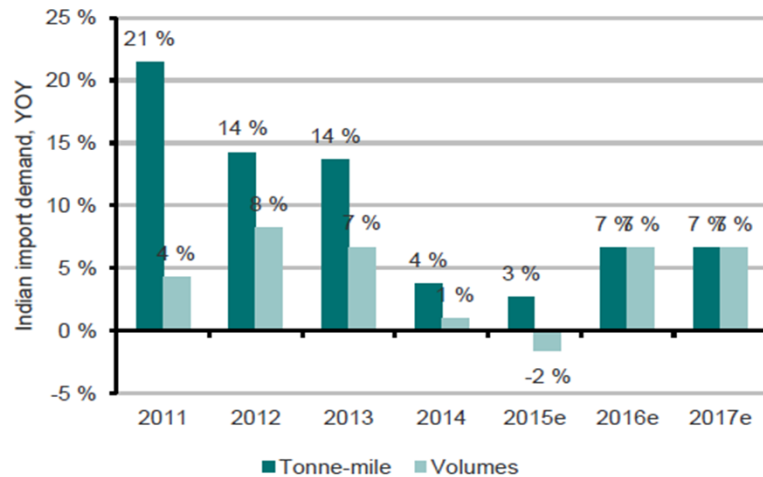


Stock building has increased led by contango structure in the oil market

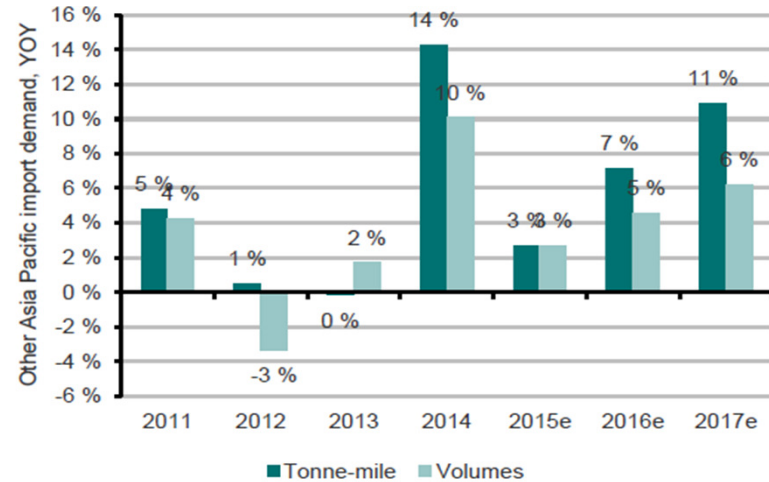


Ton-miles rise as surplus Atlantic barrels find home in Asia

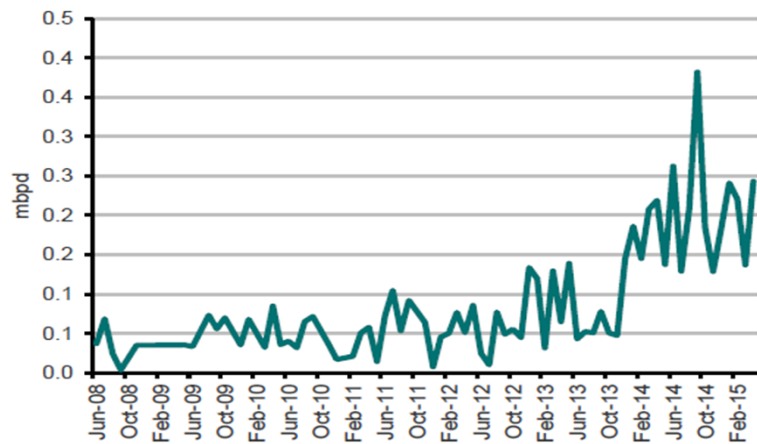
Indian import growth (tonne-mile & volumes)



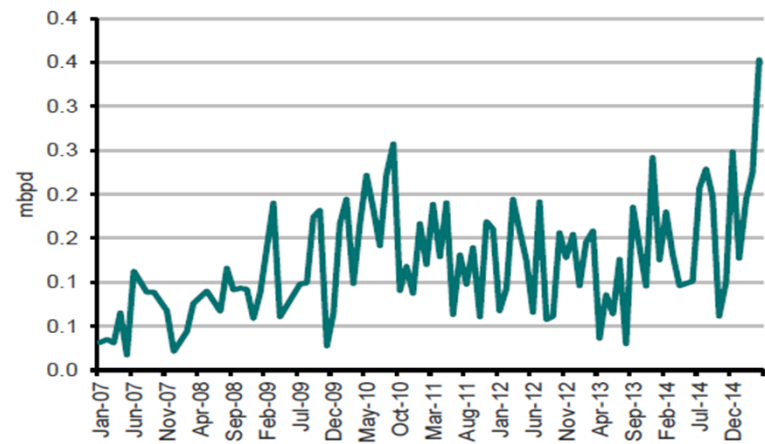
Other Asia import growth (tonne-mile & volume)



China crude imports from Colombia

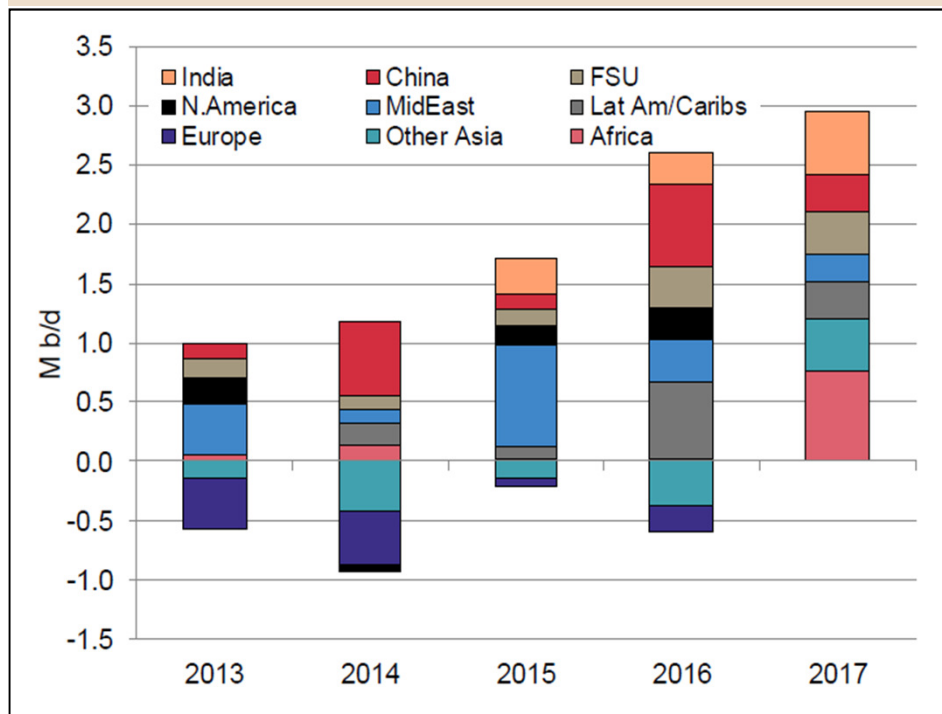


China crude imports from Brazil

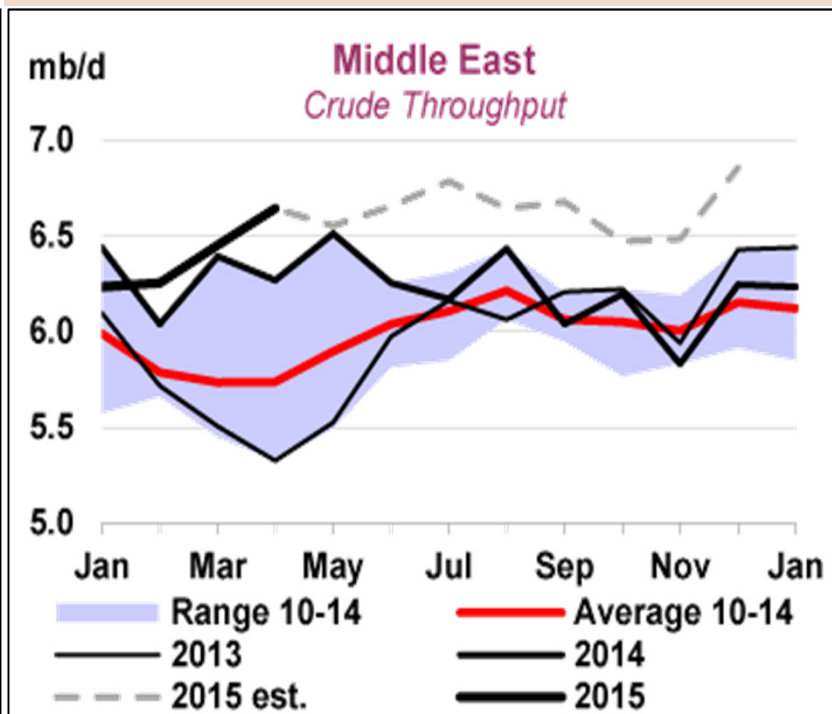


Middle East refinery capacities get commissioned, Asia to account for bulk of future capacity additions

Future refinery capacity additions

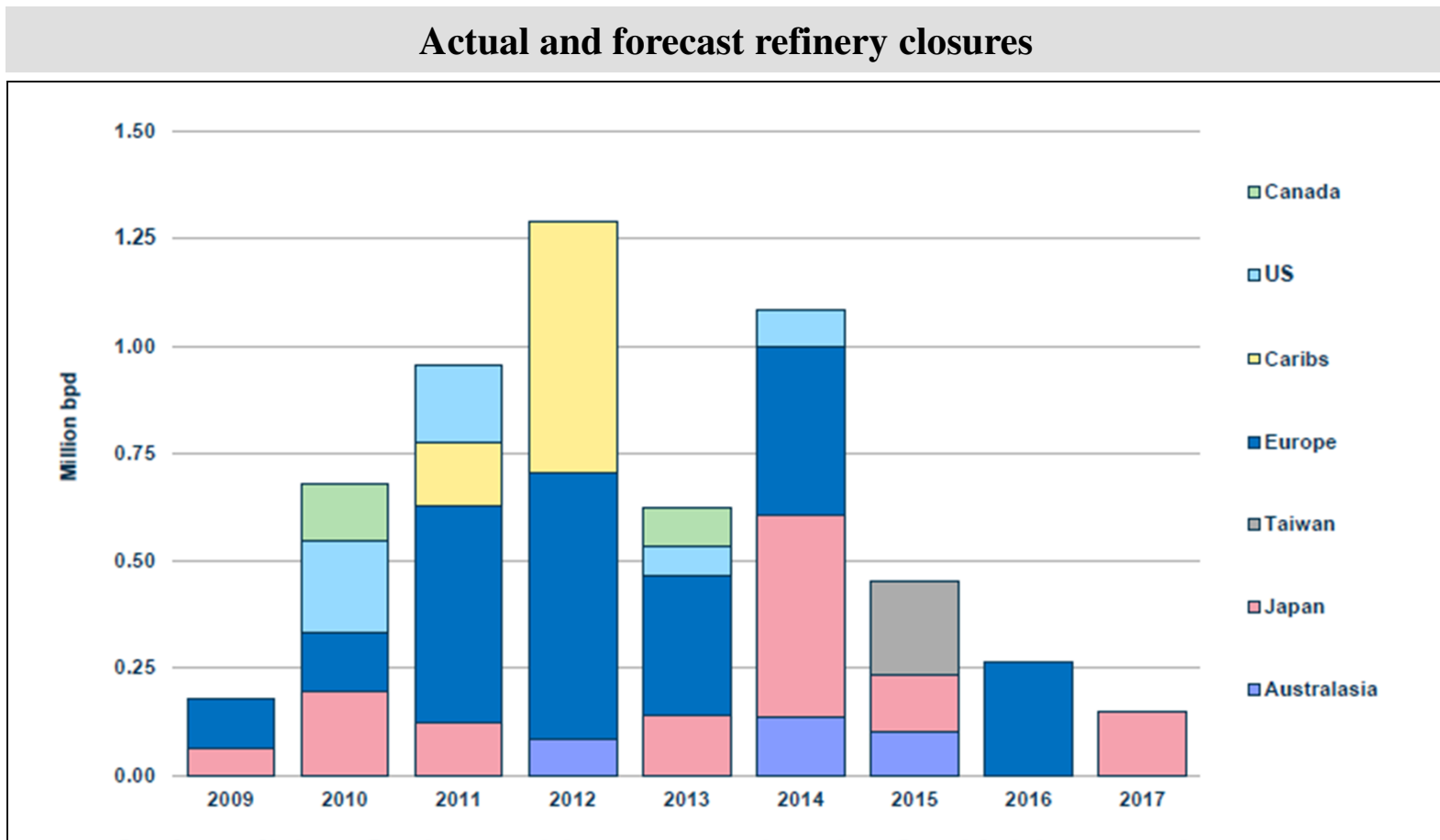


Middle East (Crude Throughput)

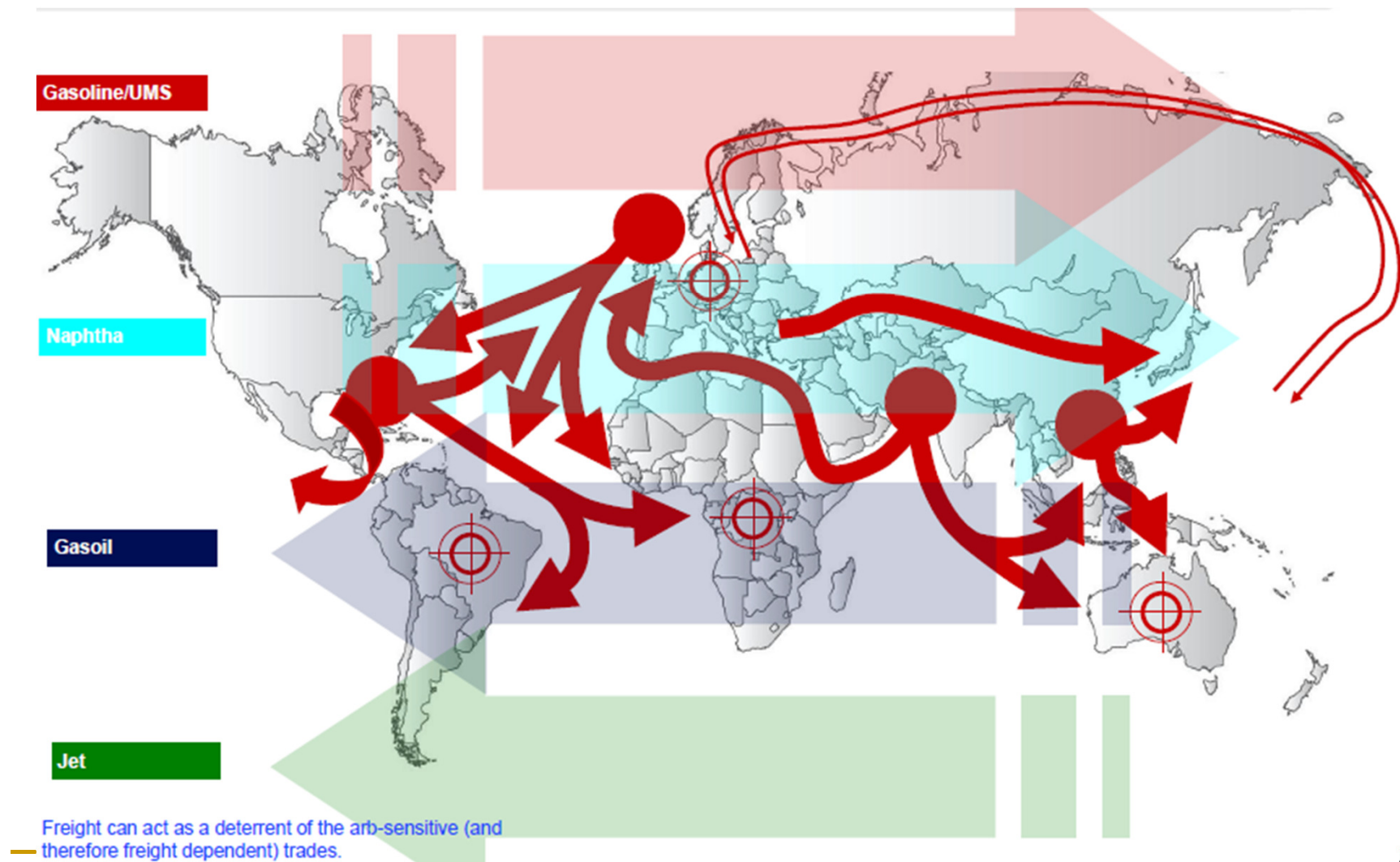


- New refineries in Saudi Arabia (that came online in 2013-15) have already led to increase in products exports from the region
- Long-haul naphtha trade & high gasoline demand aiding rally in product tanker freight rates

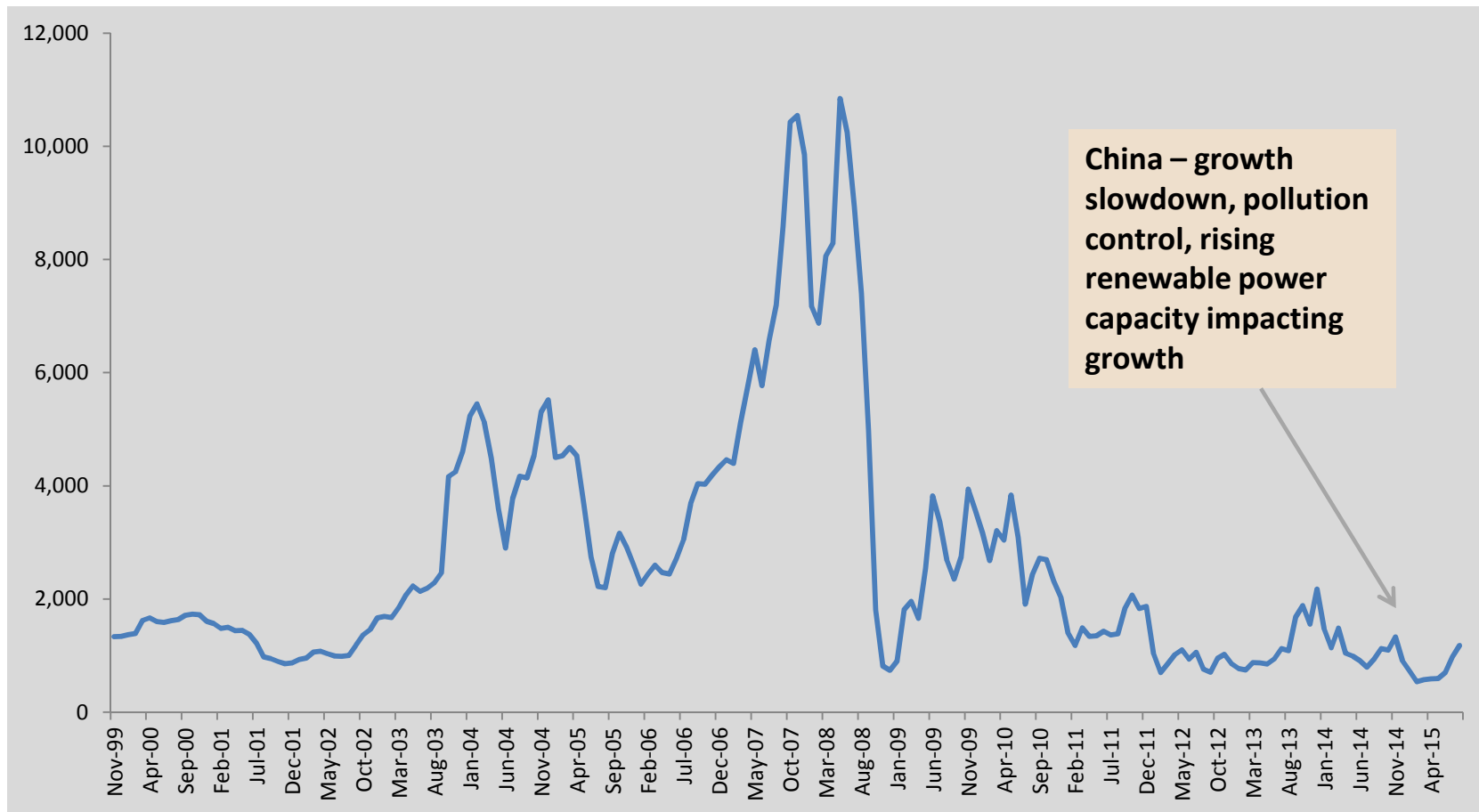
Overcapacity, potential refinery closures in the OECD region



Growing Product trade... Changing trade patterns

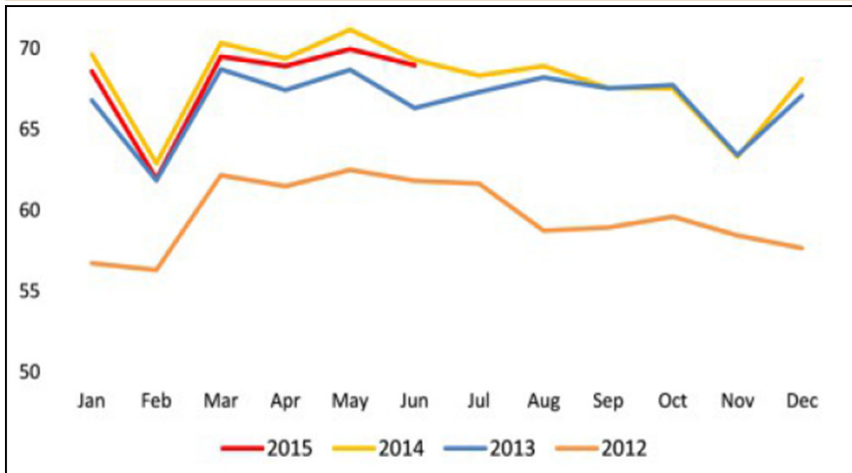


BDI Movement (Jan 2001 to August 2015)

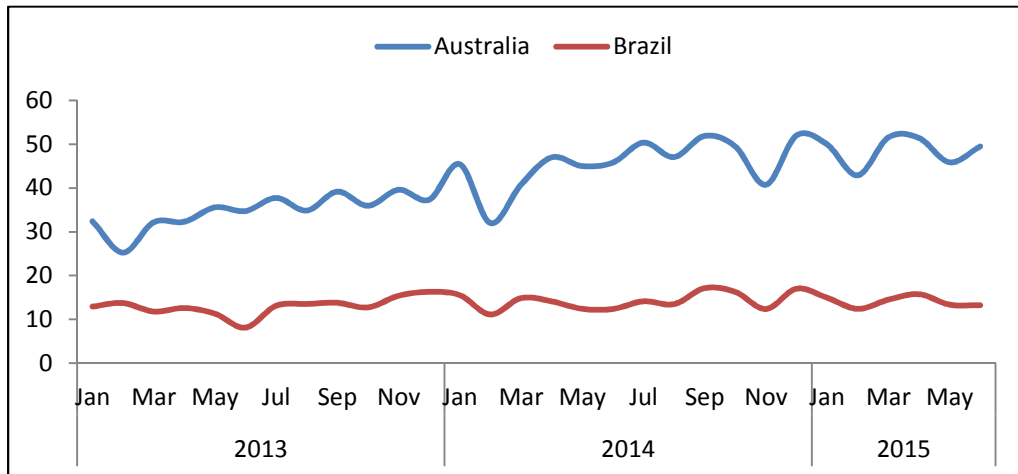
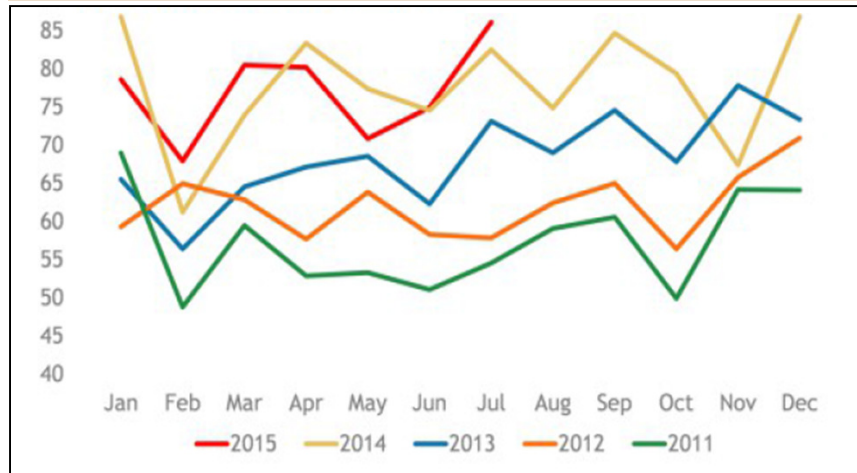


Slow growth in steel consumption impacting demand for seaborne iron ore imports

China crude steel production (mt)



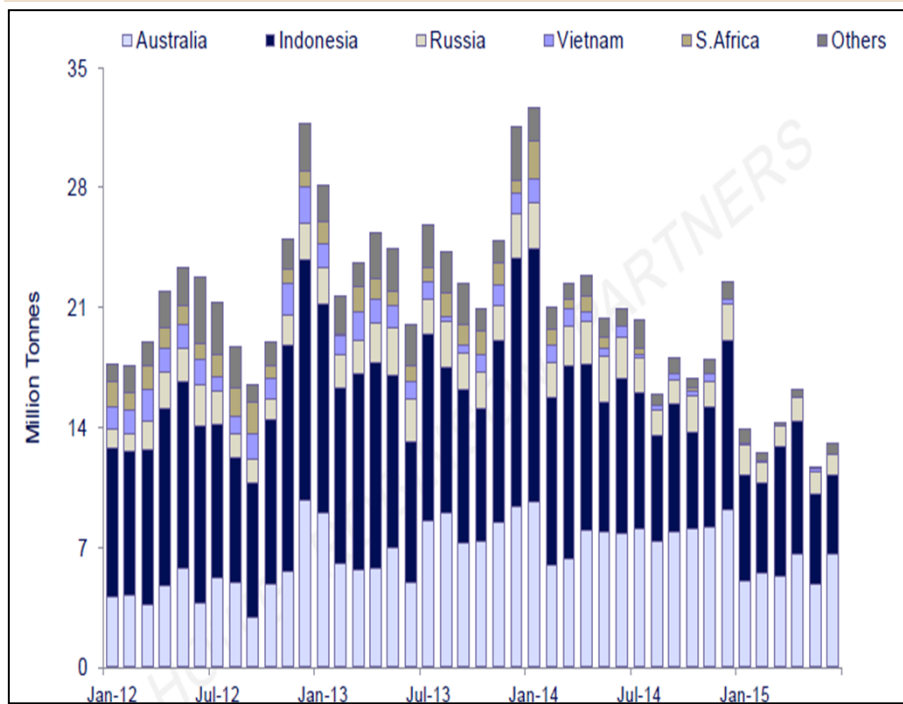
China iron ore imports (mt)



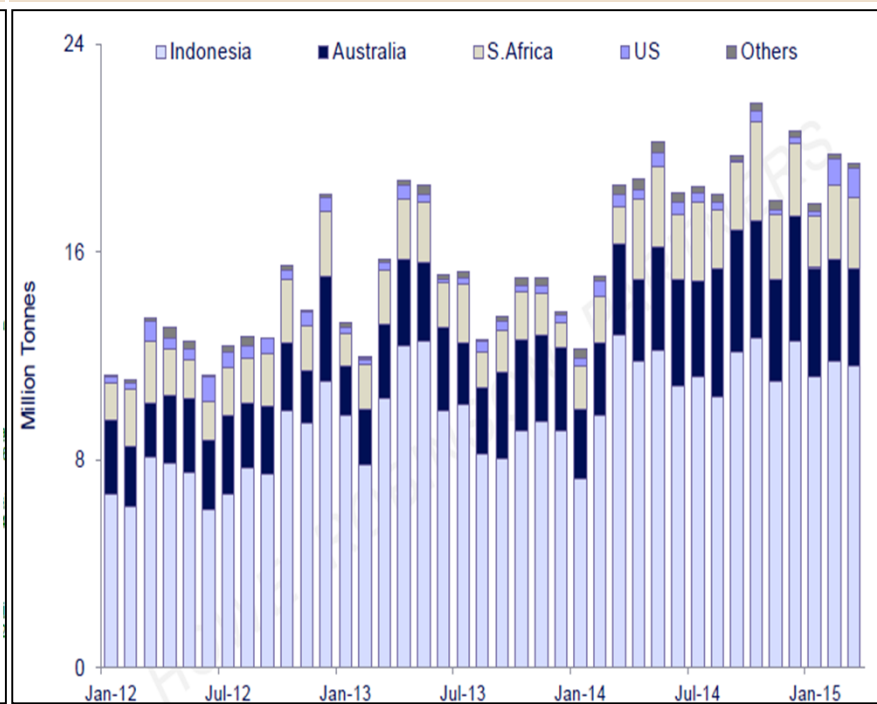
Substitution of other import sources by Australia leading to short-haul trade

Focus on pollution control, rising hydropower generation – Severe blow to coal trade

China coal imports

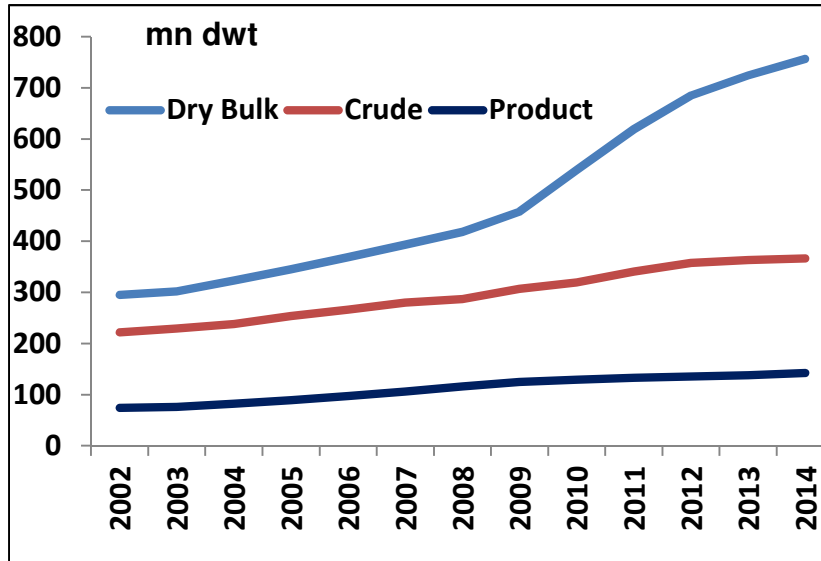


India coal imports



China coal imports decline sharply. Indian coal imports holding up in the short term, however, country's domestic coal production is set to increase going forward

World Fleet Growth



World Fleet addition	Fleet	CY2015 CY2016 CY2017+		
	Aug 15			
(in mn dwt)				
Crude tankers	334	2%	8%	7%
Product tankers	138	5%	8%	4%
Dry bulk carriers	768	6%	8%	2%

- **Dry Bulk fleet has grown sharply over the last few years**
 - Increased scrapping, deferment of deliveries & conversion of orders to tankers have gained pace
 - However, weak demand could offset the positive impact of these measures
- **Crude tankers – Negligible fleet growth over the last few years contributed to increase in freight rates**

Accelerated scrapping in Dry Bulk

Scrapping as % of world fleet (year wise)

Fleet as on 1 st Jan 2015 (in mn dwt)	Scrapping H1 2015 (in mn dwt)	Vessel Category	CY2012	CY2013
329	0.7	Crude	3%	2%
131	0.3	Product	2%	2%
756	20	Bulk	5%	3%

Greatship (India) Limited

(a 100% subsidiary)

Business Review

August 2015

Offshore business- Fleet Profile

The Greatship Group

➤ Current Owned Fleet

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

High Fleet Utilization

Category	Extent of coverage of fleet's operating days (per cent)
PSV	90
ROVSV	100
AHTSV	85
MPSSV	33
Jackup Rigs	97

Greatship's Modern & Technologically Advanced Fleet & High Utilization

Young Fleet

- Young fleet with an average age of approx. **4 years by FY 2014-15**
- 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

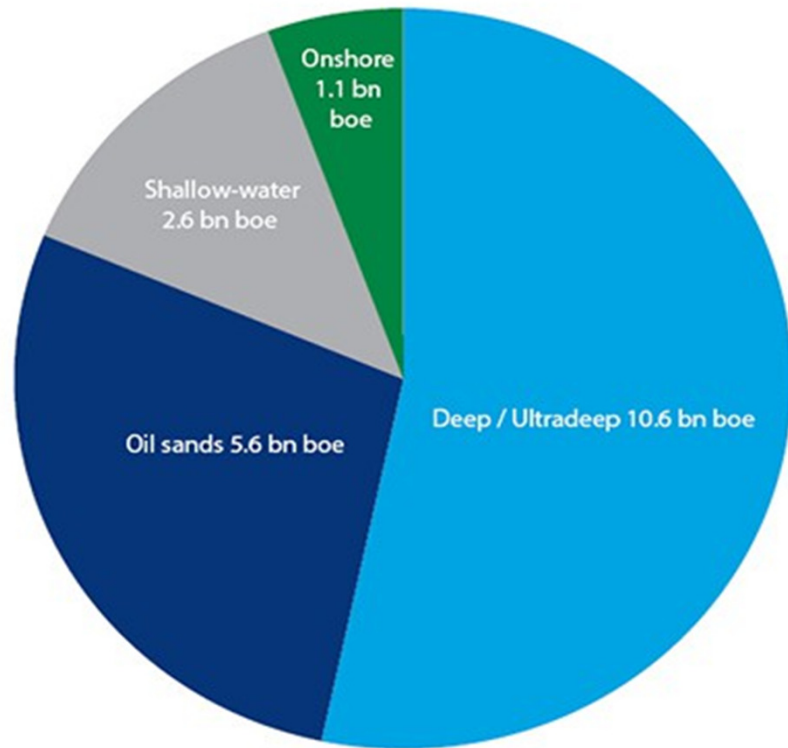
- Higher utilization rates
- Minimum down time

Cost Efficiencies

- Lower Operating costs
- Reduced maintenance capex & opex

Sharp decline in E&P spending led by lower oil prices

E&P spending set to decline



- ❑ Oversupply of crude oil led to significant decline in E&P spending
- ❑ Stacking of rigs & renegotiations of rates on the rise, utilisations levels decline
- ❑ Deep & Ultra-deep water projects severely impacted

Impact on shallow water offshore projects will be less severe due to lower break-even

Global Fleet Supply – Offshore

Fleet & Orderbook			
(Nos)	Jackup Rigs	AHTSVs	PSV / Supply
Current Fleet	489	1,959	1,392
Orderbook	127	204	307
<i>% of O/B to current fleet</i>	<i>22%</i>	<i>10%</i>	<i>26%</i>

- **Orderbook is high – Slippages on Asian yards could be high**
- **Cold stacking of vessels has increased –Older vessels previously not in operation have now been officially declared as cold stacked**
- **Jack-up rigs – Delays in deliveries could rise**

FINANCIAL HIGHLIGHTS

Q1 FY 2015-16

Q1 FY 2015-16 Financial Highlights

Standalone		Key Figures	Consolidated	
Q1 FY16	Q1 FY15	(Amount in Rs. crs)	Q1 FY16	Q1 FY15
Income Statement				
541.42	494.02	Revenue (including other income)	1026.87	906.05
287.98	218.44	EBITDA (including other income)	584.73	468.57
162.16	87.61	Net Profit	323.67	222.93
Balance Sheet				
9496.54	9441.84	Total Assets	15782.08	14693.12
5091.54	4935.22	Equity	7809.97	7047.71
3050.16	3243.79	Total Debt (Gross)	6399.65	6149.32
98.05	224.09	Long Term Debt (Net of Cash)	2575.18	2452.73
Cash Flow				
219.25	109.40	From operating activities	433.76	302.24
(616.97)	66.70	From investing activities	(553.49)	(154.59)
(79.09)	(112.07)	From financing activities	(300.20)	(59.97)
(476.81)	64.03	Net cash inflow/(outflow)	(419.93)	87.68

Q1 FY 2015-16 Financial Highlights

Standalone		Key Figures	Consolidated	
Q1 FY16	Q1 FY15		Q1 FY16	Q1 FY15
53.19%	44.22%	EBITDA Margin (%)	56.94%	51.72%
12.94%	7.19%	Return on Equity (ROE) (%)	16.99%	12.90%
10.23%	6.61%	Return on Capital Employed (ROCE) (%)	11.17%	9.15%
0.60	0.66	Gross Debt/Equity Ratio (x)	0.82	0.87
0.02	0.05	Net Debt/Equity Ratio (x)	0.33	0.35
63.15	59.74	Exchange rate USD/INR, average (Rs)	63.15	59.74
63.65	60.18	Exchange rate USD/INR, end of period (Rs)	63.65	60.18
		Share related figures		
10.75	5.81	Earnings per share, EPS (Rs)	21.47	14.79
10.73	5.80	Diluted earnings per share (Rs)	21.42	14.76
15.83	10.63	Cash Profit per share (Rs)	32.17	24.24
-	4.00	Earnings per share, EPS (Rs)	-	4.00

Q1 FY 2015-16 Performance Highlights

Breakup of revenue days

Revenue Days	Q1'FY16	Q1'FY15
Owned Tonnage	2,574	2,602
Inchartered Tonnage	68	0
Total Revenue Days	2,642	2,602
Total Owned Tonnage (mn.dwt)*	2.36	2.37

* As on 30th June

Average TCY Details

Average (TCY \$ per day)	Q1'FY16	Q1'FY15	% Chg
Crude Carriers	32,485	16,477	97%
Product Carriers (Incl. Gas)	22,402	15,554	44%
Dry Bulk	7,423	12,878	-42%

Mix of Spot & Time

Days (in %)	Q1'FY16	Q1'FY15
<u>Dry Bulk</u>		
Spot %	74%	75%
Time %	26%	25%
<u>Tankers</u>		
Spot %	64%	43%
Time %	36%	57%
<u>Total</u>		
Spot %	66%	52%
Time %	34%	48%

Book Value & Net Asset Value (NAV) comparison

Last 4 quarters

	Consol. Book Value (Rs. Per share)	Consol. NAV (Rs. Per share)
June 2015	518	536
March 2015	493	518
December 2014	496	557
September 2014	480	558

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THANK YOU

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