

The Great Eastern Shipping Co. Ltd.

Business & Financial Review

August 2013

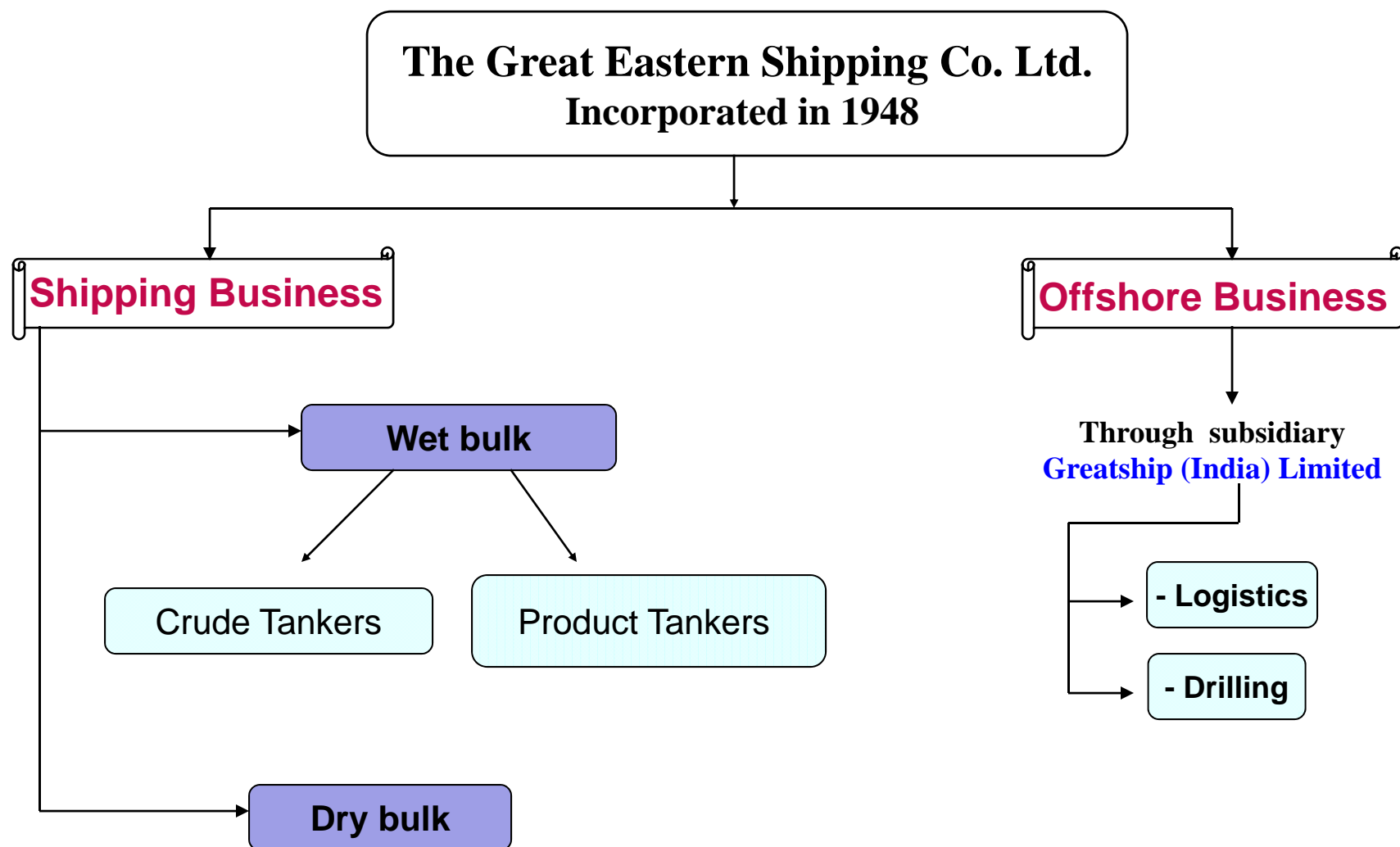
Forward Looking Statements

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.

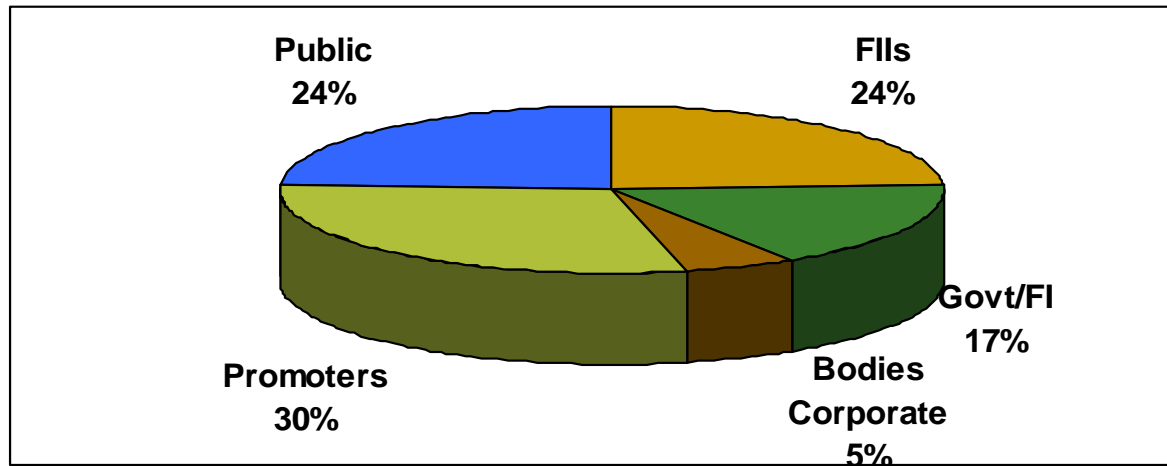
Corporate Profile



Company at a glance

- ✎ *India's largest private sector Shipping Company*
- ✎ *Diverse asset base with global operations*
- ✎ *Completed 65 years of operations*
- ✎ *29 years of uninterrupted dividend track record*

Shareholding Pattern as on June 30, 2013



Shipping business-owned fleet

- ❑ 29 ships aggregating 2.37 Mn dwt, avg.age 9.0 years
 - ❑ **21 Tankers** avg.age 9.6 years
 - 8 Crude carriers (4 Suezmax, 4 Aframax) avg.age 10.2 years
 - 12 Product tankers (4 LR1, 7 MR, 1 GP) avg.age 7.5 years
 - 1 LPG Carrier (1 VLGC) avg. age 23.0 years
 - ❑ **8 Dry bulk carriers** avg.age 7.5 years
 - 1 Capesize - avg.age 17.0 years
 - 3 Kamsarmax - avg.age 2.0 years
 - 4 Supramax- avg.age 6.3 years

Shipping business- CAPEX plan

Total committed CAPEX: ~ USD 135 mn

Newbuilding:

- 1 Medium Range (MR) Product Tanker with STX Group - expected delivery Q4FY15
- 2 Kamsarmax Dry Bulk Carriers with Tsuneishi Shipbuilding - expected delivery H1FY16

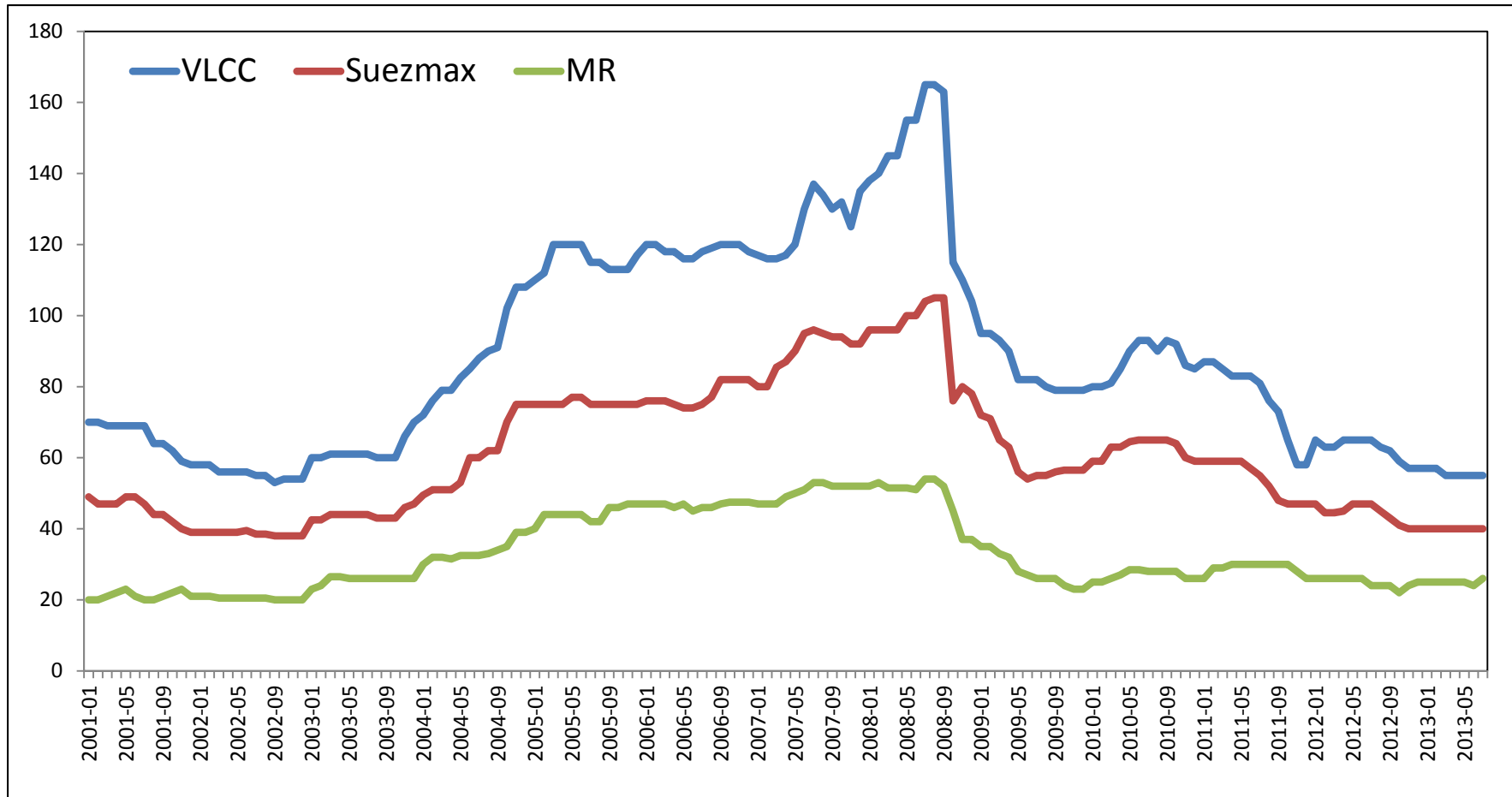
Secondhand

- 1 Medium Range (MR) Product Tanker (2005 built)- expected delivery Q2FY14
- 1 Very Large Gas Carrier (1994 built)- expected delivery H1FY15

Asset Price Movement (5 yr old)- Tankers

Timeline- Jan 2001 till Aug 2013

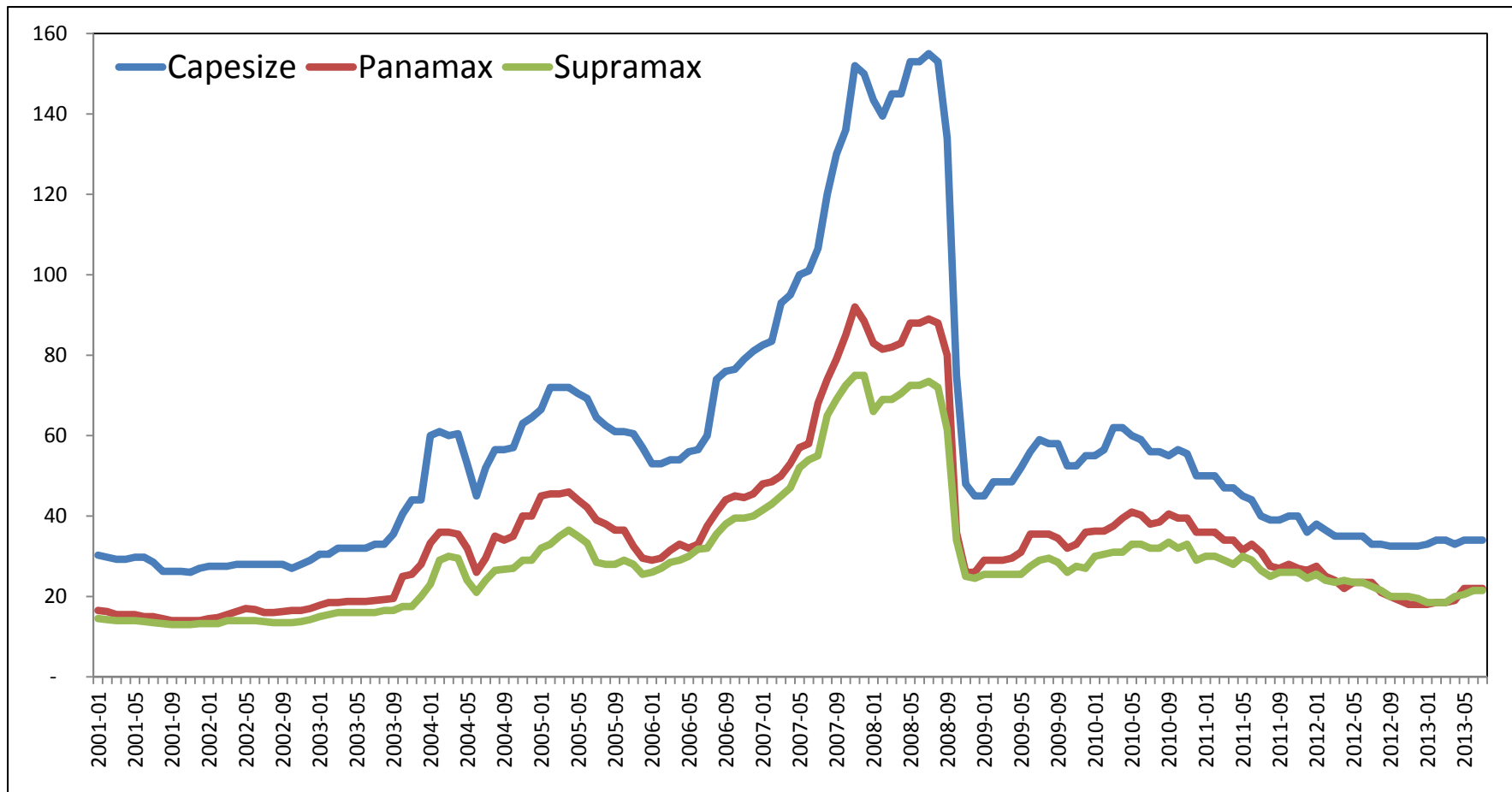
Amt in US\$ mn



Asset Price Movement (5 yr old) – Dry Bulk

Timeline- Jan 2001 till Aug 2013

Amt in US\$ mn

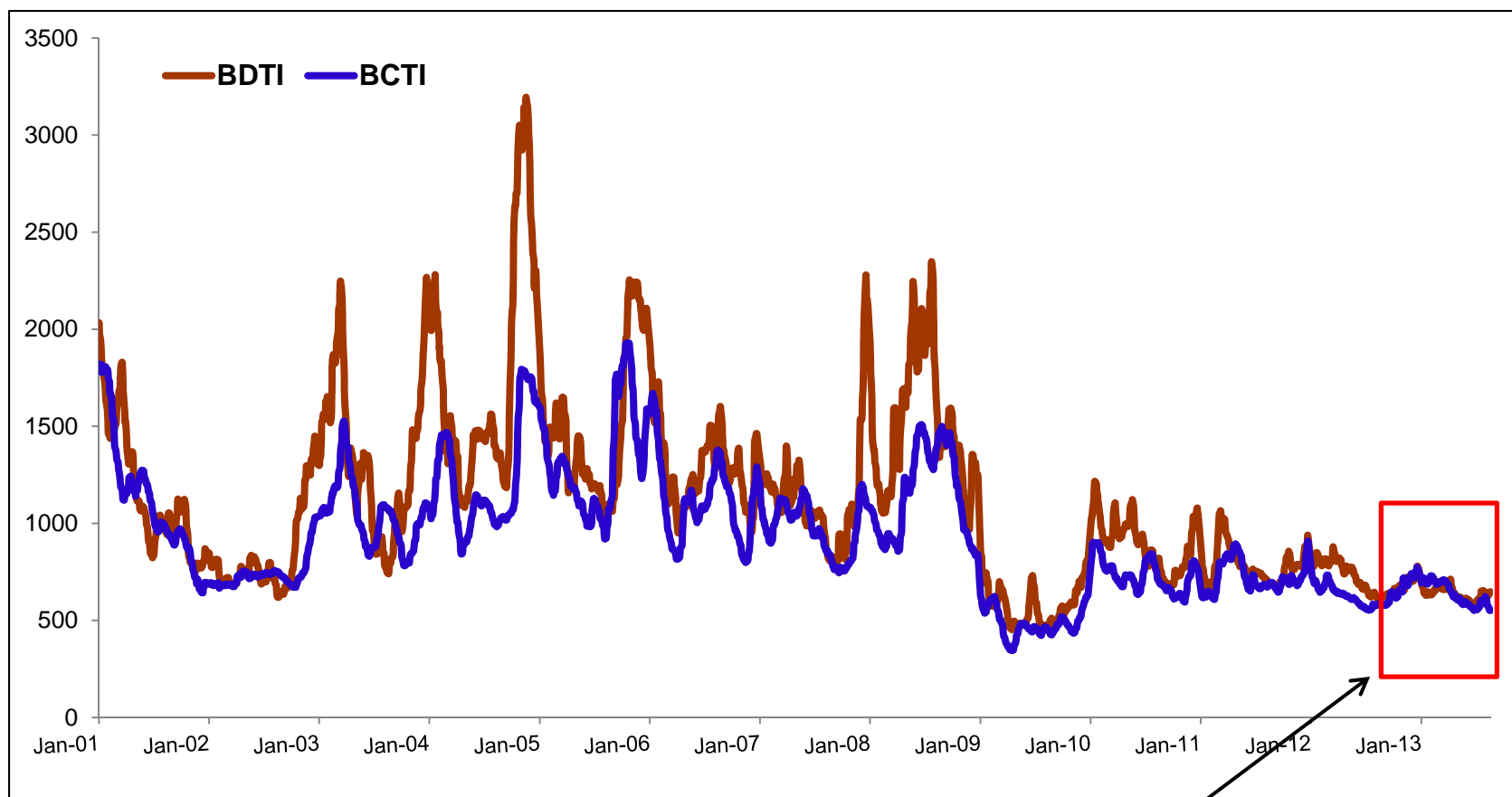


Asset Price Movement

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

(Amt in \$mn)	High	Low	Current
<u>Tankers</u>			
VLCC	165 (2008)	49 (1994)	55
Suezmax	105 (2008)	32 (1993)	40
MR	46 (2007)	20 (1999)	26
<u>Dry Bulk</u>			
Capesize	155 (2008)	25 (1999)	34
Panamax	92 (2007)	14 (1999)	22
Supramax	75 (2007)	13 (1998)	22

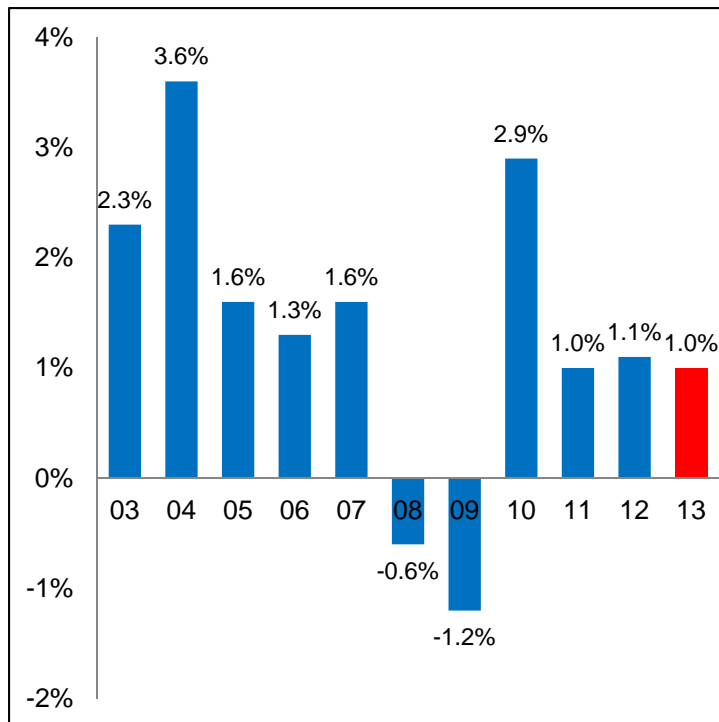
BDTI & BCTI Movement (Jan 2001 to Aug 2013)



Sluggish demand & steady fleet growth keeping the TCYs low

Global Oil Demand Scenario

Global Oil demand growth



Region wise demand growth

mn.bpd	2011	2012	2013(E)	% chg (CY13 over CY12)
N.America	24.1	23.8	23.8	-
OECD Europe	14.3	13.8	13.6	(1.5)%
OECD Pacific (Japan& Korea)	8.1	8.5	8.3	(2.4)%
Asia (Non OECD)	20.3	21.0	21.6	2.9%
Other Non OECD	22.1	22.7	23.5	3.5%
Total	88.9	89.9	90.8	1.0%

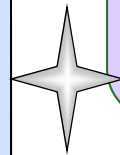
Muted growth from developed economies....

Non OECD countries making up for the lost demand

Oil Trade – Changing patterns...

Oil supply dynamics changing

US – Shale revolution
Iran – Hit by sanctions
North Sea – Decreasing Supply
Venezuela – Diversifying Customer base
West Africa – More takers
Angola , Algeria –production inching up
Nigeria – increasingly unstable



Oil demand sourcing matrix changing

China & India in forefront
Latin America – Increase in imports
of Refined Products

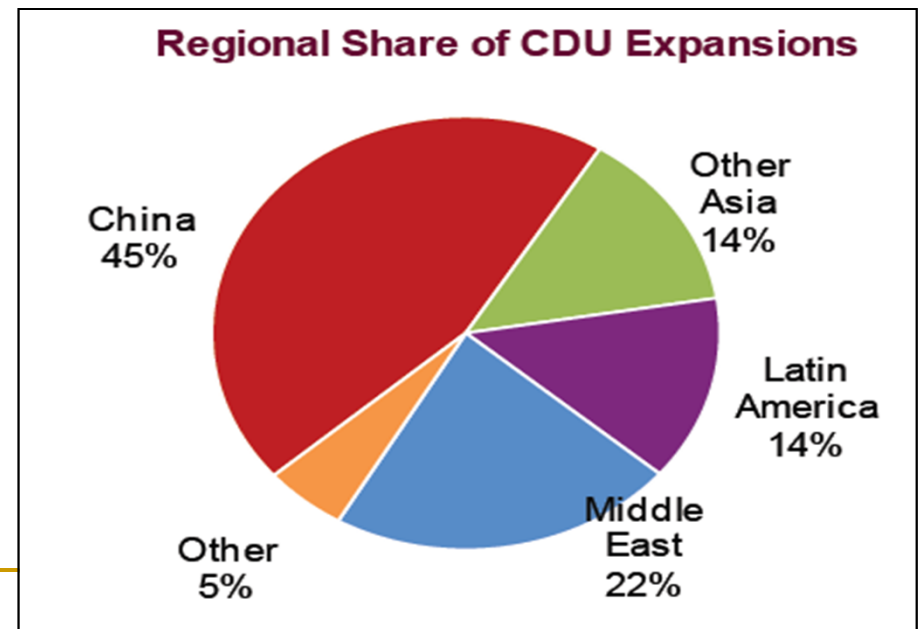
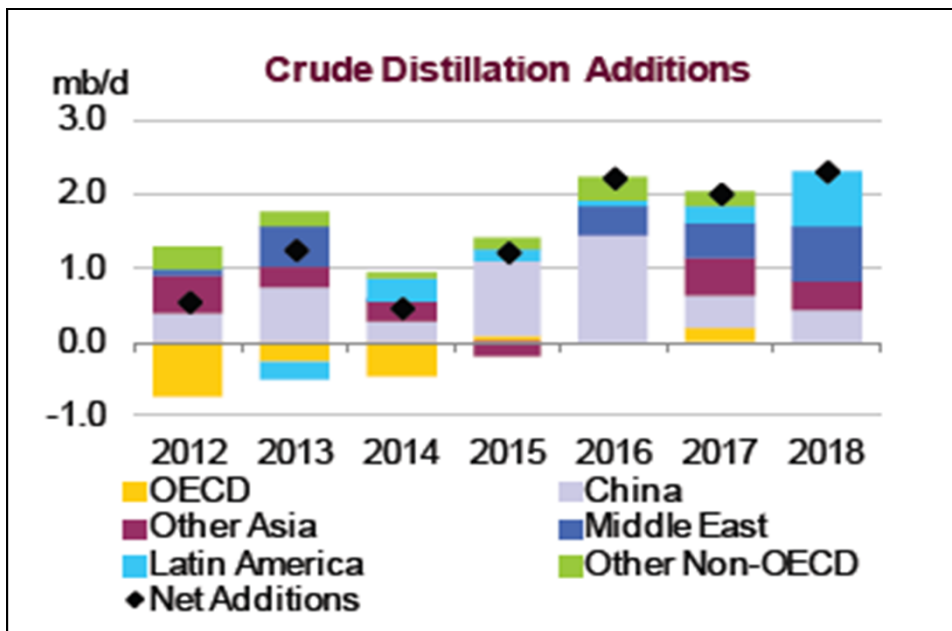
Other Market Developments

Increasing demand from India & China
Political Risk - MENA, Venezuela

Resulting in long haul trade routes...

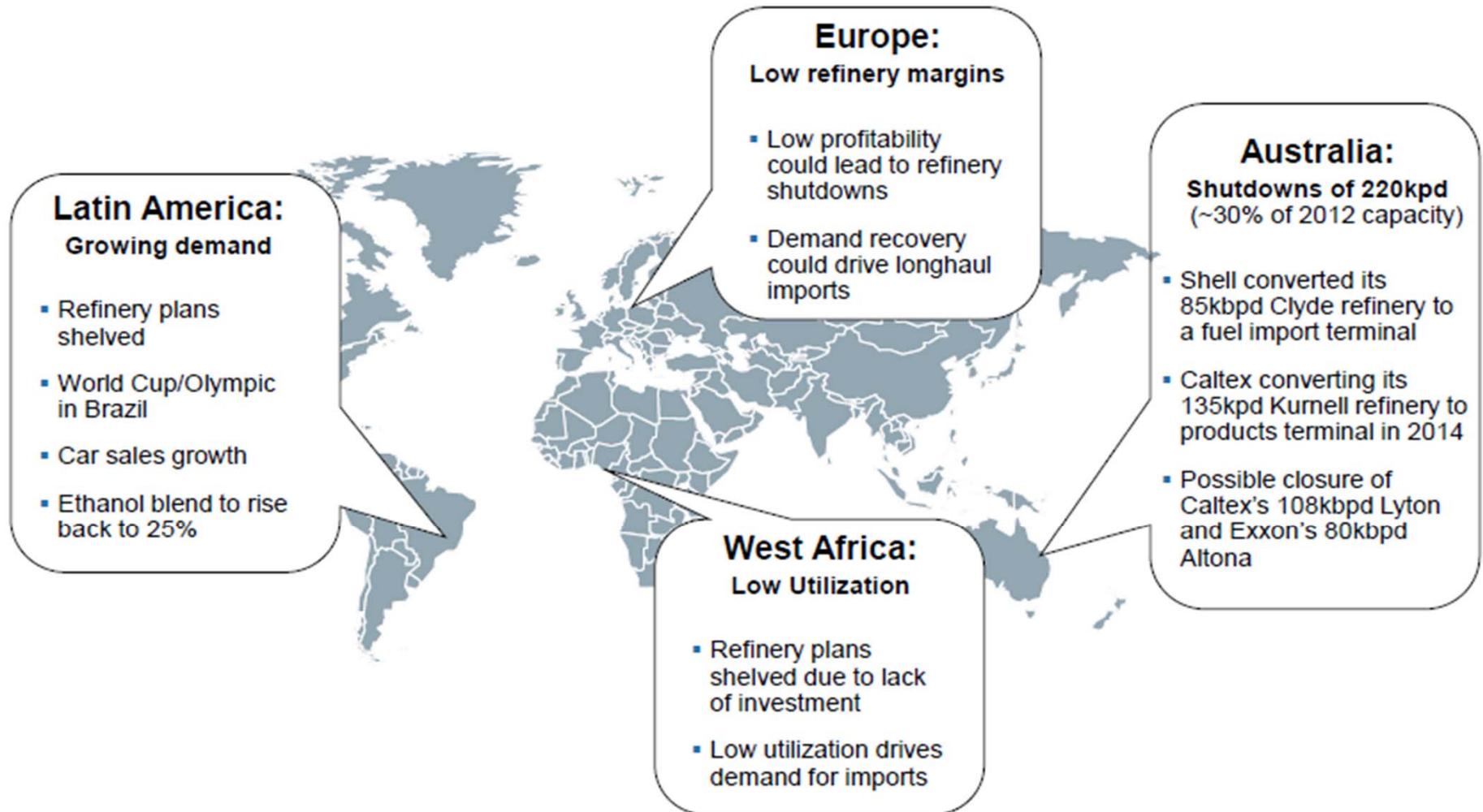
Products Trade... Promising Future

- **Global refinery crude distillation capacity set to rise by 9.5 mb/d** from 2013 to 2018, Asia accounting for about 60% and M.E about 22%.
- **Total world refining capacity will reach 106.7 mb/d by the end of 2018**, of which 60% will be in non-OECD countries.
- **US refining sector to benefit**, due to increasing exports of distillates to Latin America and Europe.

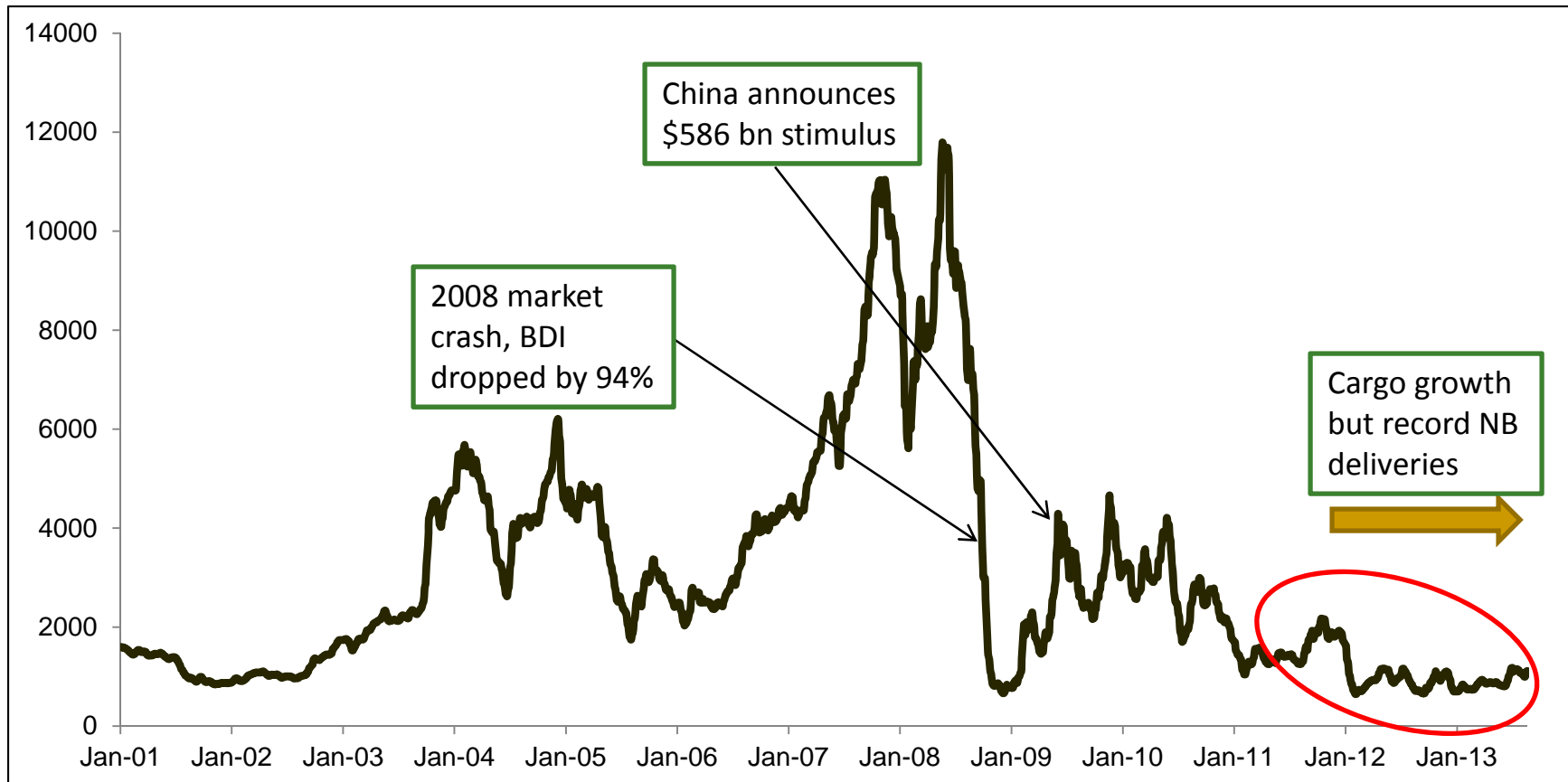


Products trade... Evolving Trade Patterns

Growing demand for refined products imports from LatAm, West Africa and Australia



BDI Movement (Jan 2001 to Aug 2013)

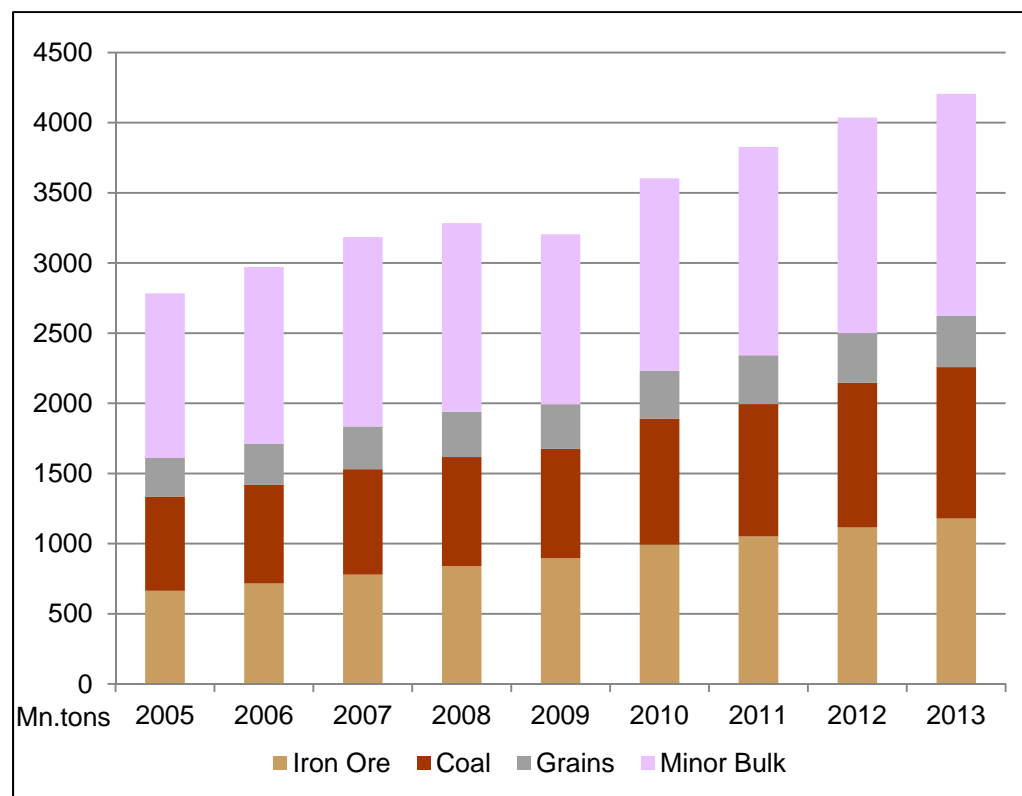
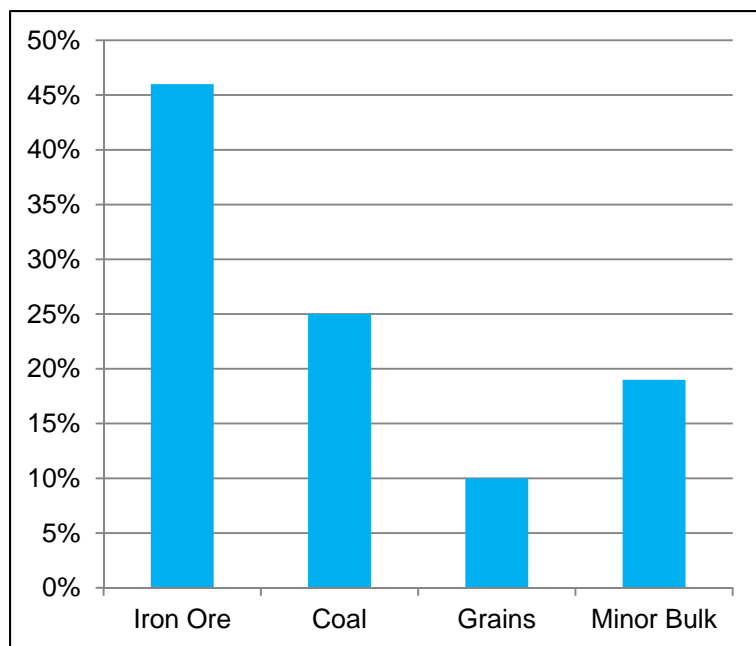


BDI hovering around its lowest levels on back of relentless fleet growth despite steady improvement in the cargo movement

Seaborne Bulk Trade ... growing steadily

Global dry bulk seaborne trade reached 4.0 bn tons in 2012

Contribution to seaborne trade growth by commodity



Seaborne trade to grow **CAGR 5%** between 2012 & 2014

Dry Bulk Trade ... Evolving Trade Patterns

China... imports to continue

- Iron ore & Coal imports running at a steady pace
- Coastal trade to firm up due to inland transport restrictions

India... catching up

- To be leading coal importer in the world
- Developing ports to specifically suit the trade
- UMPPs to create greater coal demand once commissioned

Long routes & bigger parcels

- Apart from Indonesia & S.Africa, China going far away to Colombia to source coal
- Larger parcel size moved from Brazil to China (Chinamax)

China's dependency on imported iron ore

CHINA: Iron ore import dependency has increased from 37% in 2001 to 70% in 2012 and growing.

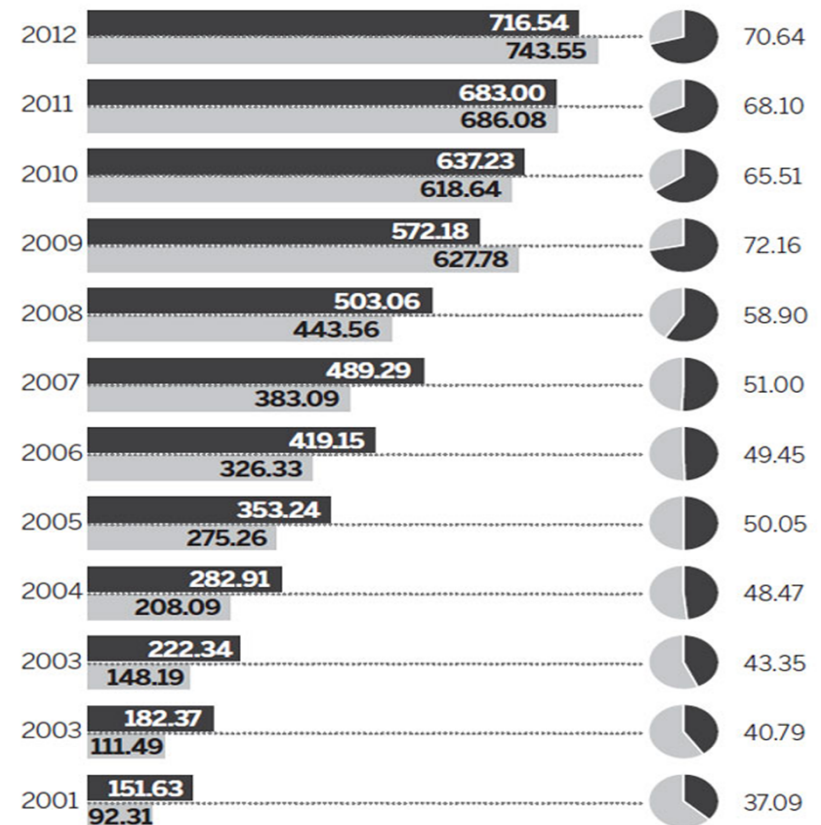
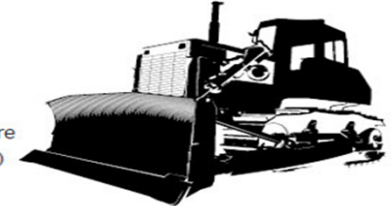
Main Import Drivers

- Domestic Iron ore (Fe) content < 25% and declining.
- Expensive domestic Cost of prodn. due to:
 - Labor & energy cost Inflation has been 15% YoY
 - Deep Underground iron ore mines: High strip ratio
 - Energy & water intensive beneficiation process.
 - Steel plants located in coastal areas; high transport cost.
- Smaller firms will face closure, disproportionate import competition effect & tax regime in the wake of low prices.

CHINA'S STEEL OUTPUT AND IRON ORE IMPORTS

Unit: million tons

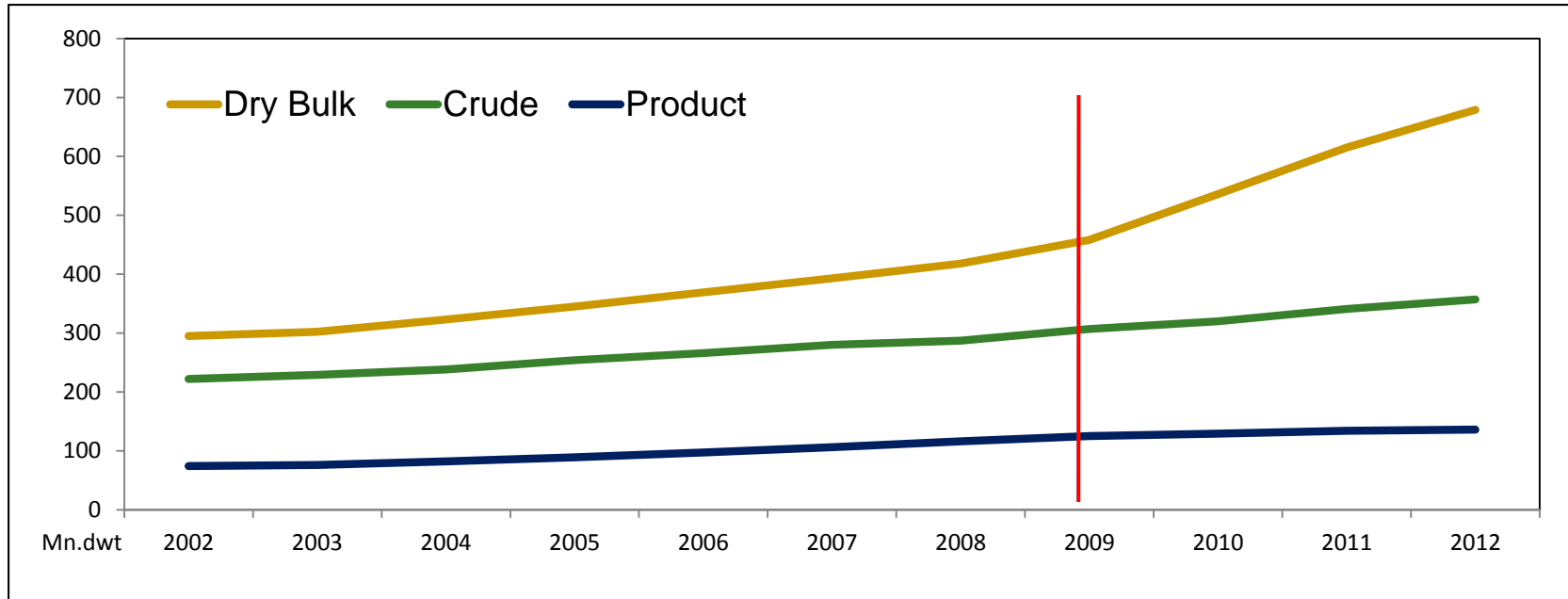
■ Steel output ■ Imported iron ore
 ▶ Dependency on imported iron ore (%)



Source: China Iron and Steel Association

LI YI / CHINA DAILY

World Fleet Growth



Fleet growth 2002-2012

(mn dwt)	2002	2007	2012	% change (2012 over 2002)
Dry	295	393	679	130%
Crude	222	280	357	60%
Product	74	106	136	83%

... Fleet continues to grow

World Fleet addition*	Fleet (as on 1 st Aug'13)	CY2013	CY2014	CY2015 +
	(in mn dwt)			
Crude tankers	366	3%	4%	2%
Product tankers	138	3%	5%	2%
Dry bulk carriers	706	8%	6%	4%

*includes only new building from yards

... but high slippages & cancellations expected

Scrapping... too little to cheer

Scrapping as % of world fleet (year wise)

Fleet as on 1 st Aug'13		Scrapping (in mn dwt)	CY2010	CY2011	CY2012	CY2013 YTD*
(in mn dwt)						
366		Crude	2%	2%	3%	1%
138		Product	4%	2%	2%	1%
706		Bulk	1%	4%	5%	2%

* As of mid Aug'13

***Require acceleration in
scrapping to minimize the
demand supply mismatch***

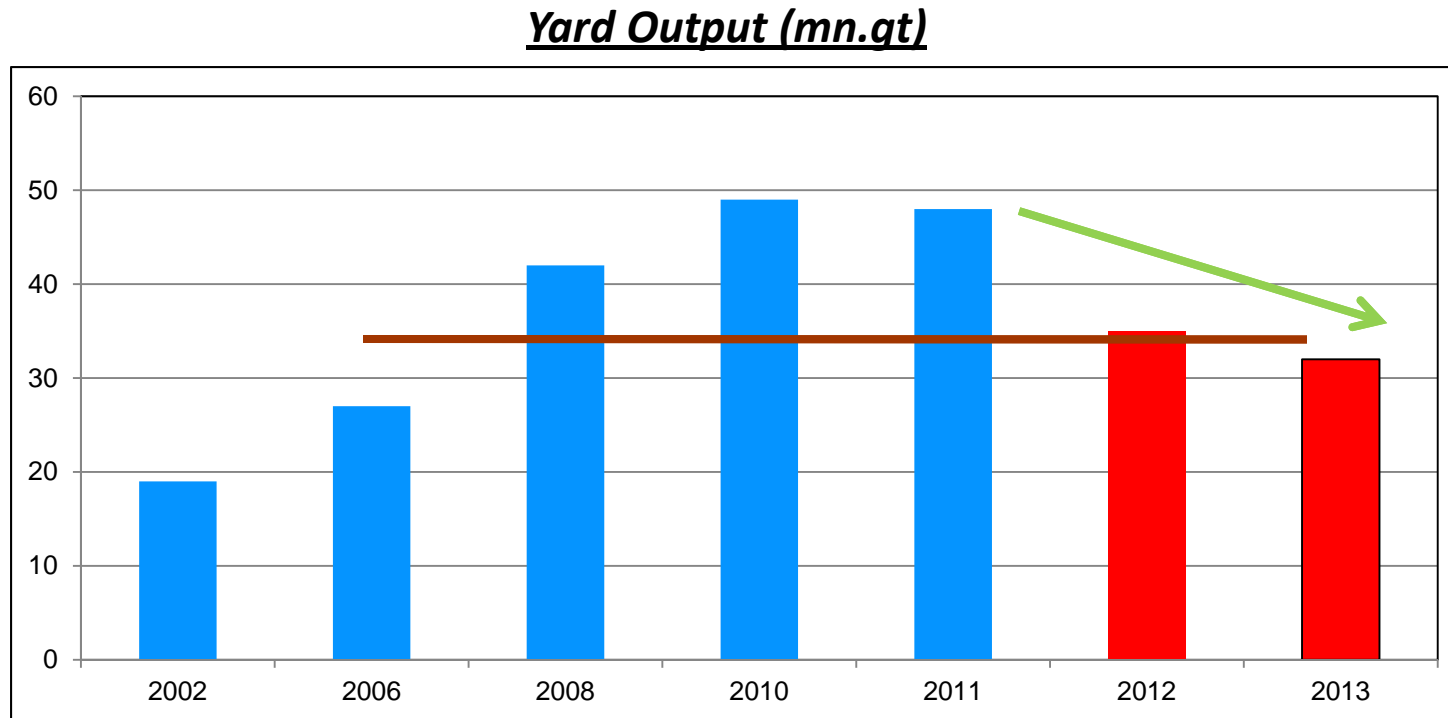
Global Shipbuilding... Shrinkage in Capacity

Capacity to contract due to combination of:

- yard closures
- return to pre-boom business models such as ship repairs
- use of shipbuilding berths and workforces for non-shipbuilding activity
- reduction in berth productivity

~ Half of Chinese yards having not taken any new orders since 2008

Global Shipbuilding... Shrinkage in Capacity



Yard output to decline from a peak of 49 mn gt in 2010 to 32 mn gt in 2013
.... A decline of 35%

2013 (e) yard capacity still higher than the pre boom capacity of 2006

Greatship (India) Limited

(a 100% subsidiary)

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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)**

Greatship's Modern & Technologically Advanced Fleet

Young Fleet

- Young fleet with an average age of approx. 4 years by FY 2013
- 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

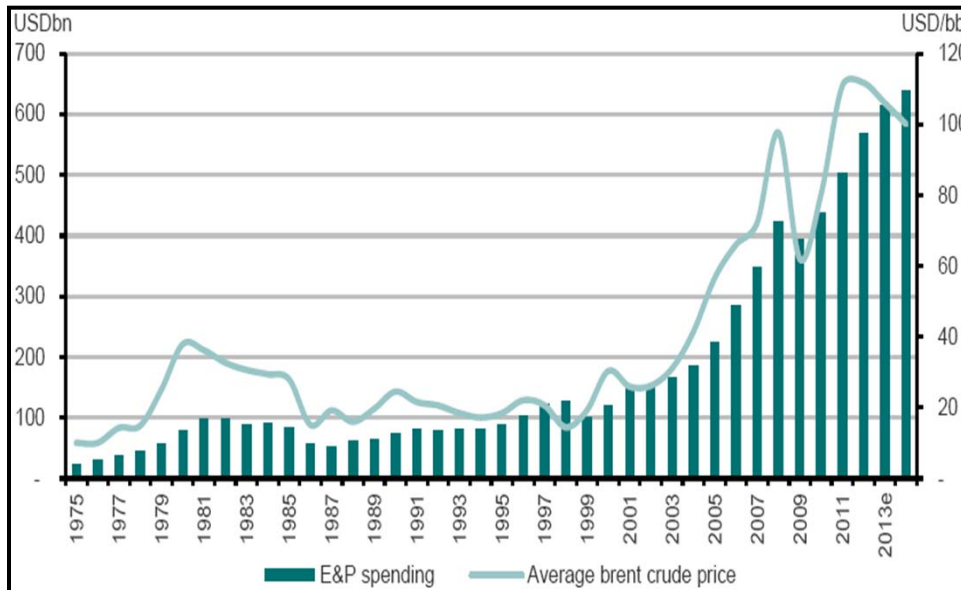
- Lower Operating costs
- Reduced maintenance capex & opex

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

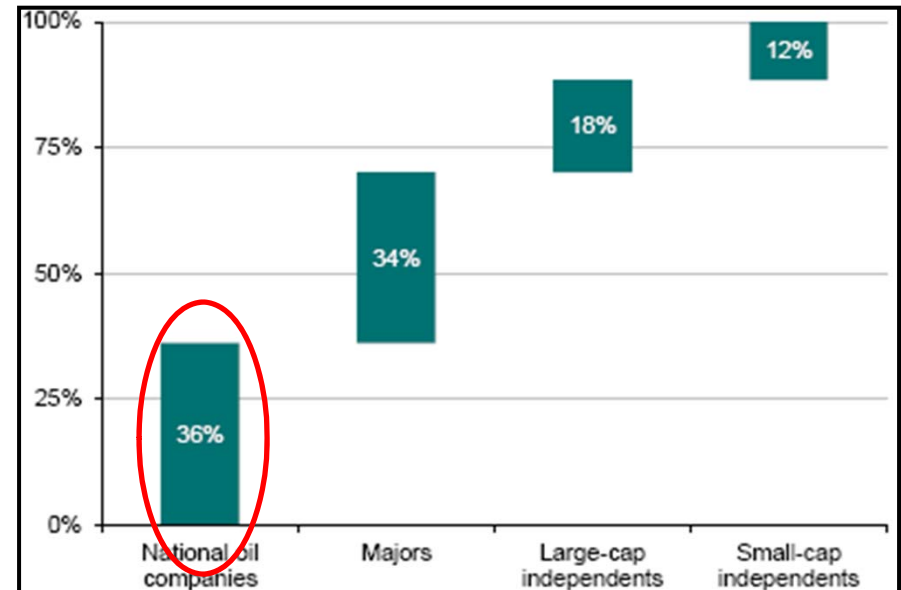
E&P Activities – Steady Growth

Global E&P Spending



- Global E&P spending to increase to ~\$650bn in 2014
- Up 4% from 2013

2014 E&P spending breakup



- National Oil Companies remain the largest contributor to the E&P spending
- Energy security: key concern for every nation

E&P spending to remain at a healthy level on back of attractive oil prices and increased momentum of activities.

Global Fleet Supply -Offshore

➤ ~ Half of the world offshore vessel fleet is more than 22 years

➤ Average age of existing jackup rig fleet is about 24 years

(Nos)	Jackup Rigs	AHTSVs	PSV/Supply
Current Fleet	610	2,927	2,058
Orderbook	102	203	423
% of O/B to current fleet	16%	7%	20%

As of end Jul'13

- ***With increased focus on safety and efficiency, utilization for modern assets expected to remain healthy***
- ***Current world fleet profile skewed towards older fleet. Hence, replacement demand should remain strong***

FINANCIAL HIGHLIGHTS

Q1 FY 2014

Q1FY 2014 Financial Highlights

Standalone		Key Figures	Consolidated	
Q1FY'14	Q1FY'13	(Amount in Rs. crs)	Q1FY'14	Q1FY'13
Income Statement				
548.20	637.73	Revenue (including other income)	919.44	976.60
295.93	276.73	EBITDA (including other income)	523.98	460.72
141.96	99.56	Net Profit	244.98	180.99
Balance Sheet				
9835.90	10174.87	Total Assets	15086.10	14367.25
5034.94	5001.43	Equity	6687.98	6195.00
3655.46	3980.31	Total Debt (Gross)	6942.67	6523.72
227.55	557.41	Long Term Debt (Net of Cash)	2582.23	2492.36
3427.91	3422.90	Cash balance	4360.44	4031.36
Cash Flow				
128.44	73.79	From operating activities	324.45	222.27
(164.69)	384.20	From investing activities	(124.41)	358.28
(196.10)	(130.47)	From financing activities	(351.82)	(198.63)
(232.35)	327.52	Net cash inflow/(outflow)	(151.78)	381.92

Q1FY 2014 Financial Highlights

Standalone		Key Ratios	Consolidated	
Q1FY'14	Q1FY'13	Key financial figures	Q1FY'14	Q1FY'13
53.98%	43.39%	EBITDA Margin (%)	56.99%	47.18%
11.32%	7.86%	Return on Equity (ROE) (%)	15.04%	11.88%
9.06%	7.72%	Return on Capital Employed (ROCE) (%)	10.08%	9.54%
0.73	0.80	Gross Debt/Equity Ratio (x)	1.04	1.05
0.05	0.11	Net Debt/Equity Ratio (x)	0.39	0.40
54.83	53.11	Exchange rate USD/INR, average(Rs)	54.83	53.11
59.40	55.62	Exchange rate USD/INR, end of period (Rs)	59.40	55.62
		Share related figures		
9.32	6.54	Earnings per share, EPS (Rs)	16.08	11.88
9.30	6.52	Diluted earnings per share (Rs)	16.05	11.86
15.22	13.12	Cash Profit per share (Rs)	26.46	21.97

Q1FY 2014 Performance Highlights

Breakup of revenue days

Revenue Days	Q1'FY14	Q1'FY13
Owned Tonnage	2,691	2,918
Inchartered Tonnage	27	232
Total Revenue Days	2,718	3,150
Total Owned Tonnage (mn.dwt)	2.43	2.55

Mix of Spot & Time

Days (in %)	Q1'FY14	Q1'FY13
<u>Dry Bulk</u>		
Spot %	56%	79%
Time %	44%	21%
<u>Tankers</u>		
Spot %	49%	44%
Time %	51%	56%
<u>Total</u>		
Spot %	51%	54%
Time %	49%	46%

Average TCY Details

Average (TCY \$ per day)	Q1'FY14	Q1'FY13	% Chg
Crude Carriers	16,132	19,302	(16)%
Product Carriers (Incl. Gas)	18,825	13,770	37%
Dry Bulk	10,289	11,076	(7)%

Book Value & Net Asset Value (NAV) comparison

Last 4 quarters

	Consol. Book Value (Rs. Per share)	Consol. NAV (Rs. Per share)
June 2013	439	494
March 2013	416	433
December 2012	421	428
September 2012	411	407

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THANK YOU

visit us at www.greatship.com

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