



“The Great Eastern Shipping Company Limited's  
Quarter Ended June 30<sup>th</sup>, 2023, Earnings Conference  
Call”

**August 03, 2023**



**MANAGEMENT: MR. G. SHIVAKUMAR – CHIEF FINANCIAL OFFICER,  
THE GREAT EASTERN SHIPPING COMPANY LIMITED.**

**Moderator:** Good evening, ladies and gentlemen. Welcome to GE Shipping Earnings Call on Declaration of its Financial Results for the Quarter-ended June 30<sup>th</sup>, 2023.

At this moment all participants are in the listen-only mode. Later, we will conduct a question-and-answer session at that time, if you have a question click on the raise hand button on the toolbar at the bottom of your screen.

I now hand over the conference to Mr. G. Shivakumar - Chief Financial Officer at The Great Eastern Shipping Company Limited to start the proceeding. Over to you, sir.

**G. Shivakumar:** Good afternoon, everyone, thank you for joining us for this quarterly conference call, to discuss the Q1 FY'24 Results.

I will now take you through a quick presentation on the results and what's being happening in the markets. First standard disclaimers applied.

The highlights are that we once again had a very profitable quarter and most of the profit came from the shipping business. Our NAV moved up in line with the profit, there was not much change overall in the fleet value in shipping. Our crude tankers went up a little bit and so did gas carriers. Bulkers and product tankers came down a little bit. So, overall the fleet value stayed the same so the NAV went up to the extent of the earnings.

The dividend that we paid up, we have declared an interim dividend of Rs. 12.90 per share which includes Rs. 7.50 per share to commemorate the 75<sup>th</sup> Anniversary of the Company which falls today.

I won't go through the P&L. You would have gone through the P&L, I am sure. So, I won't take you through the P&L in detail. And we have the normalized financials as well and you would be familiar with the difference between the normalized financials and the reported financials and the adjustments that we do to arrive at the normalized financials.

On the net asset value, one thing to note is the net asset value I mentioned so between March and June is up by little over Rs. 30 per share again reflecting the earnings which have come in as for standalone. And for consolidated as well it's up about Rs. 40 per share. And at consolidated at the midpoint we are at about Rs. 1,200 per share. Again, I won't go through the key ratios, these are the earnings etc.

Let's see what happened to the markets:

These were the TCYs. So, we saw from the very high levels of Q4 we have come off a little bit for the tankers, the LPG carriers of course continue to be on time charter, and dry bulk were at very weak levels in Q4 FY'23. They have gone up from there versus a year ago, the story is very different, dry bulk was quite strong last year. And last year you would remember that in Q1 all

the sectors were doing very well, you can see the averages across all the sectors were between \$25,000 and \$29,000 a day. Dry bulk was much weaker this year versus the previous year. And crude tankers specially were much stronger and of course product tankers also had been strong. And they sort of cancelled each other out in the P&L when you look at it on a Q1 versus Q1 basis.

So, this is how our standalone NAV moved over the last one year. So, we went up by about Rs. 260 per share of which Rs. 200 per share is contributed by cash profits, Rs. 88 is contributed by fleet value. And this question comes up often that what happens if your fleet value drops? Yes the NAV might drop, will drop if the fleet value drops, but remember that there is cash coming in all the time which helps to improve the NAV. So, it's not just the paper improvement in the net asset value. And of course, last year we paid out Rs. 28.80 in dividend over the last 12 months. So, that's also reduced the net asset value. And this is the movement over the last five years. This is from March 2018. So, some Rs. 360 per share to just under a Rs. 1,000 per share. This is standalone.

On a consolidated basis the story is sort of similar except that on the offshore side there is a most significant contribution coming in from the change in the market value of the offshore assets, because that market is picking up, we have seen repricing of assets and asset contracts which resulted in significant increase in the market value of offshore rigs and vessels.

Looking at what's happened to the shipping market, we have seen that in April to June we had lower levels than we had in January and March for Suezmax earnings. We also had further lower levels in July. Last time we had mentioned that typically the summer months tend to be a little weaker for the tankers sectors that is both product tankers and crude tankers and that's what panned out. However even at these levels the ships are at very profitable levels, for instance that \$40,000 a day which is the Suezmax average for July. It is still extremely profitable at more than \$20,000 a day, which you can see for the MR, it is a still a very profitable level.

And again, you will find that even within strong cycles you will find individual months, quarters where earnings are not very, not as high as they used to be, but these are normal, seasonal things and these are ups and downs to the cycle. And the market is pretty volatile so we have seen pricings ranging from \$10,000 a day for voyages to \$40,000 a day for voyages cost for MR for instance.

So, what led to these to the slight weakness, so it's again relative compared to what we have seen earlier in the year. We had OPEX plus crude production cuts and we had refinery maintenance, which normally happens during Q1 and Q2 of the financial year. So, overall, the trade grew but that growth slowed down a little bit and therefore the earnings levels were slightly lower as compared to the previous quarter. Trade disruptions led by the European conflict continue to boost tanker tonne miles and we have seen crude and product supply growth at about 3.5% and 2.5% year-on-year.

Asset prices remain strong. They are at their strongest since 2008. Order book is building up a little bit now. Crude tankers is building up to 3% and product tankers about 9.5%. So, we are seeing orders coming in for crude and product tankers, but still at pretty low levels.

Looking at dry bulk, dry bulk obviously has been significantly weaker than the same quarter of last year as I mentioned earlier. But it's been for at least for capsizes slightly better than it was in Jan and Feb. So, you see in Feb that we were down to around OPEX was slightly lower than that in the orange line in February of '23. But it's recovered from there but still nowhere close to the levels that we saw last year. And for the smaller size vessels like the Supramax for instance, which you see on the right, rates are much weaker than they were last year.

Now what's led to this, we have seen increased tonne miles demand, we have seen Chinese coal imports increasing by 90% that's for the quarter over the same quarter in the previous years, basically because hydropower generation has been poor. They are having El Niño like condition, so less water means less hydropower generation and which have been substituted by coal, which has been imported. So, Chinese iron-ore imports, coal imports were quite good at the end of last quarter though their iron-ore seems to be coming off at the end of the quarter.

Last year one of the things which boosted the dry bulk market was the COVID related congestion which absorbed 3% to 4% extra of the dry bulk fleet. Now that has been completely reversed. And that's added to the effective tonnage in the market and that's also contributed to the weakness. The negative is that the grain exports from Ukraine don't seem to be happening because the deal with Russia seems to have fallen through. And therefore, that grain is lost from the market which is less cargo for the market.

Order book here continues to be close to all time low. There are orders going in all the time for dry bulk also, however still the order book has not built up to any significant level. I must mention, if you go into order a tanker today you will probably have to go middle to end of '26 at the larger yards. In dry bulk it will also be sometime in 2026. You will have to be very lucky to get a slot before 2026 for building a new bulk carrier.

LPG in the markets continue to be strong. Our ships are on time charter, but the spot earnings continued to be strong and much higher year-on-year. This is again resulting from very strong exports from the U.S. and drought in the Panama Canal, which is led to water levels falling, and which means that there is more congestion at the Panama Canal which also then leads to ships taking the long way around which is the Cape of Good Hope. So, they do, it comes the long way around which means that you need more ships. And all of you would understand that's more tonne mile, which is good for the business because it makes the market tighter. The order book is still elevated in a historical context. So, we are in excess of 20% order book for the gas carrier fleet. So, this is where we are in the order book currently for the different sectors I have already mentioned earlier.

So, what's happening to asset prices, crude tanker seems to show that there has been a small drop-off in prices, this is very marginal, they are at very elevated levels and these are based on assessments of the market. So, prices are still very high. And you could have a million here and there on the margin depending on the specific condition of that ship. But prices are extremely high and you can make out because what was 100 to 110 a year ago or a half ago is now at about 160 for crude carriers and 140 to 150 for product tankers as well.

Dry bulk has come off by about 10% to 15% over the last three months, they are still above the levels that we saw in January. In LPG prices continue to rise, these are I think the highest prices that we have ever seen for LPG ships. So, those prices continue to rise because the markets have been so very strong.

Scrapping has been non-existent because the market has been so strong. There is no reason for anybody to scrap a crude or product tanker in this market, even dry bulk has seen very minimal scrapping.

Looking at the offshore business, there is no change really in the fleet supply. So, there are a lot of rigs and vessels which are over age and they continued to be there and we have had some cold stacked vessels and rigs as well. There hasn't been any new excitement in the market, there has been no higher pricing, it's about a sideways market marginally higher in rates maybe, but we haven't seen any recent pricing in our local market.

There is a gradual increase in utilization but not a huge amount. So, as I said market is at firm levels, the rates are good. But there has been no further tightening since in the last three to six months. We have re-pricings coming up; we have five vessels which need to be repriced in the course of the couple of months. And then we have four further vessels which need to be repriced. In the rigs we have one rig to be repriced in the first half of next FY. And we have one rig to be repriced in the second half of FY'25.

Just a summary, the strong cashflows have basically led to our, we had \$360 million of net debt at peak in less than five years ago, which is now net cash of \$200 million plus, this is standalone. And this is what the business does in good years. It enables you; it produces such strong cashflows and remember this is after paying out a lot of dividends over the last couple of years.

The share price to consolidated net asset value - we have the consolidated NAV is about Rs. 1,200 per share at the midpoint of the NAV. So, we trade at about 33% discount which is a consolidated net asset value. And again, these are our CSR partners. That brings me to the end of the presentation. We are very happy to take questions.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. We have our first question from Abhishek Nigam from B&K Securities. Please go ahead.

**Abhishek Nigam:** So, my first question is that if I look at shipping revenue days this quarter I think we are down about 4% Q-on-Q. So, just if you could give us some clarity on what happened there and what should we expect for the second quarter?

**G. Shivakumar:** Yes so the revenue days is a function of the ships that we sold, basically we sold two ships last year. We sold one crude tanker Aframax to Jag Lyall and we sold one MGC the Jag Vijaya and so the capacity itself has dropped off to that extent.

**Abhishek Nigam:** And crude and product carriers day rates now will be at this point of time like say the end of July and early August where will they be versus what you booked in the first quarter and also for dry bulk.

**G. Shivakumar:** So, spot markets you will have to take this with a lot of caveats. And this may be the market as of yesterday and it is not what the market might be that we would be earning, this is what the spot market is basically. And is what the spot market was yesterday it is not necessarily what it is going to be tomorrow morning. And it all depends on when you are going to fix your ship.

So, crude tanker markets continued to be strong at least for the Suezmaxes, the Aframaxes currently are a little weaker than they were in the first quarter, however as I said these things turn very quickly. The market you can see is quite tight. And when there is that level of tightness in the market, it doesn't take much to push the market, the TCYs by \$20,000 a day within a couple of days on voyages.

So, while it is currently a little bit lower than it was in the last quarter, it is not a reflection of what it can be, because it has been quite volatile over the last three to four months. We have seen \$5,000 a day and \$40,000 a day within the phase of a week, both being done on the same route. So, it is really choppy and therefore not an indication of what it could be. But in general, as it stood yesterday, a little bit weaker than it was in the last quarter, but again seasonality also plays a role in this.

**Abhishek Nigam:** What I am trying to do is all form a view on that segment, the issue is on one hand OPEC has been cutting production and on the other hand seasonalities of more refineries coming out of maintenance now which should sort of increase, lead to increase in trade. So, it's kind of very tough to form a clear view right now.

**G. Shivakumar:** So, if you look at how the oil market is shaping up, so OPEC, so Saudi Arabia states a separate cut, right there is a separate cut of a million barrels a day, for July and August, right. So, that cut is for trying to balance the market. And that was when oil was in the 70s. Now the question is what is their action when oil is in the 80s so it's currently 80 to 83 what is their action, is it going to come back, is that million dollars a barrels a day going to come back into the market. The second is of course, refineries are coming out of maintenance so the demand will be there. So, either you have drawing down from inventories in which case then the price keeps climbing higher because the spot supply is not meeting demand. Or you have spot supply picking up in

order to meet demand. So, in which case then you have got more crude cargoes starting to move again which then tightens the market once again. So, the question is, how does the price of oil, which is at 80 to 83, now which is different from where it was when the cut was done, again we have an OPEC meeting coming up and we will know soon enough.

**Abhishek Nigam:** And when you look at your offshore NAV on a quarterly basis, so what I wanted to check was, where are the jack-up rigs price levels now versus the highs of the previous cycle. So, if I just choose a very ballpark number, I think on average a jack-up would cost about a new jack-up will be about \$180 million say in the last cycle. So, are prices approaching those levels or are we still way below that?

**G. Shivakumar:** So, when you say new jack-up, are you talking of a new building contract?

**Abhishek Nigam:** I am talking about a new, yes new build contract.

**G. Shivakumar:** A very modern jack-up in the water which is already operating. So, valuations for those have been, we have got valuations, let's say 10 years ago before the market went down, valuations have been under \$210-\$230 million range. That was a high point of the jack-up value cycle, so excess of \$200 million. Today those rigs would be valued at maybe a little lower of \$100 million.

**Abhishek Nigam:** So, the jack-up rigs up cycle asset price upcycle has sort of just began we are still very far from this?

**G. Shivakumar:** So, again, we are far in the sense that it is lower in absolute terms. However, the earnings at that time were also different. So, the earnings were at least, so based on the pricing in the same market the earnings were \$40,000 per day more in that market versus the most recent pricing in India. So, that is also a factor -- that additional \$14 million of cashflow that you could get versus today's rates.

**Abhishek Nigam:** But I mean those day rates are of course also climbing so I guess it's fair to assume that asset prices will go up further.

**G. Shivakumar:** Yes, we will hope so that.

**Abhishek Nigam:** Last question from me, asset prices for containerships and dry bulk have they really corrected to a level where you would be comfortable to acquire some?

**G. Shivakumar:** Containerships actually not yet, so I don't think they have corrected that much because there has been sort of a floor put under that, the market seems to be okay with buying them at higher levels also. Dry bulk also have dropped off significantly, they are getting closer but maybe not yet there, maybe the next transaction we say in the market, and the dry bulk market and to answer your previous question, the dry bulk market currently is a little weak. And its weaker than it was in the previous quarter, at least for the smaller sizes of vessel, the sub-cape are weaker than they

were in the previous quarter. So, yes maybe with some more weakness the dry bulk market is probably holding out for a China stimulus because of hope for a China stimulus. And maybe if that doesn't come through you will have some more weakness in dry bulk rates which gives you an opportunity but not necessarily yet. But it's going in that direction.

**Moderator:** Thank you. We have a question from Roshan Nair from B&K Securities. Please go ahead.

**Roshan Nair:** So, as the gain on sale of Jag Lavanya so that has been booked in this quarter?

**G. Shivakumar:** So, the Jag Lavanya was delivered in July so that the gain will be recorded in Q2 in the September quarter.

**Moderator:** Thank you. We have a question from Abhishek Nigam from B&K Securities. Please go ahead.

**Abhishek Nigam:** So, offshore is now EBIT positive again in this quarter and EBIT positive last quarter more or less it has been in the positive territory the last three, four quarters. So, is it fair to assume that this is very we can broken even and turnaround and it will at least stay in the positive territory for the foreseeable future.

**G. Shivakumar:** We don't know about the foreseeable future but yes, the worst it seems is behind us. And yes with the repricings which are happening it appears that we will be back in positive territory, at least break even.

**Abhishek Nigam:** And we already know we have some data points around the jack-up rig market, on the offshore vessel side what kind of repricings are happening like how much premium are you able to sort of command now versus the previous --?

**G. Shivakumar:** So, in India we are seeing repricing happening at \$2,000 to \$3,000 a day higher than last done on the contract, sometimes more than that also. But on average let's call it \$3,000 a day. In international markets it's much more so the international markets are quicker to react to these things and these are shorter-term contracts when there are specific requirement. So, you could even have a \$5,000 to \$7,000 improvement intake for a short-term contracts. So, yes every single repricing I think would be higher than the previous contract, that we have done have been higher than the previous contract.

**Abhishek Nigam:** And just on the ONGC jack-up rig tenders is it possible to give us some details around the dates and what is happening over there?

**G. Shivakumar:** So, there is a tender out currently which is five rigs tender, which is jack-ups of course. We may not qualify for that particular tender, because of the time, our rigs are getting free from the earlier contracts a little later. So, yes there are tenders which keep coming out all the time. We haven't seen a repricing since our Great drill Chaaru got repriced where we got the contract, we have not yet gone on to the new contract, that will happen by end of this year. But we haven't seen a



price point after that. But there will be tenders, there are tenders coming all the time, in fact they seem to have quite a lot of requirements.

**Abhishek Nigam:** And besides ONGC, I mean who will be the other sort of customers who are sort of putting out tenders over here.

**G. Shivakumar:** The long-term contracts are basically from ONGC, other players are looking for two-three well contracts for which you need rig immediately we are not really there to do those contracts and those are, don't keep your rigs really occupied for enough time. So, we prefer to do slightly longer-term contracts. But basically, the Indian market for jack-up is ONGC. The others are not really relevant here.

**Abhishek Nigam:** My understanding is one of the jack-up rigs is coming off contract in I think October this year, if I am not wrong. And is there a risk it could remain ideal for a while because --

**G. Shivakumar:** So, first rig coming off contract is the Great drill Chaaru which is in September/October this year. She already has received the next three-year contract at a much higher pricing. So, she will come off this contract, and do the work required to be done between the two contracts. And then hopefully go on higher for the next contract by the end of calendar 2023.

So, that's the first rig coming off contract. The next rig comes off contract in May/June next year so that's the next rig coming off contract so there will be tenders for employment. We will bid into those tenders and if we win those tenders then hopefully we will not have idling between contracts, except for the standard where you have to do some work for the contracts.

**Abhishek Nigam:** So, in the last cycle there were really four yards, maybe five yards at max which were really credible offshore yards so the two in Singapore Lamprell and one or two in China. This time what we have seen is Lamprell I think they declared bankruptcy. So, how many credible shipyards are out there which are actively building rigs and have you seen any contracts off late for a new build contract.

**G. Shivakumar:** So, we haven't seen any contracts. We are told that there are some rigs which are being built in Saudi Arabia for Saudi Aramco where I think Lamprell set up a yard there, they were going to setup a yard I don't know how that's going because that's not really announced too much publicly. But it's a function of what the pricing is and one estimate we heard for say reactivation of a Singaporean yard to build jack-up rigs, so not reactivation of the yard but reactivation of the rig building activity the yards that are working and doing other things.

One estimate we heard is that if somebody said to build a jack-up at \$225 million plus, and this was during an Analyst report, it said that it will take prices in excess of \$225 million for a new building jack-up rig for the Singaporean yards to be interested in building again. And China of course one never knows because they are not necessarily operating fully on commercial

considerations. They may just decide that they want to get back into rig building and capture the market. But we haven't seen any orders placed for many years.

**Moderator:** Thank you. We have our next question from the line of Vikram Suryavanshi from PhillipCapital. Please go ahead.

**Vikram Suryavanshi:** Just on gas side of business we typically tend to have long term contracts but how is the renewale coming on gas side and how are the rates there, if you can give some idea on that?

**G. Shivakumar:** We haven't seen so many renewals recently the rates are very high. We think that pricing will be significantly higher than our last contacts than our current earning contracts because the market is much stronger than it was there year or so ago when we last did a pricing of our VLGC. So, the MGC or the midsize gas carrier went onto a new contract which was priced about 20%, 25% higher than she was priced in 2021.

So, yes, the rates are trending upwards because the spot rates are so high, spot rates are \$80,000 a day. So, and that's going to pull the time charter rates up. The broker assessment of time charter rigs is also much higher than it was a year ago, and maybe even higher than it was six months ago. So, we haven't necessarily seen a pricing recently in this market, in the Indian market. But we suspect that it will be much higher than last year case. We have a vessel coming up for pricing in the end of this year.

**Vikram Suryavanshi:** And on this cost structure side are we seeing cost structure getting any material change particularly the way we are seeing improvement in offshore side, so on OPEX side how is he cost structure, is there any material change?

**G. Shivakumar:** The material change specially in offshore but also in shipping is availability of manpower on ships, there is an issue with trained manpower much more on the offshore vessels side, because of all the vessels and activity which is happening, reactivation of vessels etc. and therefore cost are going up. These are not going up in a huge way because OPEX expenses anyway were not a very large component, but yes there is cost inflation happening due to crewing cost. To a slightly lesser extent on the overall OPEX there are cost increases happening in shipping as well. So, this is a common theme across. It's the other cost like dry docking cost also a little bit higher across the board.. So, I guess costs are increasing but not to a very significant extent. So, I would say less than 10% increase in OPEX over the last two to three years.

**Vikram Suryavanshi:** And in offshore side do we have increased the exposure outside India or having that mix between India and outside broadly in terms of revenue?

**G. Shivakumar:** We have four vessels operating outside India currently. We might send out a couple more vessels to operate outside India. As I mentioned, the outside markets are quicker to catch up to market movements. And if we don't get rates which we believe are fair and reflect the market in India

then we will move the vessels outside India. So, currently we have four, we could look at taking out a couple more vessels at least if we get decent contracts.

**Moderator:** Thank you. We have our next question from Nikhil Jain from Zontro. Please go ahead.

**Nikhil Jain:** I have a question on the cash allocation strategy, if the asset prices continue to hold strong sales for the next four to six quarters what possible cash allocation strategies could be considered such as increased dividends or buybacks.

**G. Shivakumar:** Yes if the rates remain strong we could look at all of these options. We have paid out more much more dividends in the last year or so, we paid six consecutive quarterly dividends as of this quarter going back till Jan last year. So, we are open to paying out more dividends and we have paid out more dividends.

Buyback again depends on the price, depends on the circumstances and whether it makes sense from a capital allocation point of view. We are not there to just as we are not there to invest in ships at any price, we are not there to buy back the stock at any price, it will always be if we can see value in it, in the long term. When considering a buyback, we have to keep in mind always that there is a 23% leakage which is on account of the buyback tax which was imposed in 2019. And which makes it very inefficient to do a buyback. So, that's one factor which is always there when you are thinking about a buyback as a capital allocation option.

So, at current value just as an example at current values let's say it's around 800, that would add a Rs. 180 plus to the price per share that you pay. So, that's really disincentivizes the buyback, because nobody is getting that, the shareholders are not getting it and the company has to pay it up. So, that's something that we have to keep in mind otherwise we will be patient and wait for the right opportunity. So, we have seen in the past that it pays to be patient really.

**Moderator:** Thank you. We have our next question from Vaibhav Badjatya from Honesty and Integrity Investment. Please go ahead.

**Vaibhav Badjatya:** So, my question is on the supply side, so I understand that shipyards are full and as you said that all delivery will be in 2026, but some of the assets which are already are ordered might get delivered in 2025. So, my question is historically have you seen any kind of rescheduling of delivery timeline because obviously the shipyards have a lot of containership orders and the market has completely changed, if some of the order cancellations happen can the slot which we get freight by calculation of containerships order be replaced by a tanker order have you seen that story happening or is it not happening?

**G. Shivakumar:** We have heard rumors of one of those happenings, a containership getting, orders getting converted into tankers. However, I remember that these are large containerships which can be converted into, which are taking up a crude tanker lot. Typically, these large containership get ordered with a contract and employment contract at the time of placing the order, typically, either

that or the orders are placed by a container line itself, which has no interest in operating a tanker. So, they will tend to take delivery if they have a contract attached or if they are being ordered actually by a container line. It's only if it is an owner like us who has different sectors, who operates in different sectors that you have a possibility of the order being restructured to a different type of ship, because it is a containership company it will be, if they take delivery, they will want only a containership, they don't want to convert it to a crude tanker for instance. So far we have not seen it, in theory it can happen, but practically its slightly lower probability, we have seen this happen also in the past where tanker orders got converted to bulkers and vice versa.

**Vaibhav Badjatya:** On the shipyard side are capacity generally fungible, I mean or for shipyards also it becomes difficult to kind of...

**G. Shivakumar:** So, let's say take one of the large Korean yards, the capacity in fungible the dry dock in which they are building a large containership can also build a large crude carrier. So, that space can be used to build different types of ships, it can be LNG carrier as well. But if they started building a containership and they have placed orders for the equipment for a containership, then you can't change midway to a crude tanker or to an LNG ship, that's very difficult, the space is fungible and the yards generally has the capability. So, the large Korean yards have the capability to build any one of those three which I mentioned. But again subject to practical consideration, how far along are you in the process of building that right.

**Moderator:** Thank you. We have our next question from Rajesh Agarwal from Money ore. Please go ahead.

**Rajesh Agarwal:** When all our LPG business are coming for repricing?

**G. Shivakumar:** It starts in end of this year November/December this year and go on till middle of '24 so within that six to eight months period.

**Rajesh Agarwal:** Starting December '23?

**G. Shivakumar:** That's correct.

**Rajesh Agarwal:** And what is the outlook on the dry bulk market now when China reopening and all?

**G. Shivakumar:** China reopened quite a few months ago, Chinese imports as I mentioned earlier in the presentation have been quite strong. So, iron ore imports are up, coal imports are up a lot because of other reasons not just because of reopening because hydropower generation was poor. So, China reopening has happened in some ways. The question then is of a China stimulus, is there a China stimulus coming which is a next possible boost for dry bulk, yes dry bulk players are waiting for that stimulus for the market to go up, but let's see who knows it's anybody's guess, if that happen, when it happens.

- Rajesh Agarwal:** Dry bulk prices are still very low?
- G. Shivakumar:** Low, you mean ship prices.
- Rajesh Agarwal:** No, dry bulk freight.
- G. Shivakumar:** You mean freight rates, yes freight rates are pretty low especially for the smaller size vessels, but they are quite low. And they are much lower than they were a year ago.
- Rajesh Agarwal:** How has been the movement in the last one month?
- G. Shivakumar:** Last one month they have been moving around lowish levels. So, probably --
- Rajesh Agarwal:** On operating parameters are we breaking even in this dry bulk?
- G. Shivakumar:** We are earning on average much above OPEX close to breakeven on the dry bulk portfolio. But some ships are earning quite poorly but overall it's close to breakeven or at breakeven I would say.
- Rajesh Agarwal:** So, maximum dry bulk are spot?
- G. Shivakumar:** Yes that's correct.
- Moderator:** Thank you. There are no further questions.
- G. Shivakumar:** Thank you everyone for your active participation in this con-call and as always a transcript and the recording will be uploaded in a few days. We are happy to take any further questions that you have, you can reach out to us, you know our contact details and you can find them on our website and you can reach out to our Investor Relations team anytime. Thank you.
- Moderator:** Thank you sir. On behalf of Great Eastern Shipping, we conclude this conference. Thank you for joining us and you may now exit the meeting.