



The Great Eastern Shipping Co. Ltd.

Business & Financial Review

Dec 2007



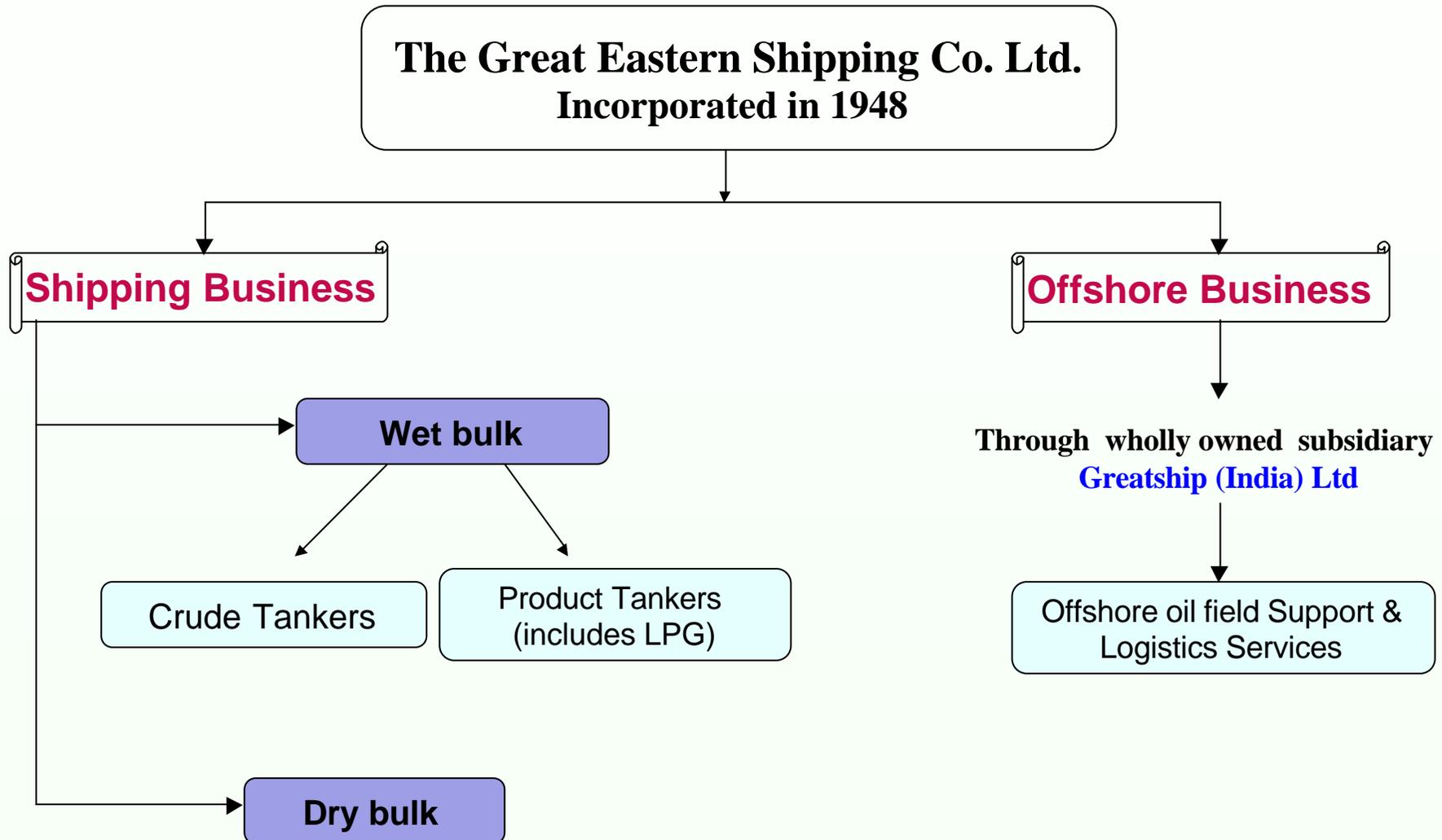
Forward Looking Statements

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.

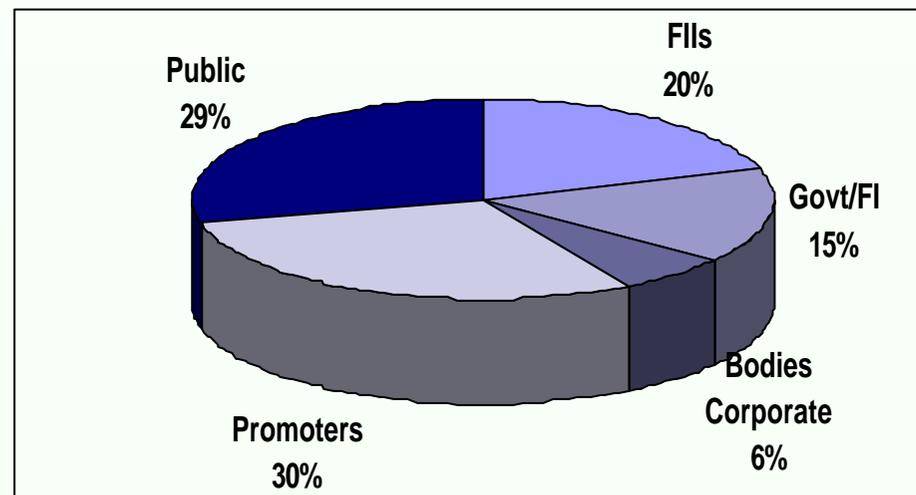
Corporate Profile



Company at a glance

- ✎ *India's largest private sector Shipping Company*
- ✎ *In its 60th year of operations*
- ✎ *Diverse asset base with global operations*
- ✎ *25 years of uninterrupted dividend track record*
- ✎ *Rated 'AAA' (Domestic Currency Debt) since 1996*
- ✎ *High liquidity; adequate floating stock*

Shareholding Pattern as on Sept 30th, 2007





Asset Profile

Shipping business

- ❑ **47 ships aggregating 3.14 Mn dwt, avg.age 10.7 years**
 - ❑ **34 Tankers** avg.age 9.8 years (77% in tonnage terms)
 - ❑ **12 Crude oil carriers (6 Suezmax, 6 Aframax)** avg.age 7.5 years (2 single hull)
 - ❑ **20 Product tankers (2 Panamax ,11 MR, 7 GP)** avg.age 13.3 years (11 single hull)
 - ❑ **2 LPG carriers** – avg.age 24 years (both single hull)
 - Double hull status – 19 tankers representing 70% in dwt terms**
 - ❑ **13 Dry bulk carriers** avg.age 13.5 years
 - ❑ **1 Capesize** - avg.age 11 years
 - ❑ **2 Panamax** - avg.age 12 years
 - ❑ **1 Supramax**- avg.age 6 years
 - ❑ **6 Handymax** - avg.age 12 years
 - ❑ **3 Handysize** - avg.age 29 years

Committed CAPEX – Shipping Business

Committed Capex of around USD 397 Mn

- 8 new building contracts aggregating 0.57 mn. dwt

✓ FY 2009

- 2 NB, LR 1 Product Tankers (Q2)

✓ FY 2010

- 2 NB, LR 1 Product Tankers (Q3)

- 2 NB, Supramax Dry Bulk Carriers (Q4)

✓ FY 2011

- 1 NB, Kamsarmax Dry Bulk Carrier (Q4)

✓ FY 2012

- 1 NB, Kamsarmax Dry Bulk Carrier (Q1)

Delivery schedule as at end of period	Q2FY08	FY 08E	FY 09E	FY 10E	FY 11E	FY 12E
Cumulative Mn.dwt*	3.24	3.14	3.23	3.44	3.42	3.37

* basis current committed capex & no sale envisaged

Asset Profile

Offshore business - Greatship (I) Ltd. (wholly owned subsidiary) & its subsidiary companies

➤ 3 Platform Supply Vessels (PSV)

➤ Committed Capex of around USD 632 Mn*

✓ FY 2008

- 2 NB 80T AHTSV (CDL) (one each in Q3 and Q4) —→ **5 vessels at end of FY08**

✓ FY 2009

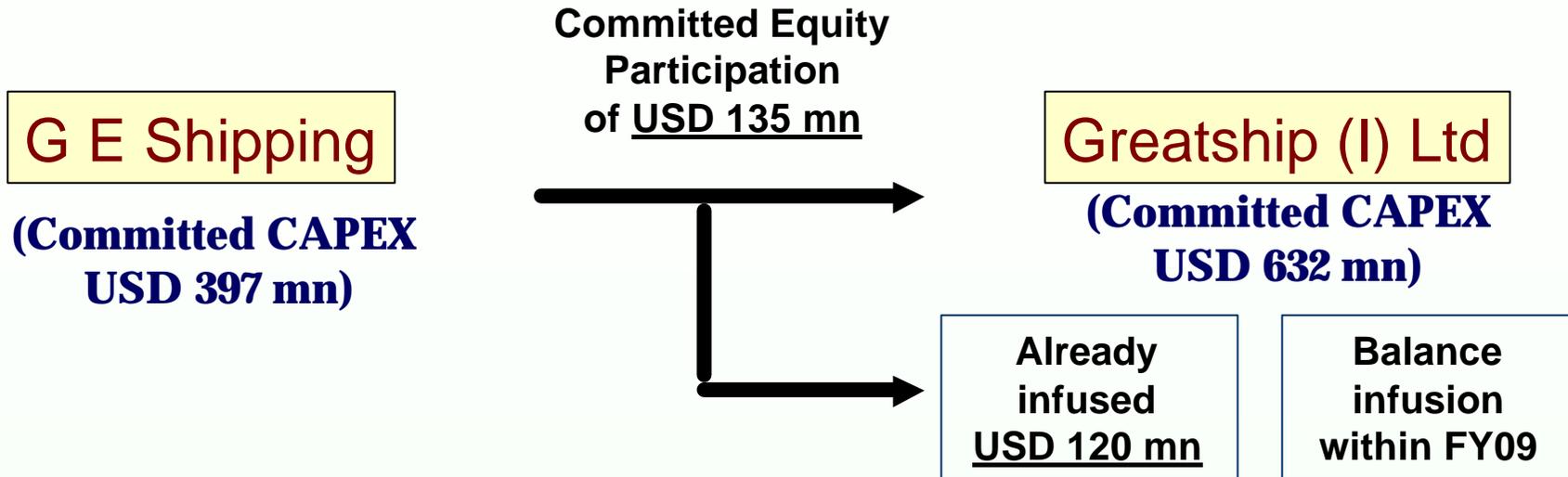
- 2 NB PSVs (Aker) delivery (Q2 & Q3)
 - 2 NB 80T AHTSVs (Labroy) (Q4)
 - 1 NB 80T AHTSV (CDL) (Q4)
- **10 vessels at end of FY09**

✓ FY 2010

- 2 NB 80T AHTSV (CDL, Labroy) (Q1)
 - 1 NB 80T AHTSV (Labroy) (Q2)
 - 4 NB MPSVs (Keppel Singmarine) [(2 in Q2 & remaining in H2FY10)]
 - 2 NB MSVs (Mazagon Dock) (Q3 & Q4)
 - A New Building 350 ft Jack Up Rig (Keppel) (Q3)
- **20 vessels at end of FY10**

* basis current committed capex & no sale envisaged

Committed Capex



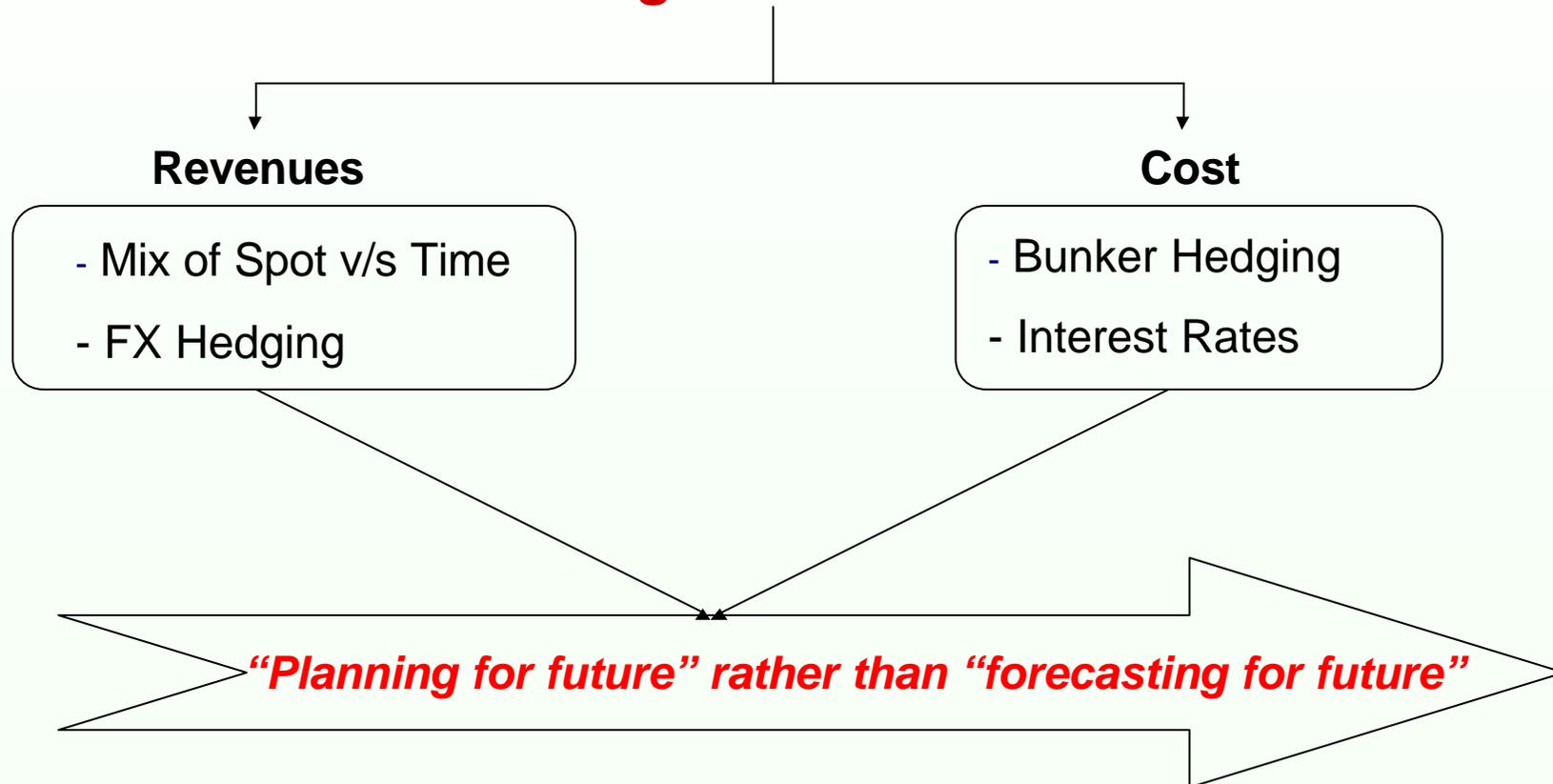
**Total committed CAPEX of USD 1.03 bn
Spread over next two & half years**

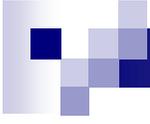
To be financed with a mix of debt & internal accruals

Business Philosophy

Strive to deliver through the cycle

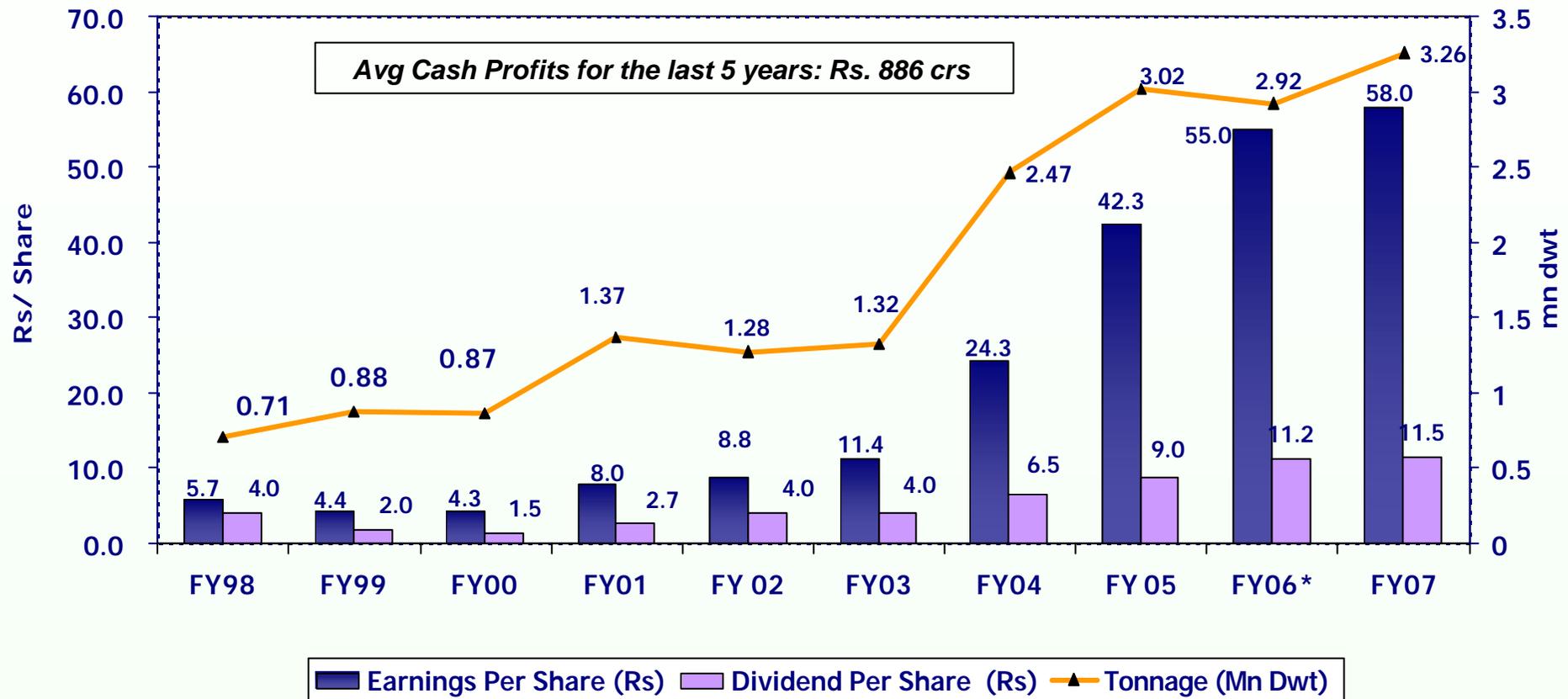
Risk Management Mechanism





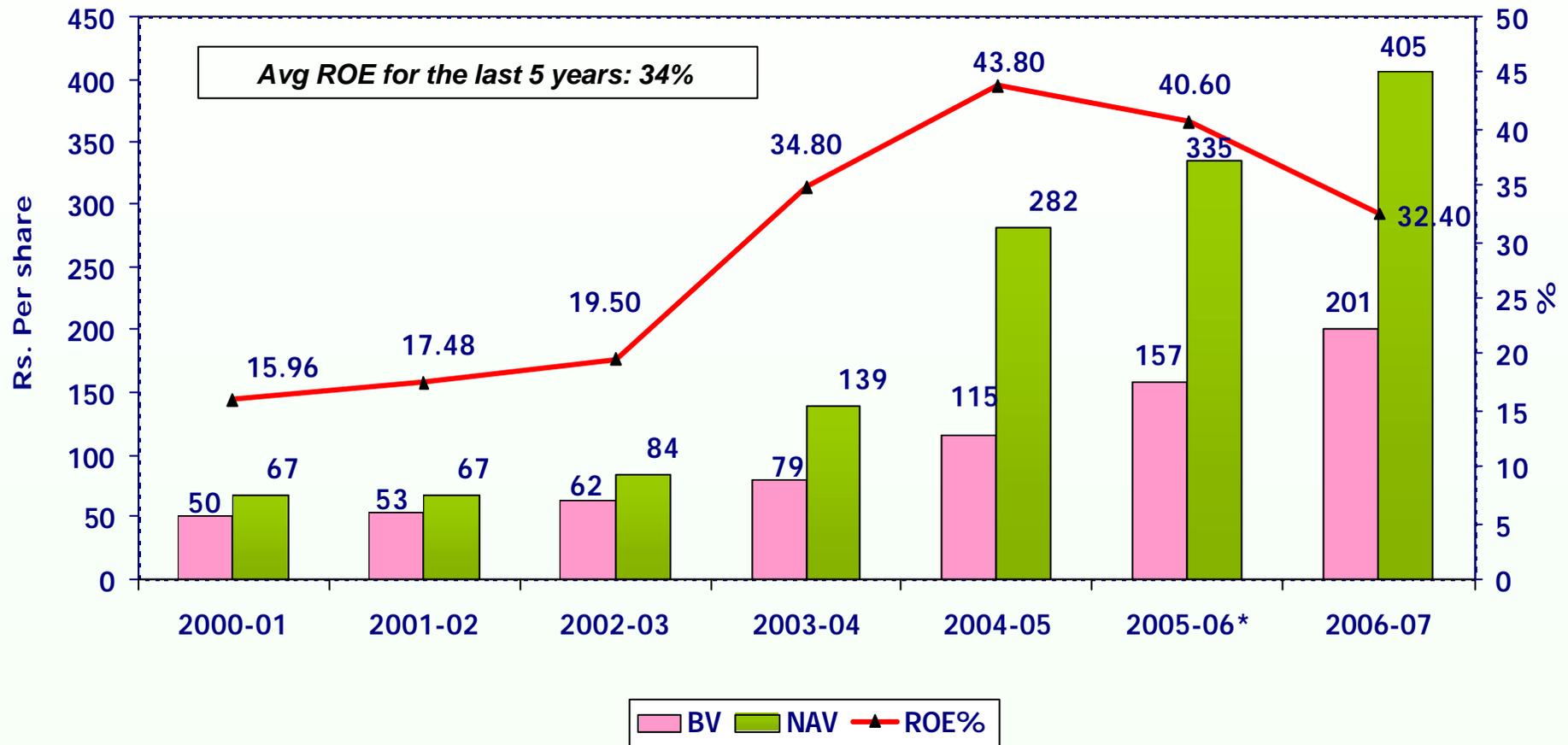
Financial Review

Performing through the years. . .



* relates to shipping business post demerger

Performing through the years...



* relates to shipping business post demerger



Historical NAV per share (only shipping business)

As on	Rs/Share
31-March-2005	282
31-March-2006	335
31-March-2007	405
30-June-2007	452
30-September-2007	492

Financial Highlights of Q2 FY08 performance

(Rs.crs)	Q2 FY08	Q2 FY07	% change	H1 FY08	H1 FY07	% change
Income from Operations	601.3	522.1	↑15%	1238.4	955.9	↑30%
Operating Profit	277.8	265.5	5%	590.5	498.6	↑18%
<i>Operating Margin</i>	<i>46%</i>	<i>50%</i>		<i>48%</i>		
PAT (excl. AS 11 impact)	295.2	235.4	↑26%	613.1	476.5	↑29%
Cash Profit*	384.8	299.8	↑28%	783.2	611.7	↑28%
EPS (in Rs)*	19.4	15.4		40.1	31.3	
Interest Cover (x)**	8.1	9.4		9.0	9.2	
Gearing as on 30/9/07	0.67					

*Excl. AS 11 impact, ** EBIT excludes gain on sale of ships

- 👍 Large part of fleet on period charters
- 👍 Higher revenue days on owned (up 12%) as well as inchartered tonnage (up 72%).
- 👍 Sharp jump in drybulk rates offsetting steep drop in tanker rates.
 - ✓ Dry Bulk : ↑105%
 - ✓ Crude : ↓1%
 - ✓ Product : ↓7%

Earnings Mix

GE Shipping Average TCY Details – Q2 FY08

Mix of Spot & Time

Days	Q2 FY08	Q2 FY07	H1 FY08
<u>Dry Bulk</u>			
Spot %	57%	52%	55%
Time %	43%	48%	45%
<u>Tankers</u>			
Spot %	37%	38%	34%
Time %	63%	62%	66%
<u>Total</u>			
Spot %	43%	42%	40%
Time %	57%	58%	60%

Average TCY (\$ per day)	Q2 FY08	Q2 FY07	% change
Crude Carriers	31,836	32,015	-1%
Product Carriers	19,337	20,834	-7%
Gas Carriers	15,018	16,386	-8%
Dry Bulk Carriers	31,173	15,231	105%

Market Spot Averages

Average TCY (\$ per day)	Q2 FY08	Q2 FY07	% change
VLCC	15,226	57,332	-73%
Suezmax	14,099	44,628	-68%
Aframax	12,893	27,160	-52%
Clean	10,775	19,210	-43%
Baltic Dry Index (BDI)	7,348	3,595	104%



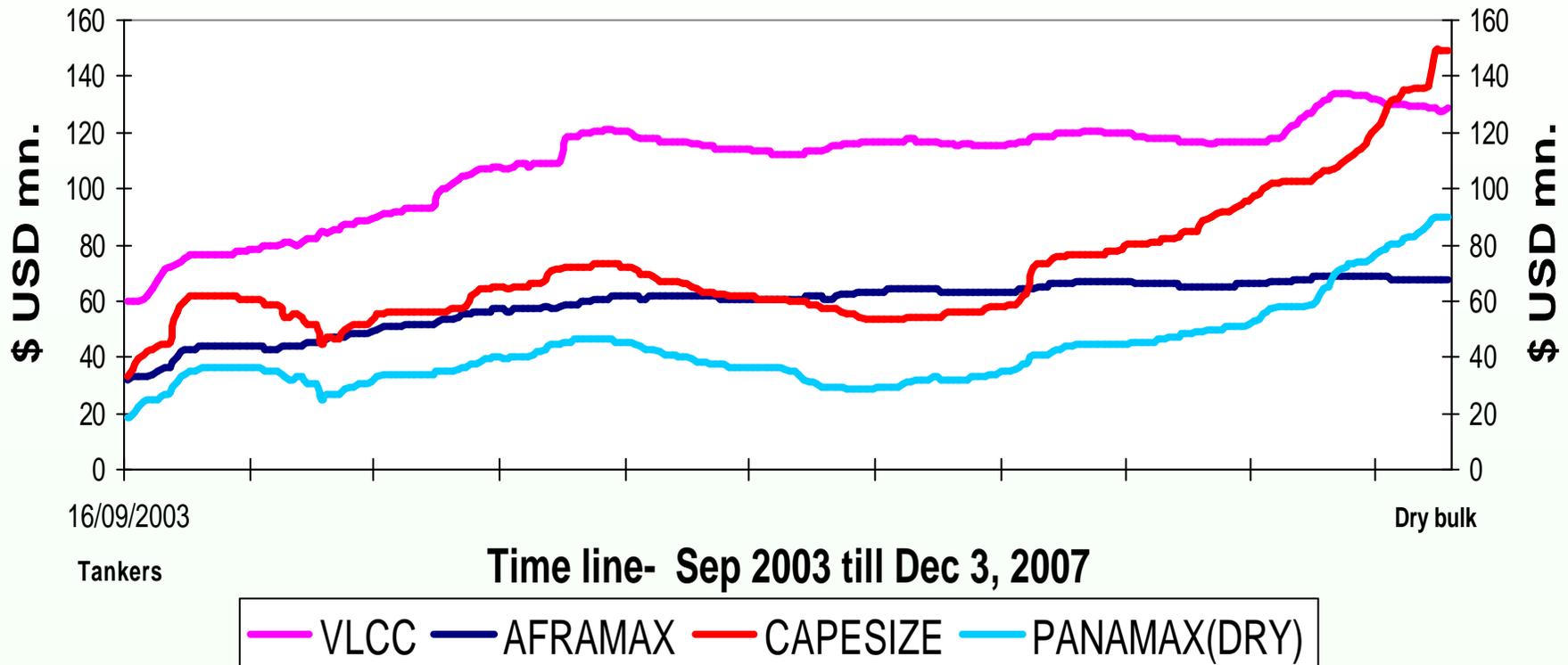
Recent Highlights of Shipping Markets

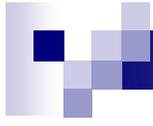
- Sharp decline in Tanker rates due to -
 - General summer depression
 - Backwardation in oil prices
- Correction has already started and it's a **SMART** recovery
- Dry Bulk Rates continued their extraordinary northward journey
 - Strong demand for iron ore, coal & minor commodities
 - Supply constraints
 - Port congestions

Asset prices remained strong on both tankers and dry bulk

Ship prices continue to be firm

Asset Price Movement (5 yr old)

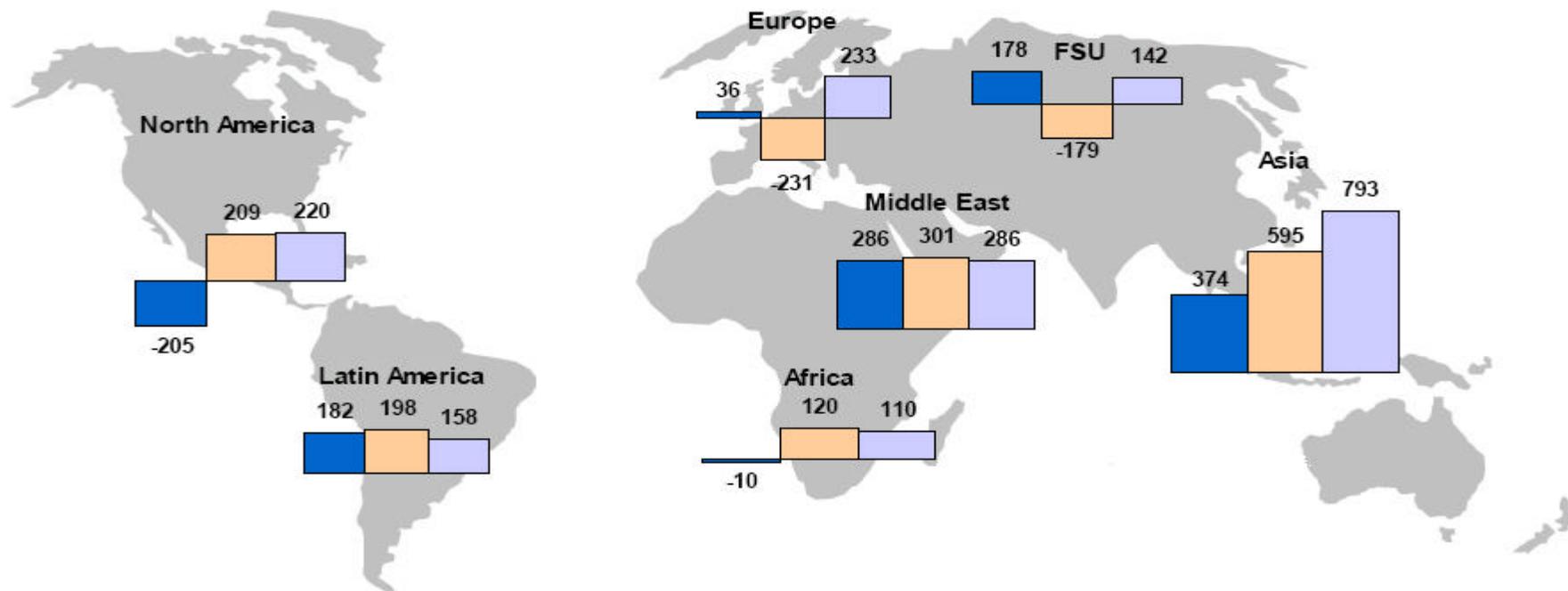




Shipping Industry Outlook

Oil Markets clouded by uncertainty

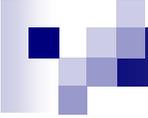
Global Demand Growth 2006/2007/2008
thousand barrels per day



IEA – Nov'07

💡 **In the past oil demand growth forecasts have been significantly way off**

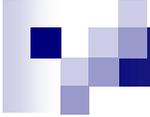
CY	2004	2004	2005	2005	2006	2006	2007	2007	2008	2008
	Forecast	Actuals								
Oil demand growth	1.5%	3.7%	2.2%	0.94%	1.8%	0.9%	1.7%	?	2.4%	?



Outlook for Crude Tankers

- o US crude oil inventories coming off to near 5 year avg levels (20 days forward cover)
- o In the short term, winter demand has kicked in thereby sending rates soaring again
- o Conversions & slowdown in fresh ordering could cause supply shocks
- o Risks: Slowing down of global oil demand if
 - US slows down significantly
 - Oil prices remain high

	2007	2008	2009	2010
World Fleet addition	6.7%	7.7%	13.8%	10.7%



Outlook for Product Tankers

- Increased long haul activity
- Seasonality to continue playing an important role
- Market in the east has picked up but west is still improving
- Longer term structural shift of trade patterns seen

Risks: Excessive supply could be a concern for 2008

	2007	2008	2009	2010
World Fleet addition	12.0%	9.9%	8.8%	4.3%



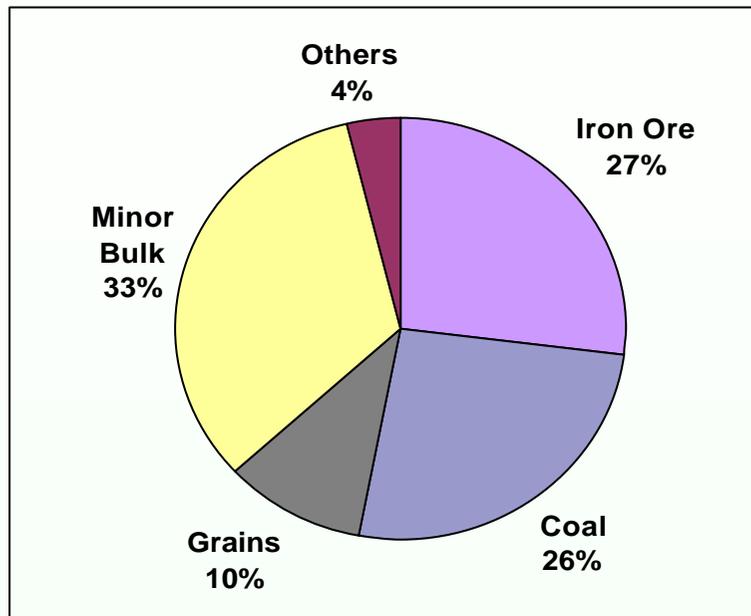
Outlook of Dry Bulk Market

- Demand for dry cargo to increase by over 5% annually from 2007-2010
- China's steel production growing to 600mn tons in 2008 & 800 mn by 2010
- Usage of steam coal to rise as oil & gas prices remain high
- Congestion at load ports to remain, causing volatility in rates
- Risks: Supply side concerns
 - High order book position: 53% of current world fleet on order

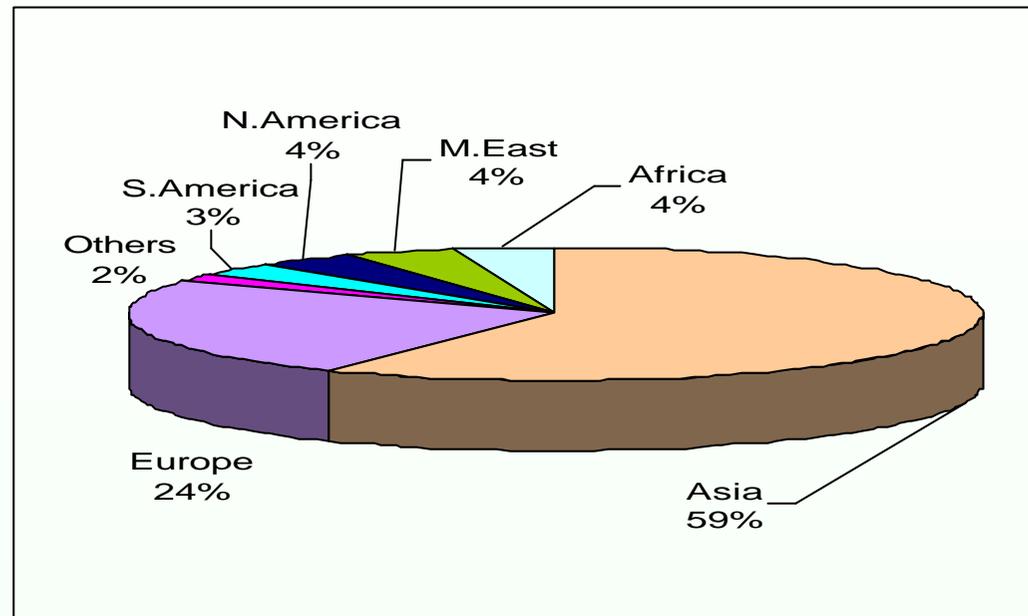
	2007	2008	2009	2010
World fleet addition	6.8%	7.4%	10.3%	12.9%

Dry Bulk – Growth Driven by Asia

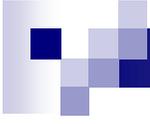
Breakup of commodities transported



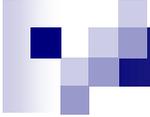
Imports - Regional Distribution



Asia contributes to 59% of dry bulk imports, whereas North America only 4%



Offshore Industry Outlook

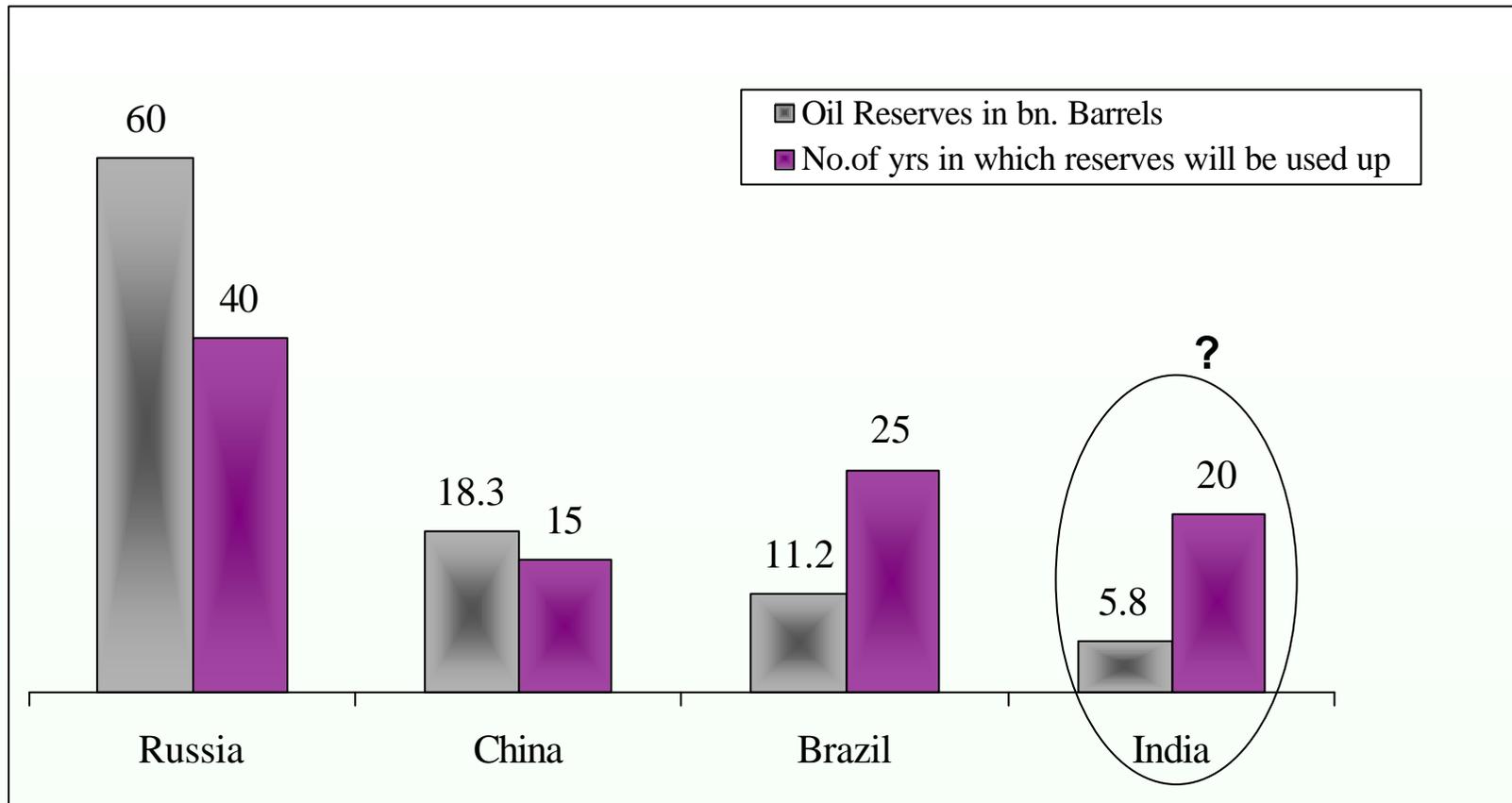


Offshore oil field services industry

- ☞ Energy Security concerns high on consumer countries agenda.
- ☞ Between 1985 to 2002, investment in global E & P almost stagnant. Since 2002, it is growing in between 9% to 13%.
- ☞ Offshore will continue to account for increasing proportion of oil supply.
- ☞ ASIA currently accounts for 25% of global offshore drilling expenditure, US at 23%, W Europe at 17%.

- *Global reserves in deep water are estimated at some 60 billion barrels of oil equivalent, enough to supply the USA for about a decade at current demand levels.*
– Shell Report Sept'07

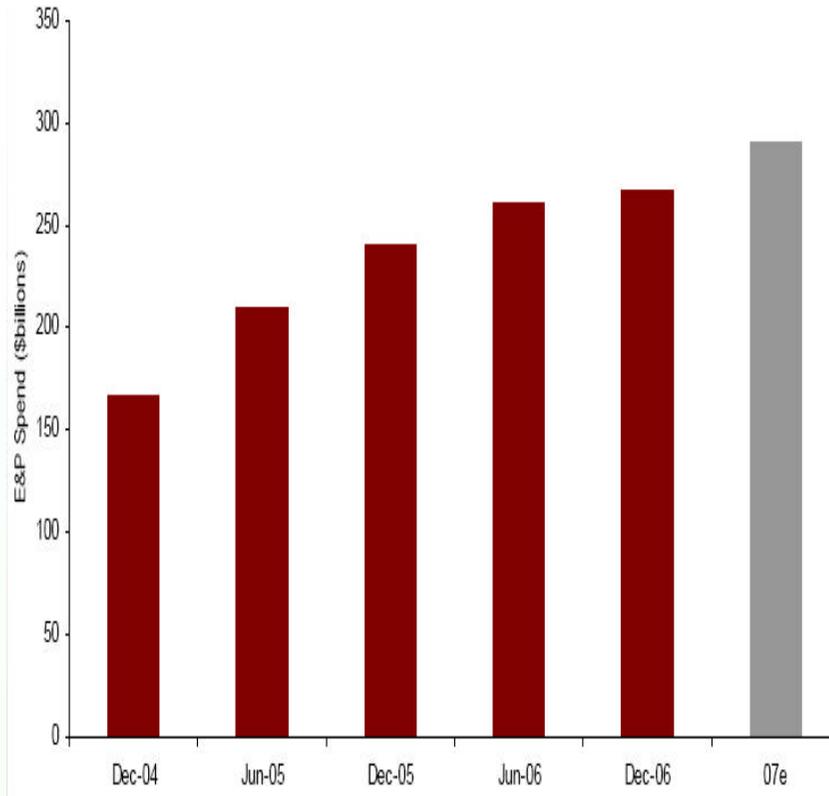
India's Oil Reserves- How the competition Stacks up



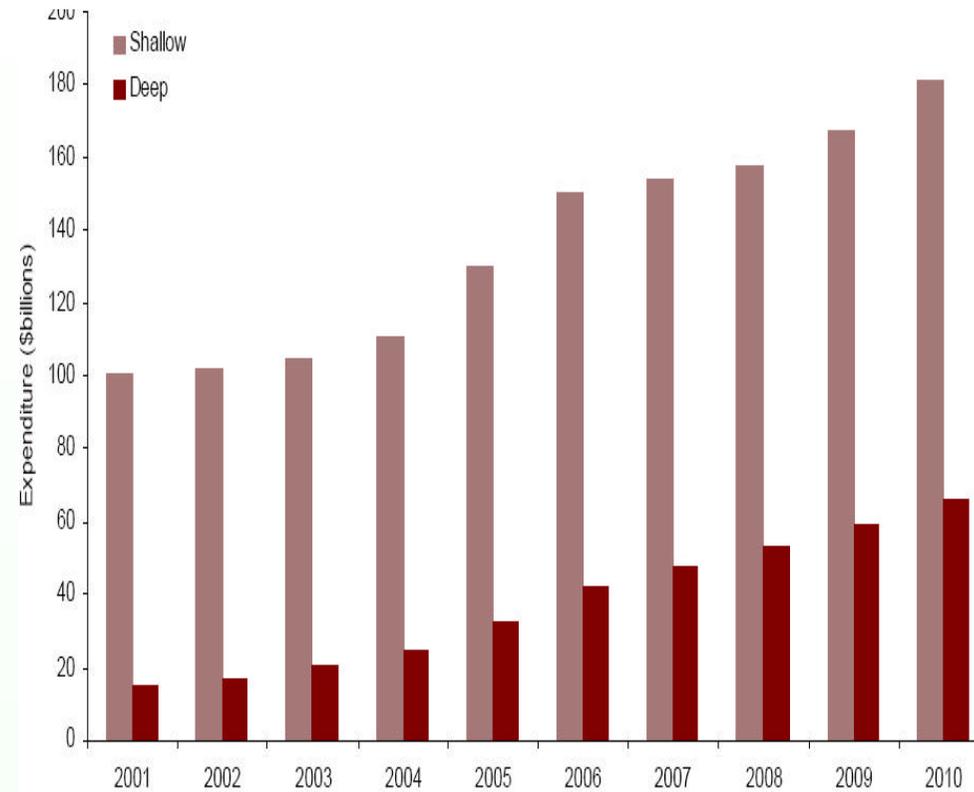
STATUS: 5.8 billion barrels

IMPACT: Not only are India's oil reserves totally inadequate, they are also expected to last for only 18-20 years. If the current rate of super growth continues, India will have to urgently look for energy sources in a big way.

Offshore Industry – gearing up



Source: Lehman Brothers



Source: Douglas-Westwood

- **Worldwide expenditure increasing year on year**
- **\$267 billion expenditure in 2006**
- **Near 100% industry utilization drives prices & rates**

Offshore Supply Market

OSV Fleet Summary

(Nos)	AHTSVs	PSVs	Others
Current Fleet*	2,073	1,482	1,274
Orderbook	461	219	166
% of O/B to current fleet	22.2%	14.7%	13.0%

Aging Fleet
 ✓ 52% of the total fleet
 over 25 years

* Data as on Oct'07

Source: Clarkson

Offshore Installations Delivery Schedule

Type	Current	Orderbook	Delivery			
			2007	2008	2009	2010
Jackup	407	70	12	36	16	6
Semisub	167	41	2	12	20	7
FPU	198	74	14	40	15	5
Total	772	185	28	88	51	18

• Figures in Nos

Source: Floaters- Rig logix

India's Offshore oil field services industry

	Onshore	Offshore		TOTAL
		Deep water	Shallow water	
NELP I	1	7	16	24
NELP II	7	8	8	23
NELP III	8	8	7	23
NELP IV	10	11	-	21
NELP V	12	6	2	20
NELP VI	25	24	6	55
NELP VII	29	19	9	57*
TOTAL	92	83	48	223

Source: DGH, * Blocks allotted till date

Pre NELP i.e (1993 –2000)- Investments made on Exploration USD 0.78bn 28 discoveries made

Post NELP (i.e 2000–2006) – Investments made on Exploration USD 1.5bn, 40 discoveries made



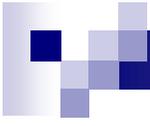
Good times, but how long will it last?

Positives:

- ✓ High vessel utilisations and strong charter dayrates
- ✓ Tenders continuing to be issued for long term work
- ✓ High E&P budgets leading to non-traditional market development
- ✓ New players driving technology and efficiency

Potential Negatives:

- Level of orderbook
- Manpower and experience



THANK YOU

visit us at www.greatship.com