

The Great Eastern Shipping Co. Ltd.

Business & Financial Review

June 2014

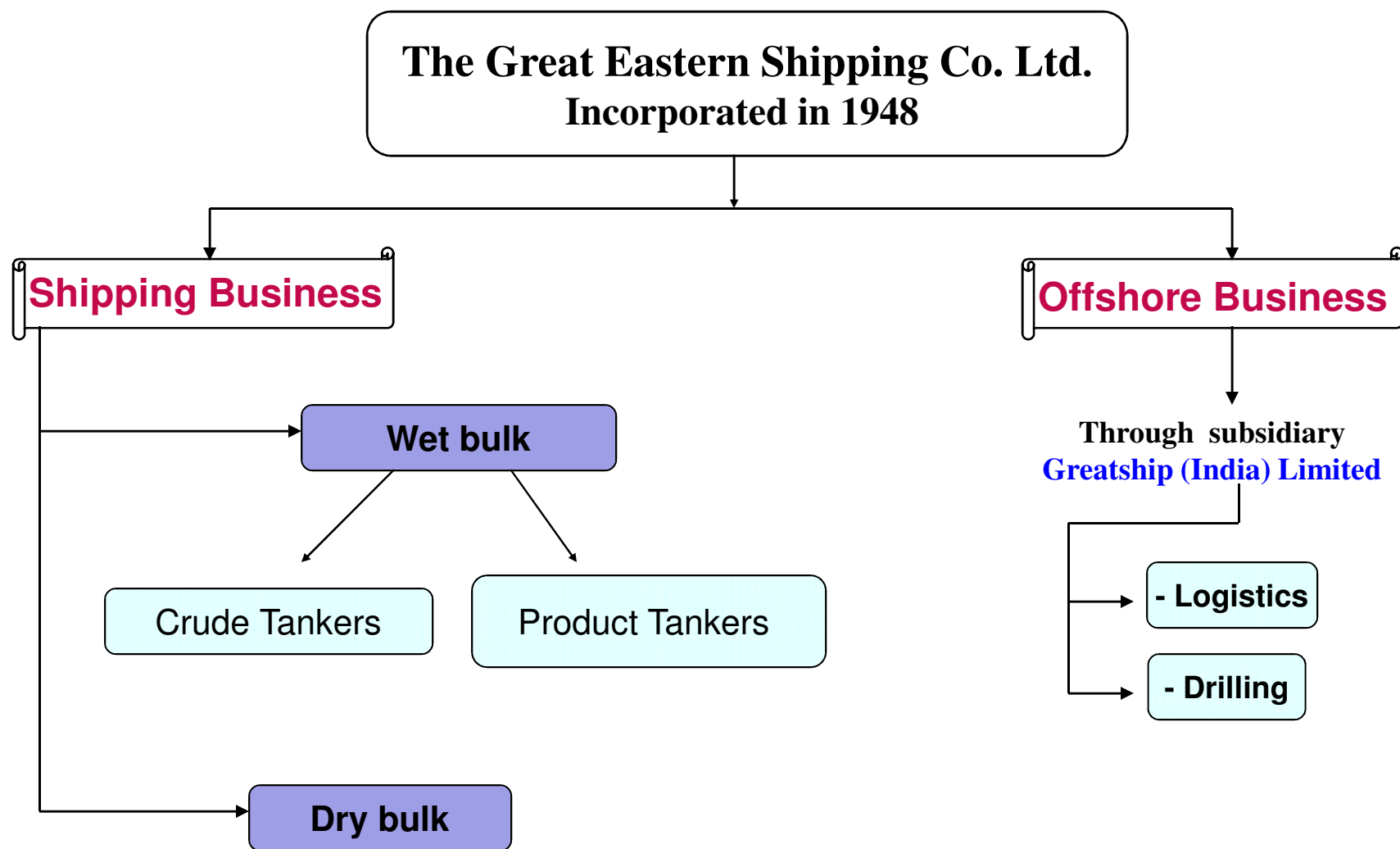
Forward Looking Statements

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.

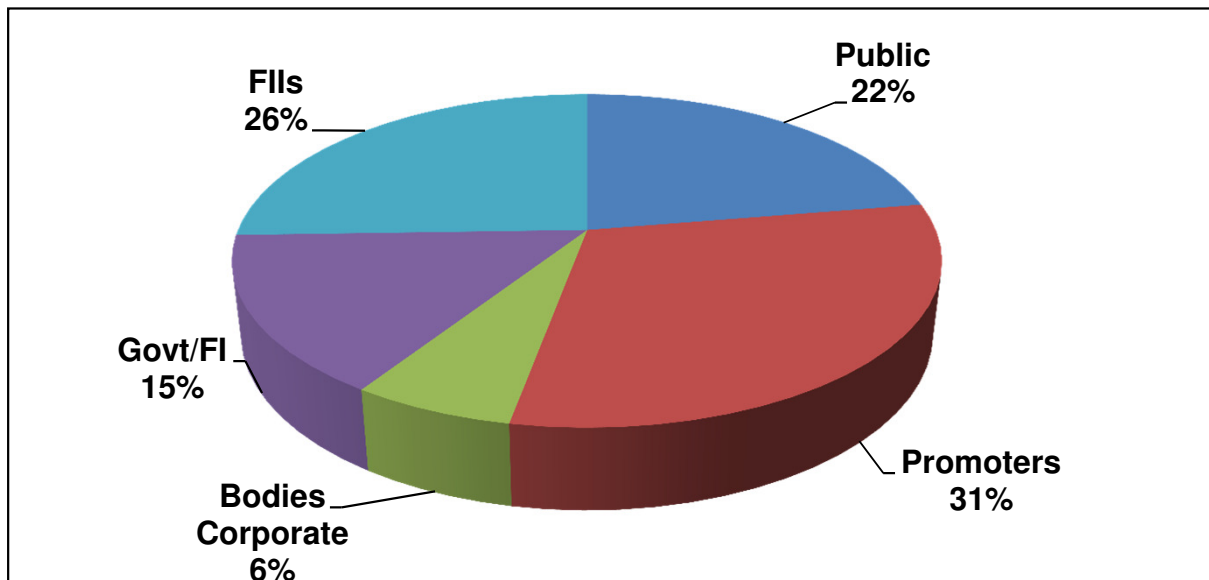
Corporate Profile



Company at a glance

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

Shareholding Pattern as on March 31, 2014



Shipping business-owned fleet

- ❑ 29 ships aggregating 2.37 Mn dwt, avg.age 9.8 years
 - ❑ **21 Tankers** avg.age 10.3 years
 - 8 Crude carriers (4 Suezmax, 4 Aframax) avg.age 11.2 years
 - 12 Product tankers (4 LR1, 7 MR, 1 GP) avg.age 7.9 years
 - 1 Very Large Gas Carrier avg.age 24 years
 - ❑ **8 Dry bulk carriers** avg.age 8.5 years
 - 1 Capesize - avg.age 18.0 years
 - 3 Kamsarmax - avg.age 3.0 years
 - 4 Supramax- avg.age 7.3 years

Shipping business- CAPEX plan

Total committed CAPEX: ~ **USD 205 mn**

Newbuilding:

- 1 Medium Range (MR) Product Tanker with STX Group - expected delivery Q4FY16
- 2 Kamsarmax Dry Bulk Carriers with Tsuneishi Shipbuilding - expected delivery H1FY16
- 3 Kamsarmax Dry Bulk Carriers with Jiangsu New Yangzi Shipbuilding Co. Ltd, China - expected delivery Q2 & Q3 CY2016.

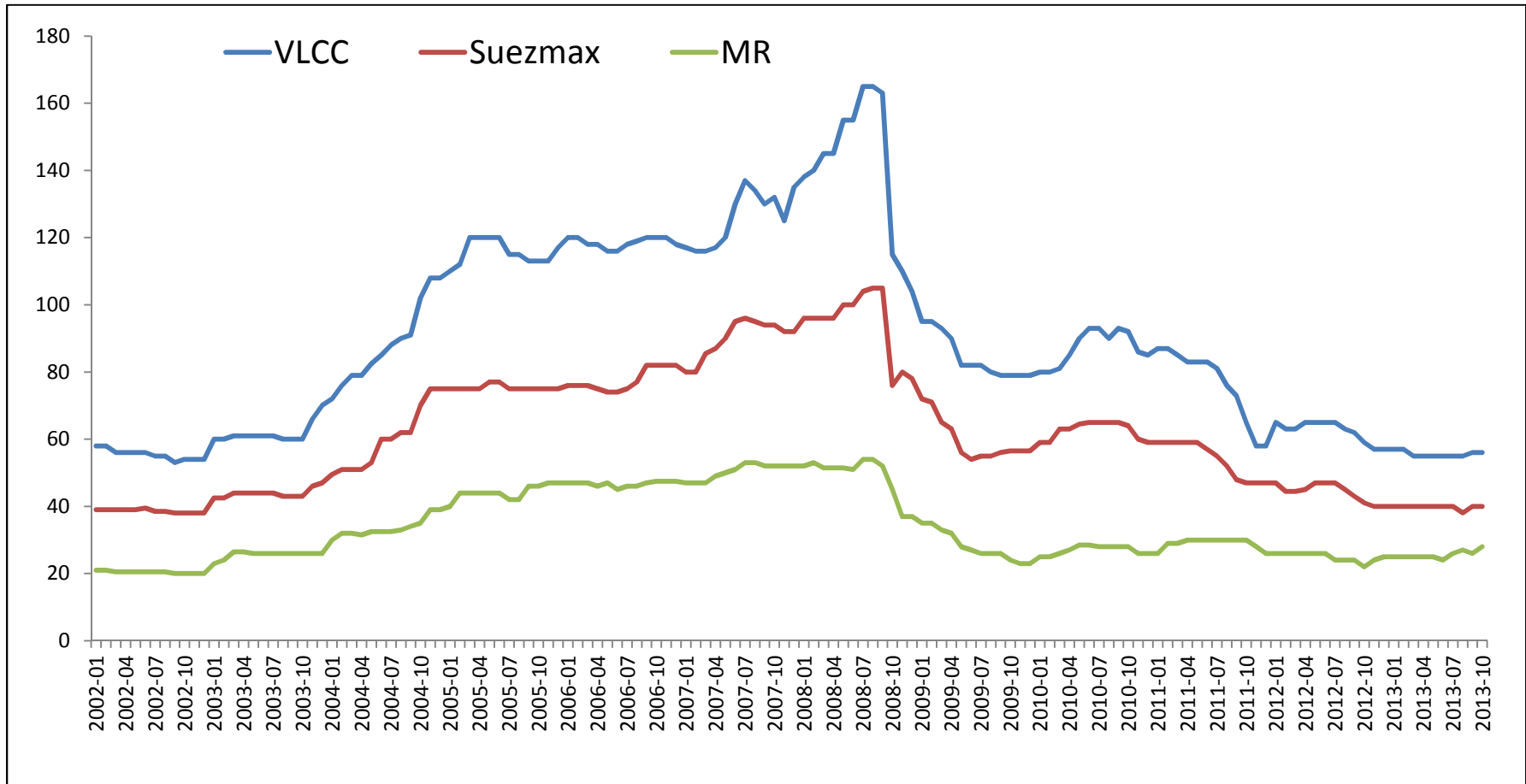
Secondhand:

- 1 Very Large Gas Carrier (1994 built)- expected delivery H1FY15

Asset Price Movement (5 yr old)- Tankers

Timeline- Jan 2001 till Apr 2014

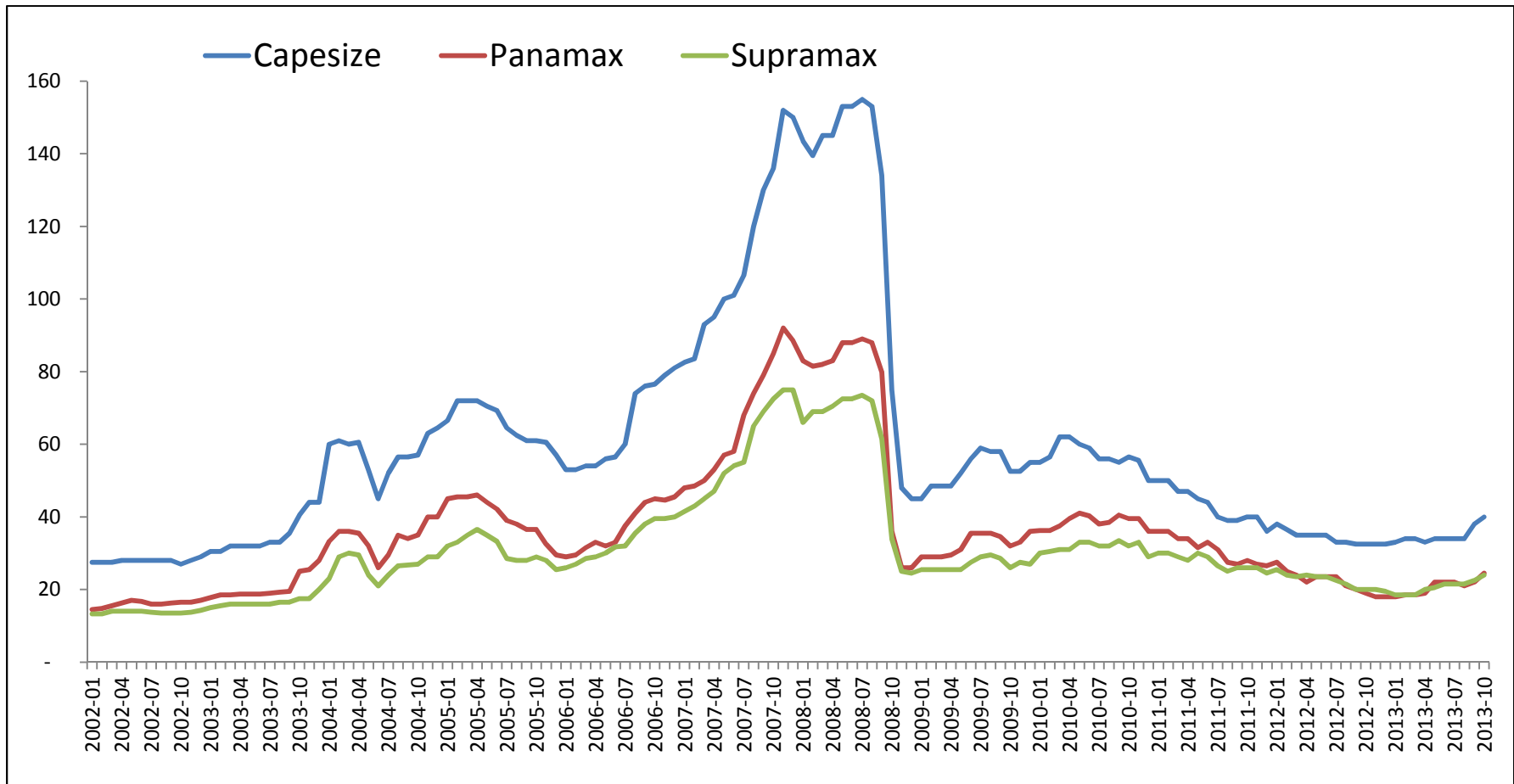
Amt in US\$ mn



Asset Price Movement (5 yr old) – Dry Bulk

Timeline- Jan 2001 till Apr 2014

Amt in US\$ mn

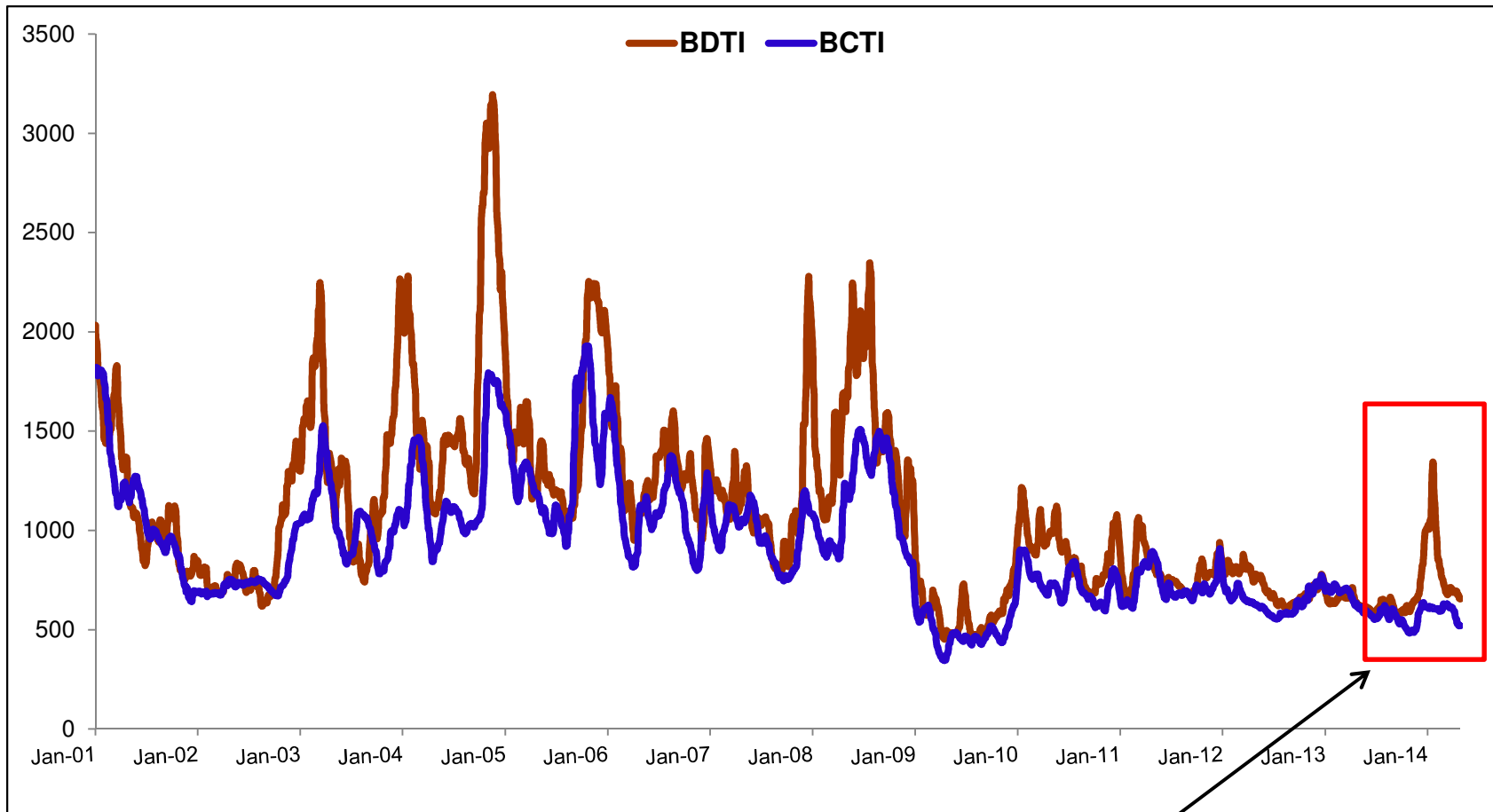


Asset Price Movement

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

(Amt in \$mn)	High	Low	Current
<u>Tankers</u>			
VLCC	165 (2008)	49 (1994)	68
Suezmax	105 (2008)	32 (1993)	47
MR	46 (2007)	20 (1999)	29
<u>Dry Bulk</u>			
Capesize	155 (2008)	25 (1999)	46
Panamax	92 (2007)	14 (1999)	27
Supramax	75 (2007)	13 (1998)	26

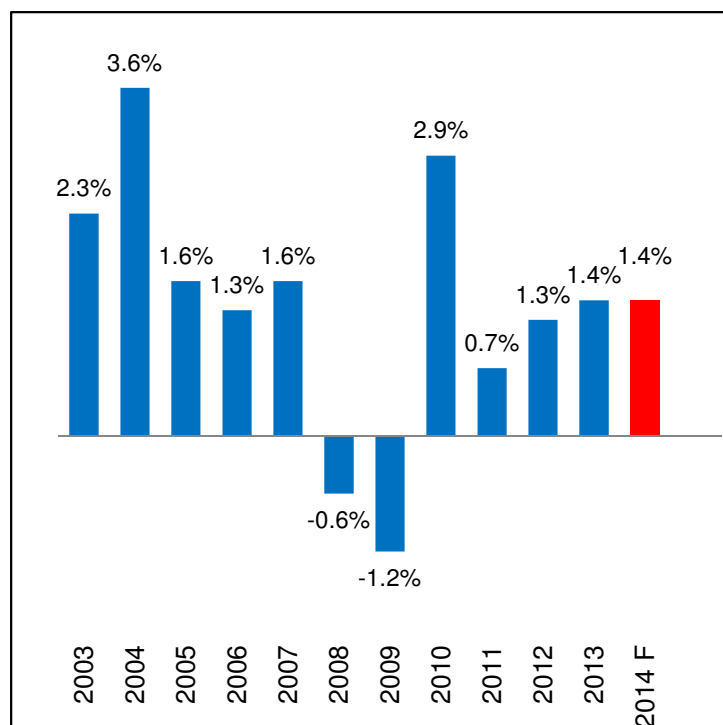
BDTI & BCTI Movement (Jan 2001 to Apr 2014)



- Sluggish demand & steady fleet growth keeping the TCYs low
- Seasonal uptick in BDTI led by Winter demand and Chinese SPR program

Global Oil Demand Scenario

Global Oil demand growth



Region wise demand growth

mn.bpd	2011	2012	2013	2014 (E)	% chg (CY14 over CY13)
N.America	24.0	23.6	24.0	24.1	0.4%
OECD Europe	14.3	13.8	13.7	13.6	(0.4)%
OECD Pacific (Japan & Korea)	8.2	8.6	8.4	8.3	(1.7)%
Asia (Non - OECD)	20.4	21.2	21.8	22.5	3.3%
Other Non OECD	22.2	22.9	23.6	24.2	2.8%
Total	89.0	90.1	91.4	92.7	1.4%

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 – Uncertainty on 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

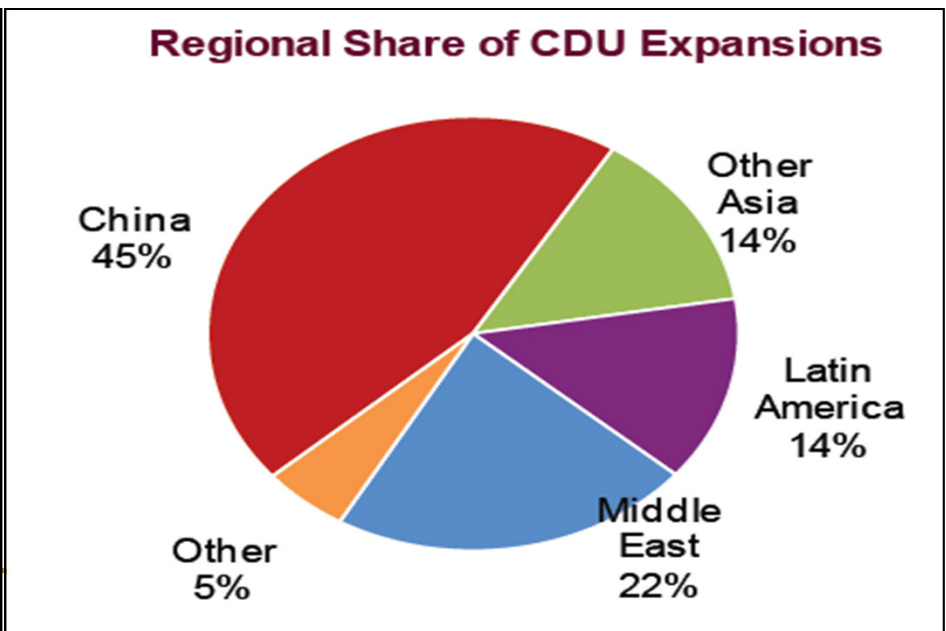
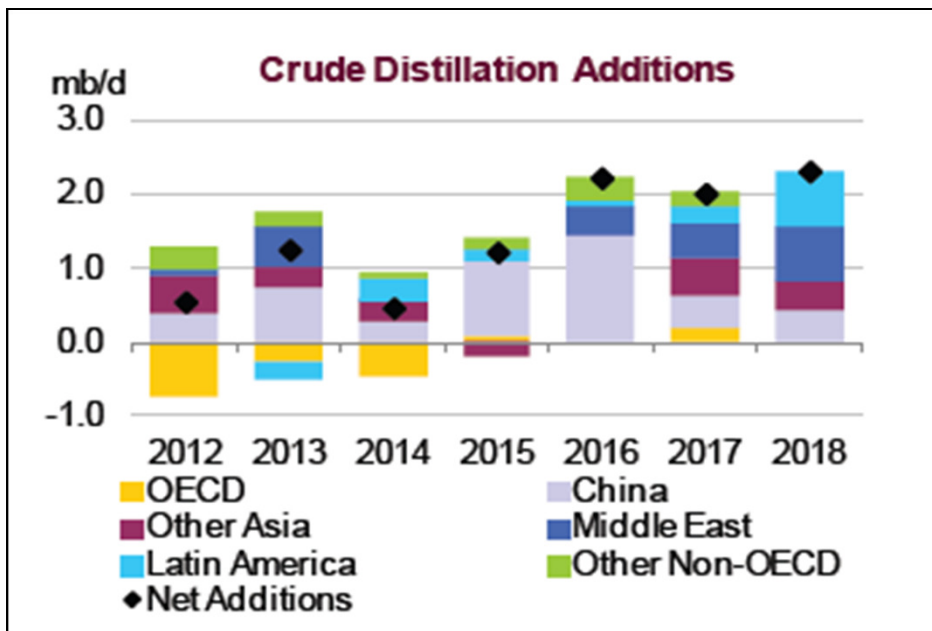
Other Market Developments

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

Resulting in long haul trade routes...

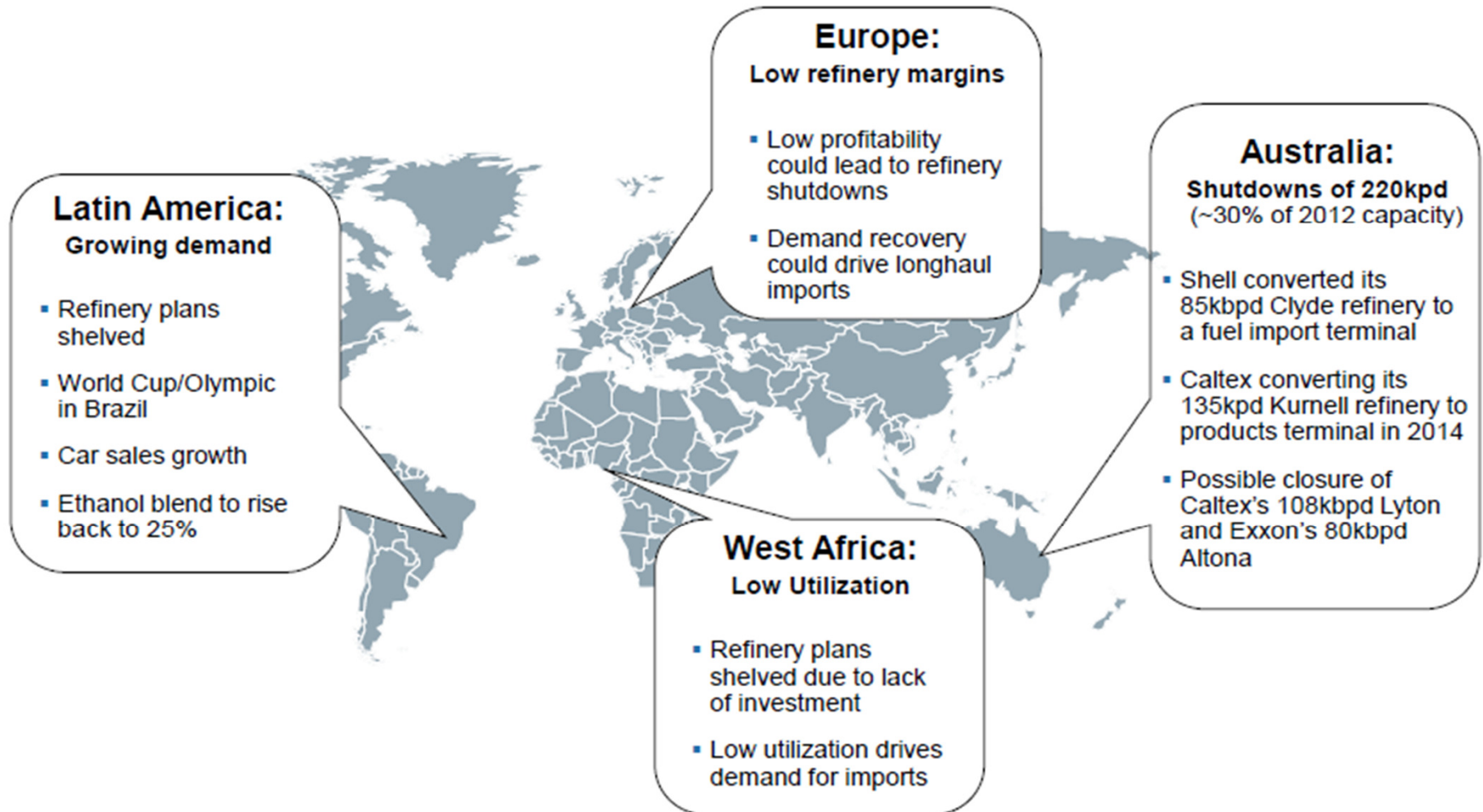
Products Trade...Continues to grow steadily

- **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 April 2014)

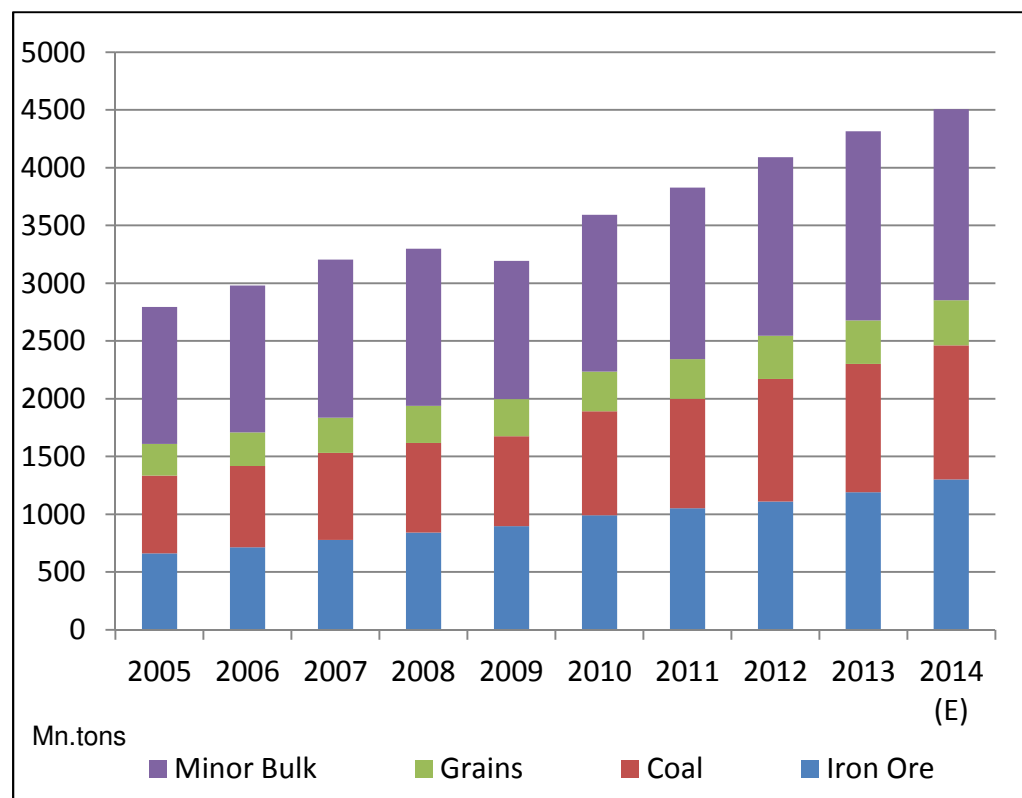
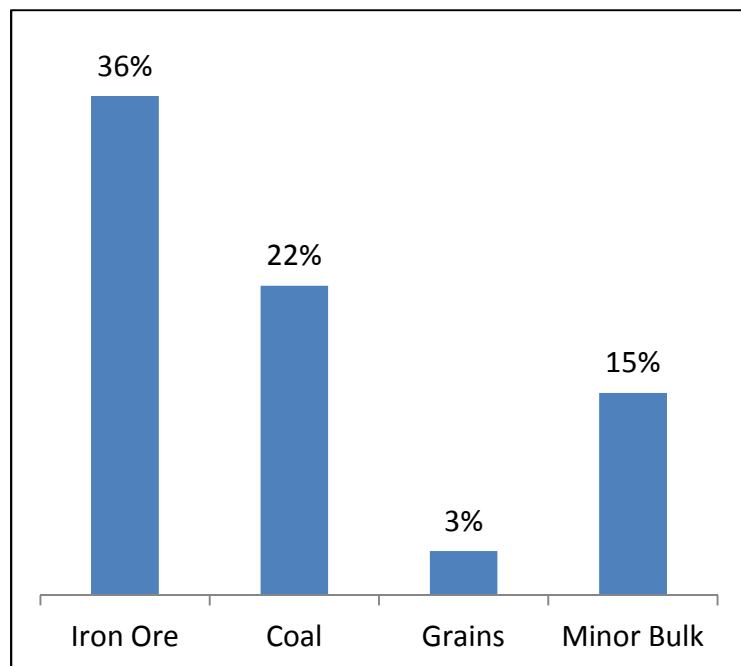


High growth in imports from China led to spikes in rates. Even if China slows down, substitution of local raw material with imports to aid demand growth.

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

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

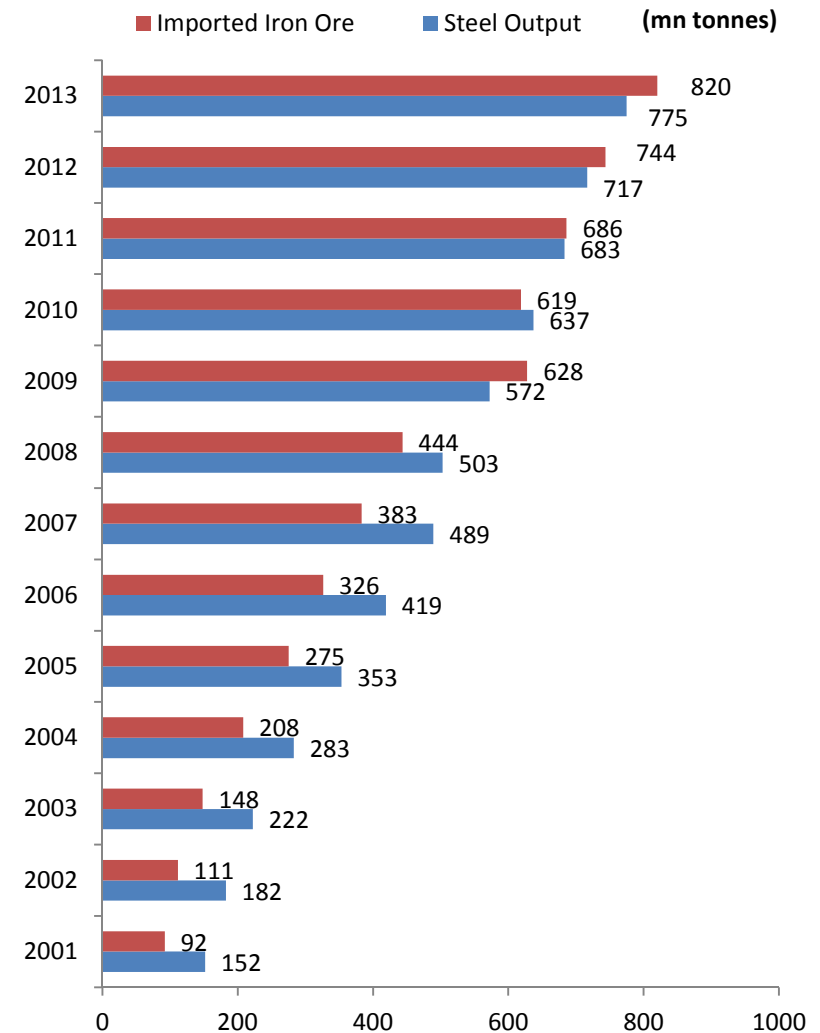
- Apart from Indonesia & S.Africa, China going far away to Colombia to source coal
- Larger parcel size moved from Brazil to China (Chinamax)

China's dependency on imported iron ore

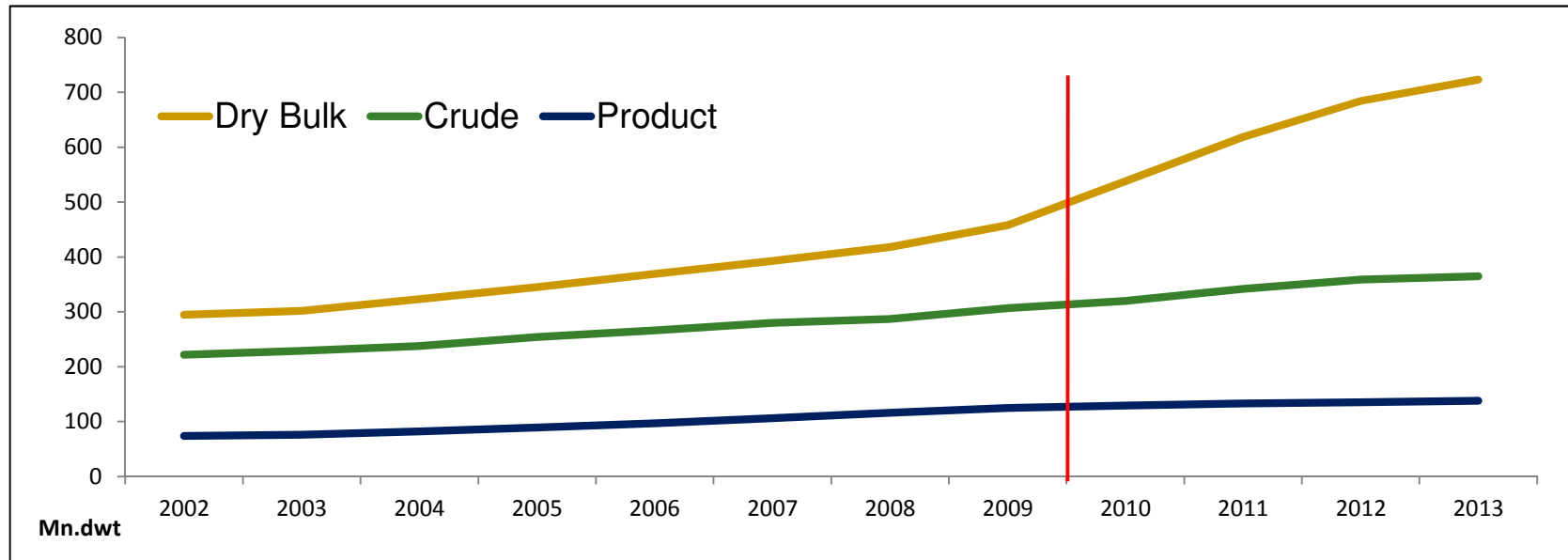
CHINA: Iron ore import dependency has increased from 37% in 2001 to 72% in 2013 and growing.

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.



World Fleet Growth



Fleet growth 2002-2013

(mn dwt)	2003	2008	2013	% change (2013 over 2003)
Dry	302	418	723	239%
Crude	229	287	365	159%
Product	76	116	138	182%

... Fleet continues to grow

World Fleet addition*	Fleet (1 st May'14)	CY2014	CY2015	CY2016+
	(in mn dwt)			
Crude tankers	365	4%	3%	5%
Product tankers	139	5%	5%	5%
Dry bulk carriers	738	7%	7%	7%

*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 May'14		Scrapping	CY2010	CY2011	CY2012	CY2013
(in mn dwt)						
365		Crude	1%	4%	5%	3%
139		Product	2%	2%	3%	2%
738		Bulk	5%	2%	2%	2%

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

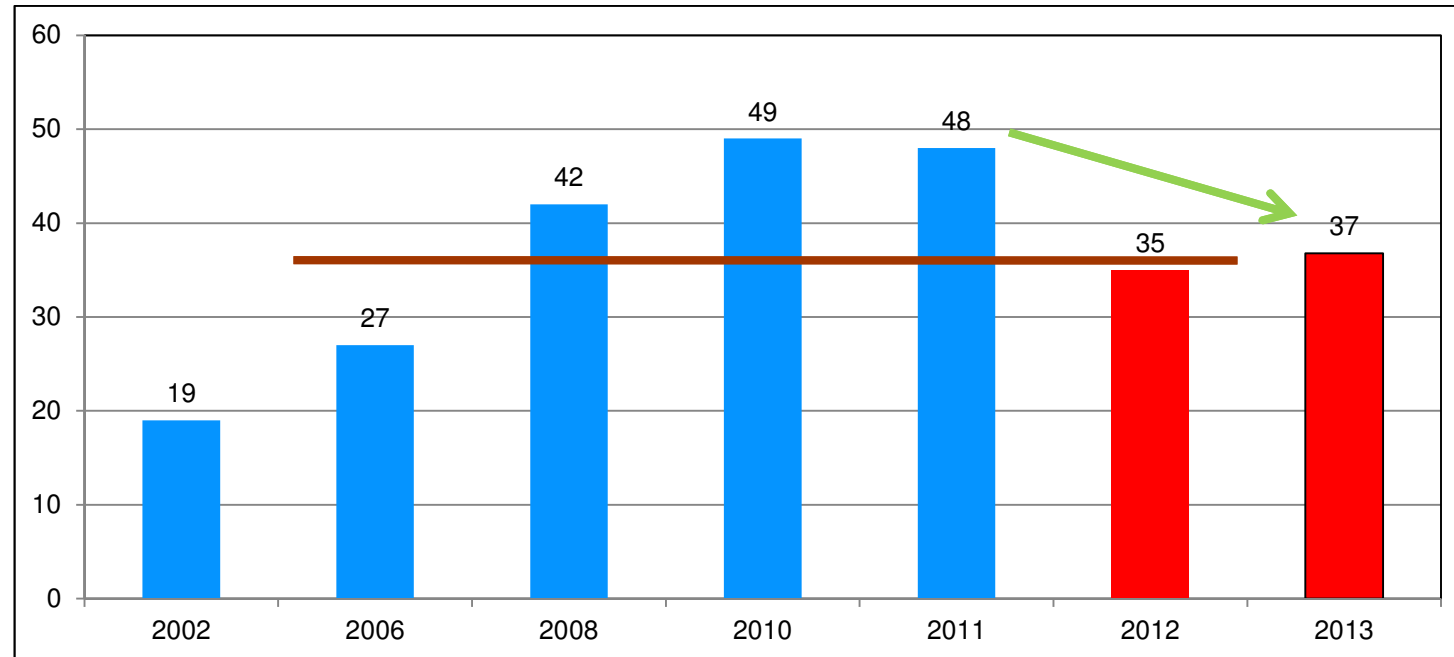
Global Shipbuilding... Shrinkage in Capacity

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

Global Shipbuilding... Shrinkage in Capacity

Yard Output (mn.gt)



Yard output to decline from a peak of 49 mn gt in 2010 to 37 mn gt in 2013
.... A decline of 25%

2013 yard capacity still higher than the pre boom capacity of 2006

Greatship (India) Limited

(a 100% subsidiary)

Business & Financial Review

March 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

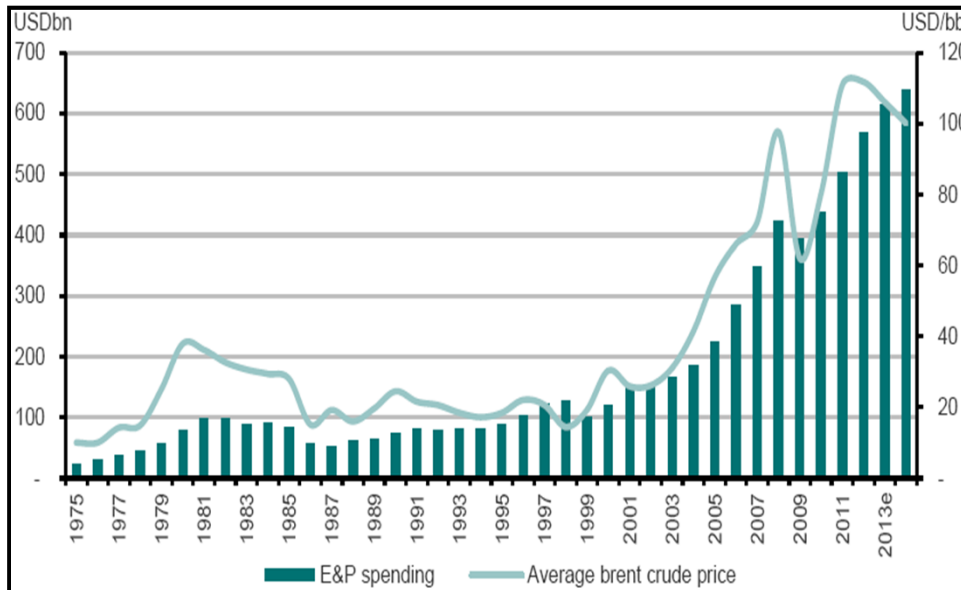
- Lower Operating costs
- Reduced maintenance capex & opex

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

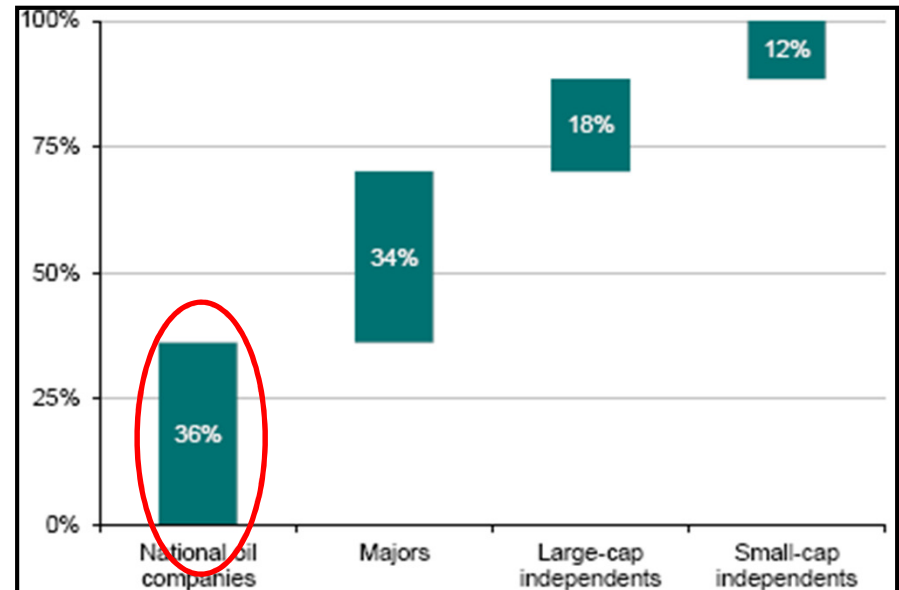
E&P Activities – Steady Growth

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

- Average age of existing jackup rig fleet is about **21 years**

(Nos)	Jackup Rigs	AHTSVs	PSV/Supply
Current Fleet	484	2,874	2,190
Orderbook	142	185	452
% of O/B to current fleet	29%	6%	21%

As of end Apr'14

- ***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 for jack-ups***

FINANCIAL HIGHLIGHTS

Q4 FY 2014

FY 2014 Financial Highlights

Standalone			Key Figures	Consolidated		
2011-12	2012-13	2013-14	(Amount in Rs. crs)	2011-12	2012-13	2013-14
			Income Statement			
2,005	2,034	1,780	Revenue (including other income)	3,233	3,400	3,333
781	730	781	EBITDA (including other income)	1,364	1,553	1,677
143	146	205	Net Profit	317	538	574
			Balance Sheet			
9,925	9,745	9,390	Total Assets	13,681	14,449	14,377
5,131	5,001	4,806	Equity	5,996	6,342	6,773
3,874	3,626	3,312	Total Debt (Gross)	6,407	6,739	6,119
875	426	476	Long Term Debt (Net of Cash)	2,858	2,656	2,577
			Cash Flow			
118	501	429	From operating activities	766	1,232	1,358
463	113	(131)	From investing activities	(18)	(587)	(348)
(282)	(773)	(909)	From financing activities	(554)	(512)	(1,697)
299	(159)	(610)	Net cash inflow/(outflow)	194	132	(688)

FY 2014 Financial Highlights

Standalone			Key Figures	Consolidated		
2011-12	2012-13	2013-14		2011-12	2012-13	2013-14
38.97%	35.88%	43.86%	EBITDA Margin (%)	42.18%	45.68%	50.32%
2.70%	2.89%	4.17%	Return on Equity (ROE) (%)	5.34%	8.72%	8.75%
4.67%	4.03%	4.99%	Return on Capital Employed (ROCE) (%)	6.16%	6.91%	7.34%
0.76	0.73	0.69	Gross Debt/Equity Ratio (x)	1.07	1.06	0.90
0.17	0.09	0.10	Net Debt/Equity Ratio (x)	0.48	0.42	0.38
47.56	54.12	60.30	Exchange rate USD/INR, average (Rs)	47.56	54.12	60.30
50.88	54.29	59.92	Exchange rate USD/INR, end of period (Rs)	50.88	54.29	59.92
			Share related figures			
9.41	9.6	13.5	Earnings per share, EPS (Rs)	20.79	35.31	37.87
9.39	9.58	13.48	Diluted earnings per share (Rs)	20.74	35.24	37.79
31.48	33.46	37.20	Cash Profit per share (Rs)	56.73	76.29	81.76
6.5	7.5	9.0	Dividend per share (Rs)	6.5	7.5	9.0

Q4 FY 2014 Performance Highlights

Breakup of revenue days

Revenue Days	Q4'FY14	Q4'FY13
Owned Tonnage	2,582	2,745
Inchartered Tonnage	-	195
Total Revenue Days	2,582	2,940
Total Owned Tonnage (mn.dwt)	2.42	2.53

Mix of Spot & Time

Days (in %)	Q4'FY14	Q4'FY13
<u>Dry Bulk</u>		
Spot %	75%	53%
Time %	25%	47%
<u>Tankers</u>		
Spot %	43%	51%
Time %	57%	49%
<u>Total</u>		
Spot %	52%	51%
Time %	48%	49%

Average TCY Details

Average (TCY \$ per day)	Q4'FY14	Q4'FY13	% Chg
Crude Carriers	22,937	17,534	31%
Product Carriers (Incl. Gas)	14,993	17,135	(13)%
Dry Bulk	15,034	7,827	92%

Book Value & Net Asset Value (NAV) comparison

Last 4 quarters

	Consol. Book Value (Rs. Per share)	Consol. NAV (Rs. Per share)
March 2014	449	550
December 2013	454	539
September 2013	444	532
June 2013	439	494

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THANK YOU

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