

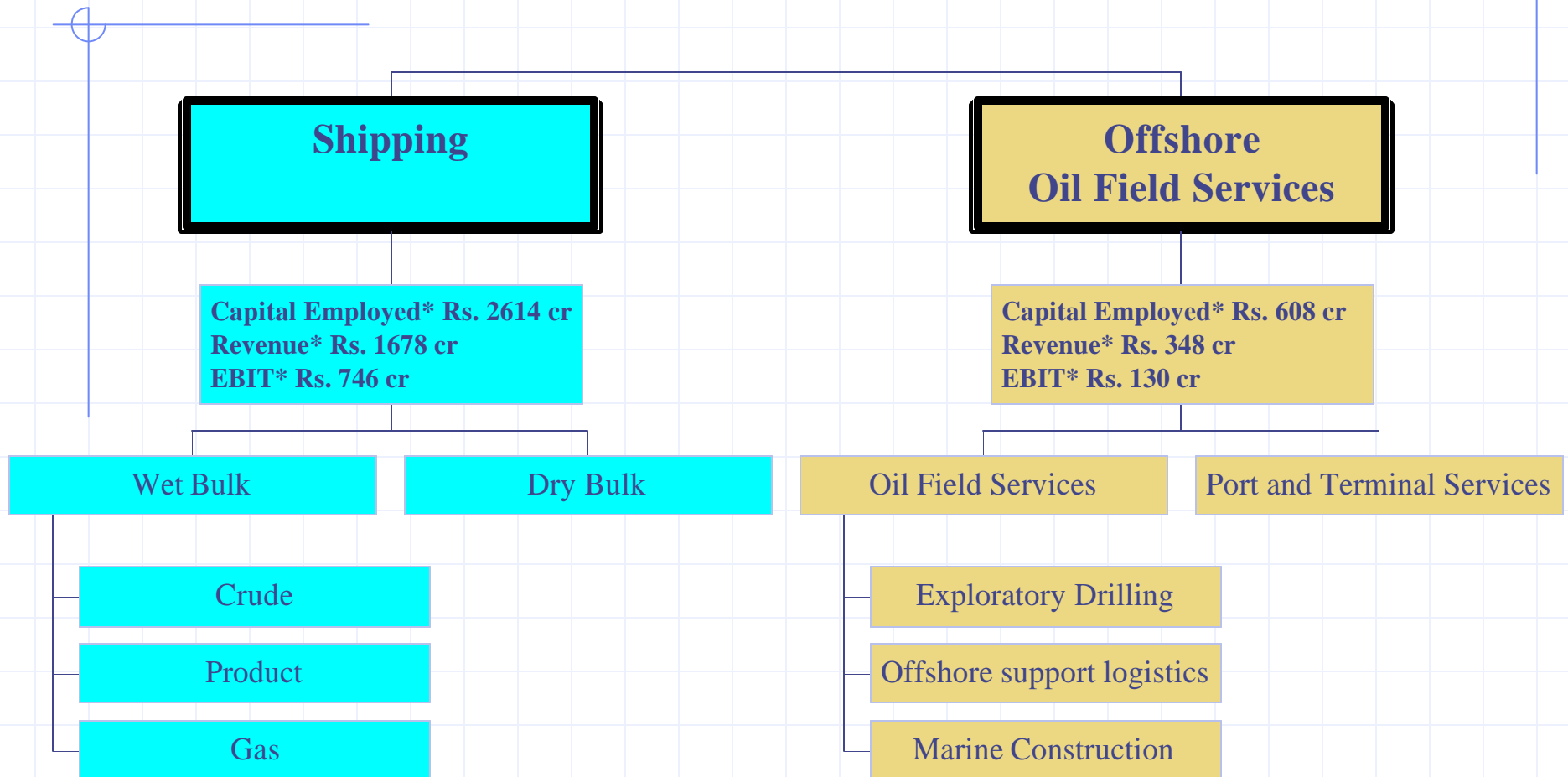
# The Great Eastern Shipping Co. Ltd.

# Forward looking information

This presentation contains certain forward looking information through statements, which are based on management's current expectations and observations. The company does not guarantee the accuracy of these assumptions.

There are a number of risks and uncertainties which may impact the actual results to differ materially from these forward looking statements. 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.

# Business Profile



\* Figures for FY 2004-05

# Shipping Fleet

31 Tankers: 13 Crude oil carriers  
16 Product carriers  
2 LPG carriers

10 Dry bulk carriers: 1 Panamax  
4 Handymax  
5 Handysize

Av. Age of fleet 12.3 years



## On order:

5 MR Product carriers aggregating  
0.22 mn dwt to be delivered through  
CY 2007

Contracted to sell a 37092 dwt dry bulk carrier  
to be delivered in Q3 FY06

**41 ships aggregating 2.84 Mn dwt**

# Offshore Fleet

2 Exploratory drilling rigs

18 Offshore Support Vessels ( of which 6  
can cater to deep water fields)

1 Construction Barge

11 Harbour tugs



## On order:

6 OSVs

4 Anchor Handling Tug Supply Vessels

2 Platform Supply Vessel

to be delivered through CY 2006

**32 Offshore vessels catering to diverse offshore oil field services**

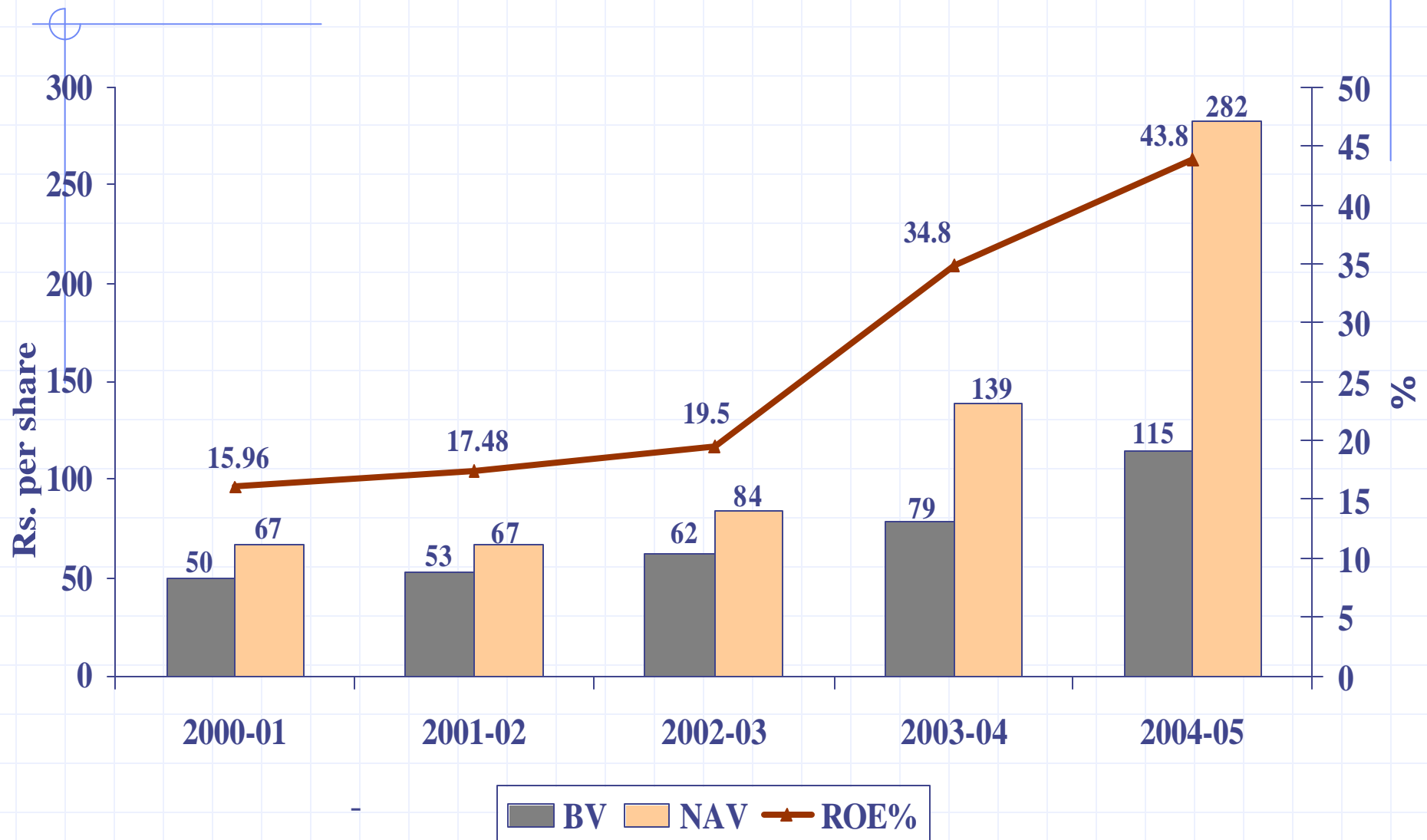
# FINANCIALS

# Performance over last 5 years.....

<b>Financial Year (Apr-Mar)</b>	<b>Tonnage (Mn dwt)</b>	<b>Earnings per share (Rs.)</b>	<b>Dividend per share (Rs.)</b>
<b>2000-01</b>	1.37	8.00	2.75
<b>2001-02</b>	1.28	8.80	4.00
<b>2002-03</b>	1.32	11.40	4.00
<b>2003-04</b>	2.47	24.30	6.50
<b>2004-05</b>	3.02	42.34	9.00
<b>H1 2005-06</b>	2.96	27.89*	4.00 (Interim)

\* Not Annualized

# Delivering through the years ..





# H1 Financial Comparison

Rs. crores

	H1 FY06	H1 FY05	% increase
<b>Income</b>	<b>1072.08</b>	<b>900.26</b>	<b>19%</b>
<b>Other Income</b>	<b>42.17</b>	<b>16.29</b>	<b>159%</b>
<b>Operating Profit</b>	<b>557.47</b>	<b>461.21</b>	<b>21%</b>
<b>Gain on sale of ships</b>	<b>207.32</b>	<b>(1.72)</b>	
<b>EBIDTA</b>	<b>764.79</b>	<b>459.49</b>	<b>66%</b>
<b>Interest</b>	<b>53.17</b>	<b>39.51</b>	<b>35%</b>
<b>Depreciation</b>	<b>155.70</b>	<b>142.99</b>	<b>9%</b>
<b>PBT</b>	<b>555.92</b>	<b>276.99</b>	<b>101%</b>
<b>Net Profit @</b>	<b>530.87</b>	<b>269.61</b>	<b>97%</b>

@ includes prior period adjustments

# Performance Determinants

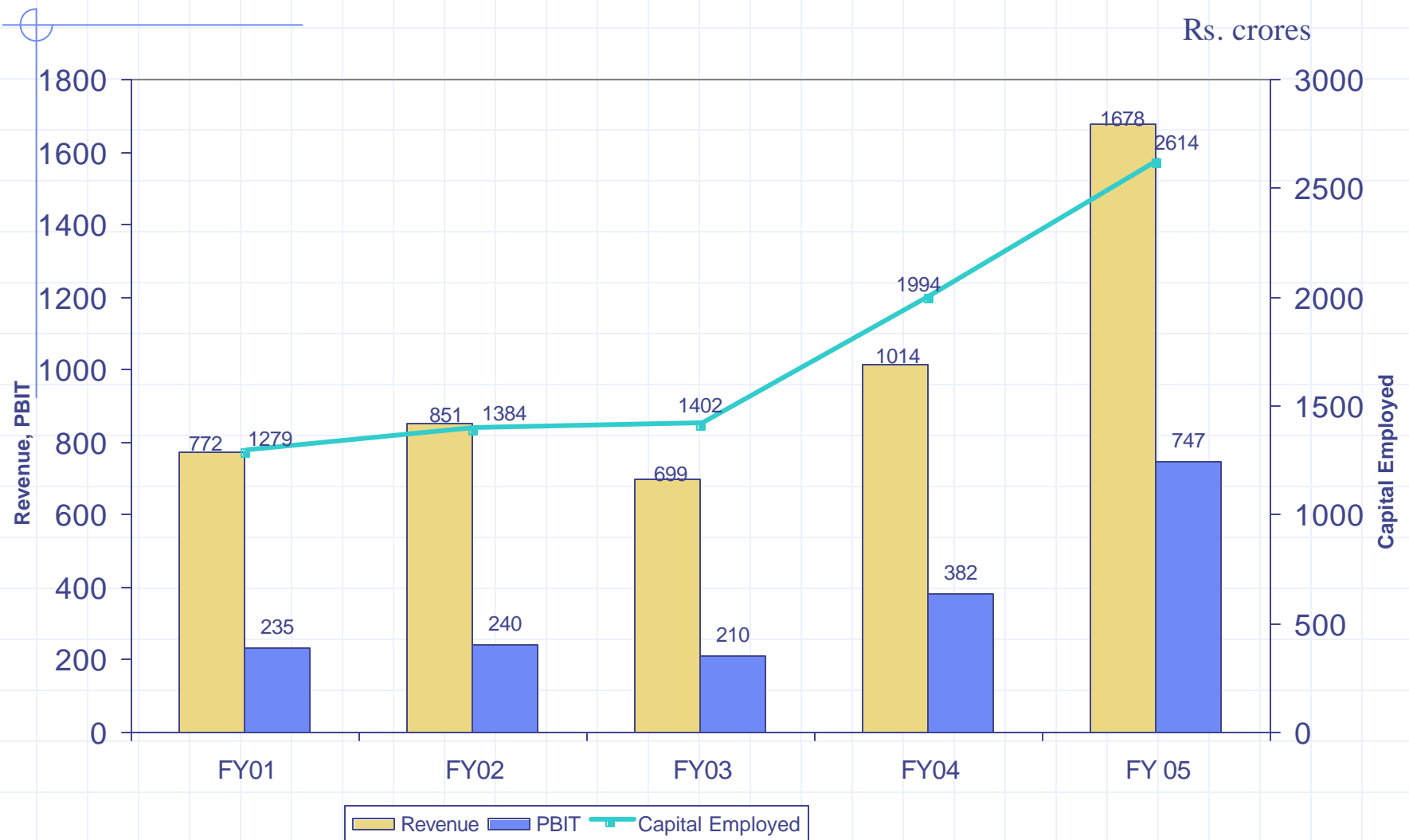
## ◆ Shipping business

- Increased tonnage/ revenue days ↑
- Product time charter renewals at higher rates ↑
- Gain on sale of ships ↑
- High bunker cost ↓
- Lower spot averages ↓

## ◆ Offshore business

- Improved contribution of OSVs and construction barge ↑
- Refurbishment and repair cost of rigs ↓

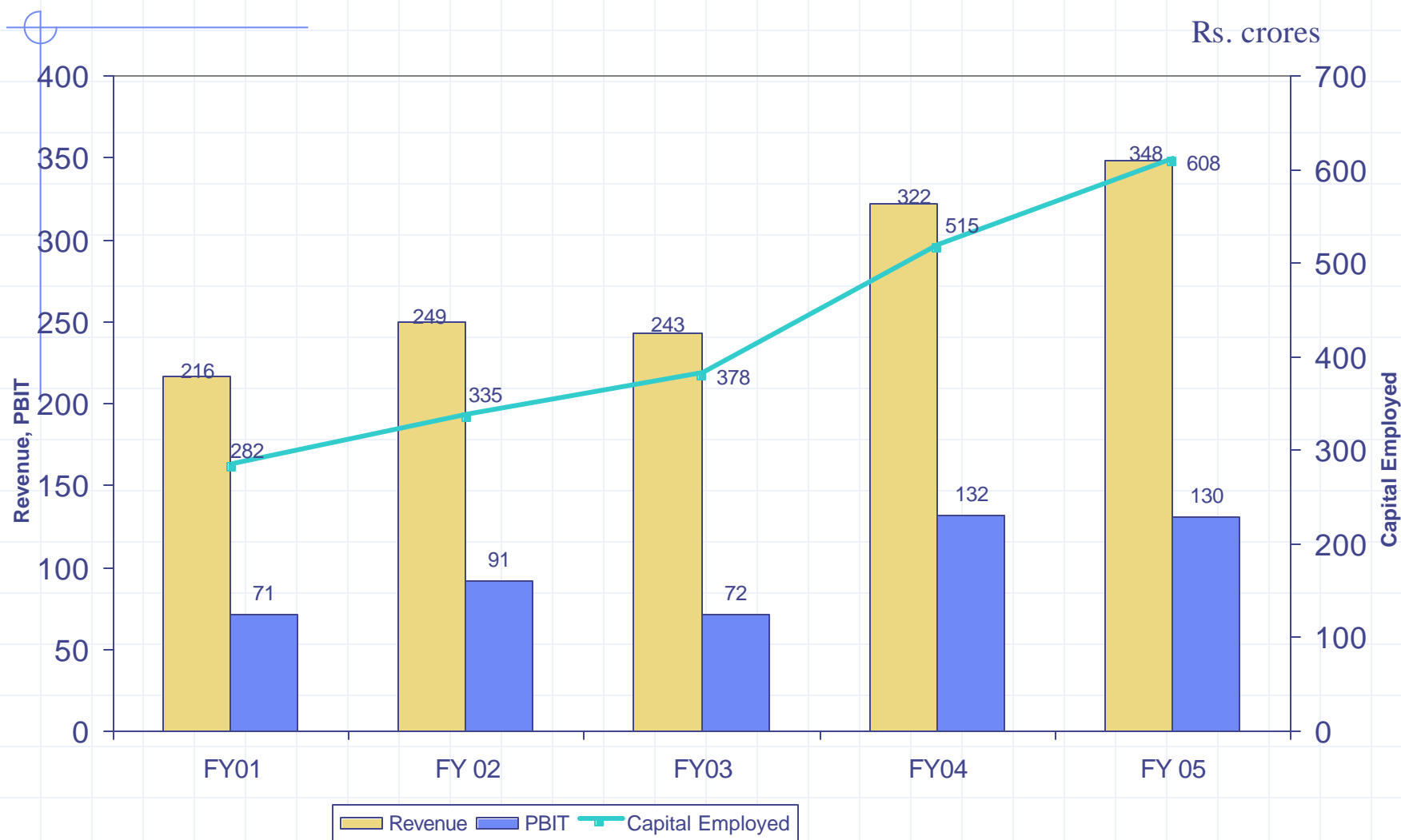
# Performance over five years -Shipping



# Developments over five years

- ◆ Increased focus on tankers
- ◆ Modernised tonnage
- ◆ Enhanced operational reach

# Performance over five years -Offshore



# Developments over five years

- ◆ **Fleet rejuvenation/ reorientation**
  - Inducted technologically advanced, modern vessels
- ◆ **Increased exposure to international markets**
- ◆ **Diversified client profile**



# **Business Restructuring - Demerger**

# Demerger of offshore oil field services

◆ On September 15, 2005 the BOD approved the Scheme of Arrangement to demerge the offshore oil field services business into a separate new Company- 'Great Offshore Limited' w.e.f. April 1, 2005

## ◆ Rationale

- Provide each business greater opportunities to realise their growth potential
- Increased managerial focus
- Enhance shareholder value



# Balance Sheet

(as on April 1, 2005)

Rs. crores

	<b>G E Shpg. Status Quo</b>	<b>G E Shpg. Residual</b>	<b>Great Offshore Ltd.</b>
<b>Share Capital</b>	190	152	38
<b>Reserves</b>	1999	1590	409
<b>Debt</b>	2080	1853	227
<b>Capital Employed</b>	4269	3595	673

# Profit and Loss Break Up

(for the year ended March 31, 2005)

Rs. crores

	<b>G E Shpg. Status Quo</b>	<b>G E Shpg. Residual</b>	<b>Great Offshore Ltd.</b>
<b>Revenues</b>	2119	1771	348
<b>EBIT</b>	874	744	130
<b>PBT</b>	791	670	121

# Financial Snapshot

(as on April 1, 2005)

	<b>G E Shpg. Status Quo</b>	<b>G E Shpg. Residual</b>	<b>Great Offshore Ltd.</b>
<b>Net Gearing</b>	0.48	0.50	0.39
<b>ROCE</b>	20.5%	20.7%	19.3%
<b>NAV/Share (Rs.)</b>	283	304*	200*
<b>BV/Share (Rs.)</b>	115	114*	117*

\* Basis revised share capital 19

# Demerger Process

- ◆ Post clearance from stock exchanges application made to Hon'ble High Court of Bombay
- ◆ On October 7, 2005 - Hon'ble High Court passed an order to convene separate meetings of equity shareholders & secured creditors (incl. debenture holders) of the Co.
- ◆ In the court convened shareholders meetings held on Nov. 16, 2005 shareholders have with overwhelming majority approved without modification, the Scheme of Arrangement for demerge

# Indicative Time Line Post Court Convened Meeting

No.	Activity	Indicative Time
1.	Filed Chairman's Report	Nov 23, '05
2.	Filed petition in the High Court	Nov 25, '05
3.	Final High Court Orders (Expected)	3 <sup>rd</sup> week of Jan '06
4.	File High Court Orders with Authorities (EFFECTIVE DATE)	3 <sup>rd</sup> week of Feb '06
5.	Declaration of Record Date	
6.	SEBI approval for listing of Great Offshore Ltd.	2 <sup>nd</sup> week of Mar '06
7.	Listing approval from Stock Exchanges	3 <sup>rd</sup> week of Mar '06
8.	Final listing of Great Offshore Ltd.	Mar 31, '06



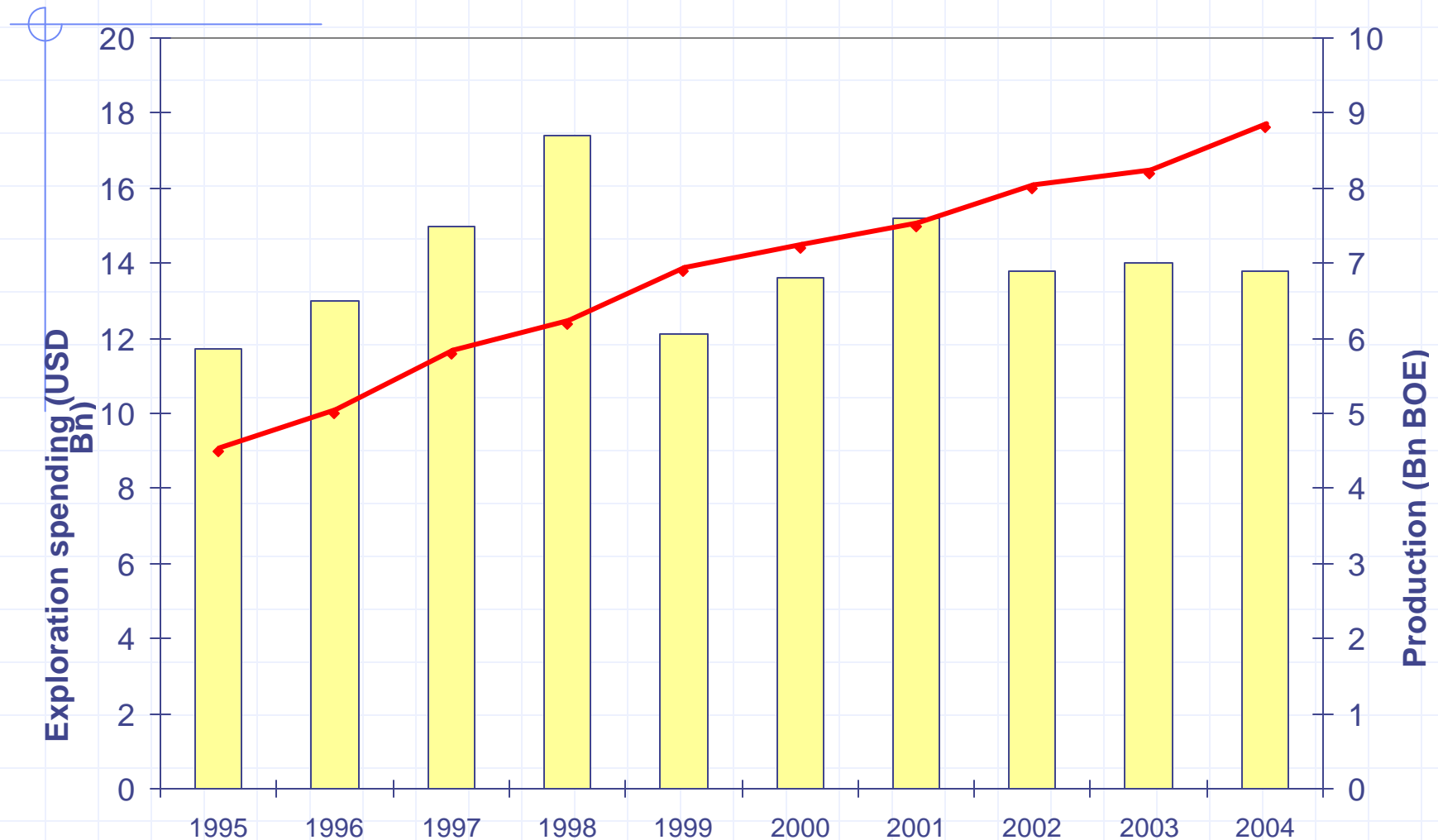
# Offshore Oil Field Services

# India's Increasing Thrust on E&P

	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
<b>Total</b>	<b>26</b>	<b>34</b>	<b>31</b>	<b>91</b>

**Under NELP V, 20 blocks (12 onshore and 8 offshore) are offered.  
Award process is underway**

# Globally Investment in Exploration lags Production



**Sustained Rise in Oil & Gas Prices to increase Exploration Outlay**



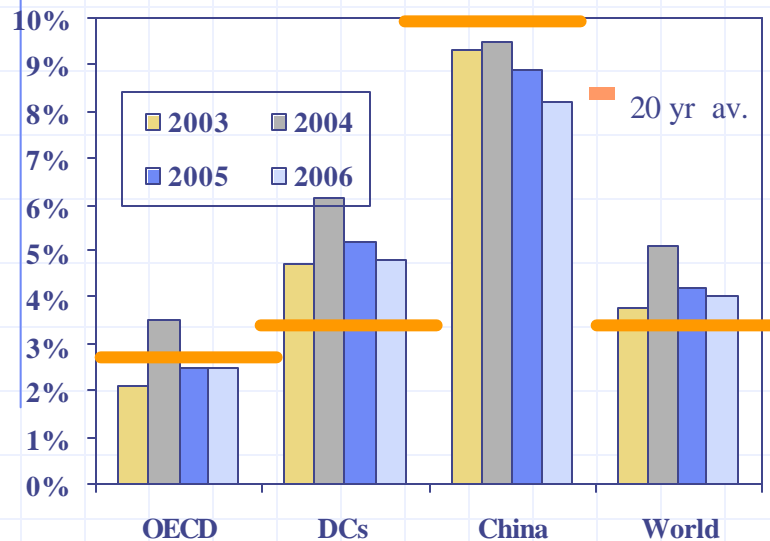
# Key Messages

- ◆ **Energy security top on agenda for India**
- ◆ **Reserve replacement from new fields has fallen, partly because of reduced investment**
- ◆ **Deepwater to contribute largely in offshore production growth**
  - Tripling of deepwater oil & gas production projected by 2010
  - Deepwater share of offshore oil & gas production to move from 9% to 21% by 2010
- ◆ **Increased budgetary allocation towards exploration activities**

# Shipping

# Economic growth and oil demand

Rate of economic growth



◆ Strong Economic growth in Developing Countries (DCs like India, China): faster than World with increasing share in global GDP

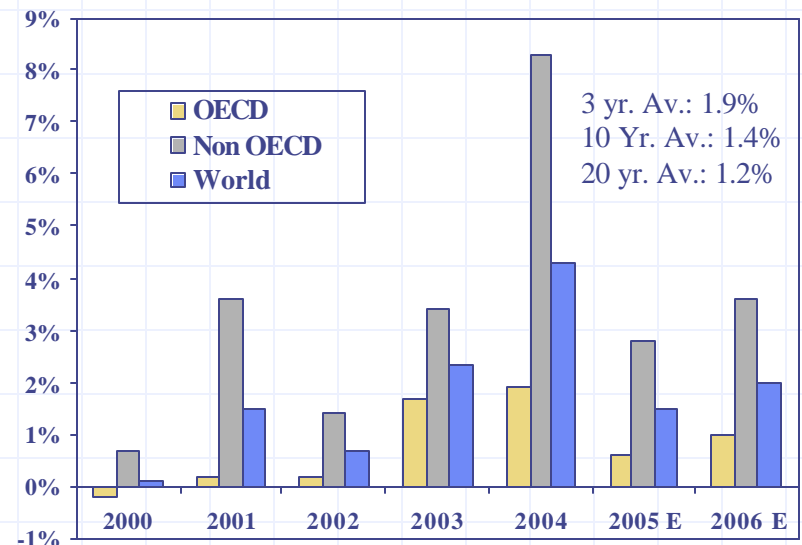
◆ Export led growth

◆ Oil demand growth robust particularly in Non OECD Countries – Asia and Middle East

◆ China has become second largest consumer

◆ Expected growth is higher than historical trend and equal to 3 year average

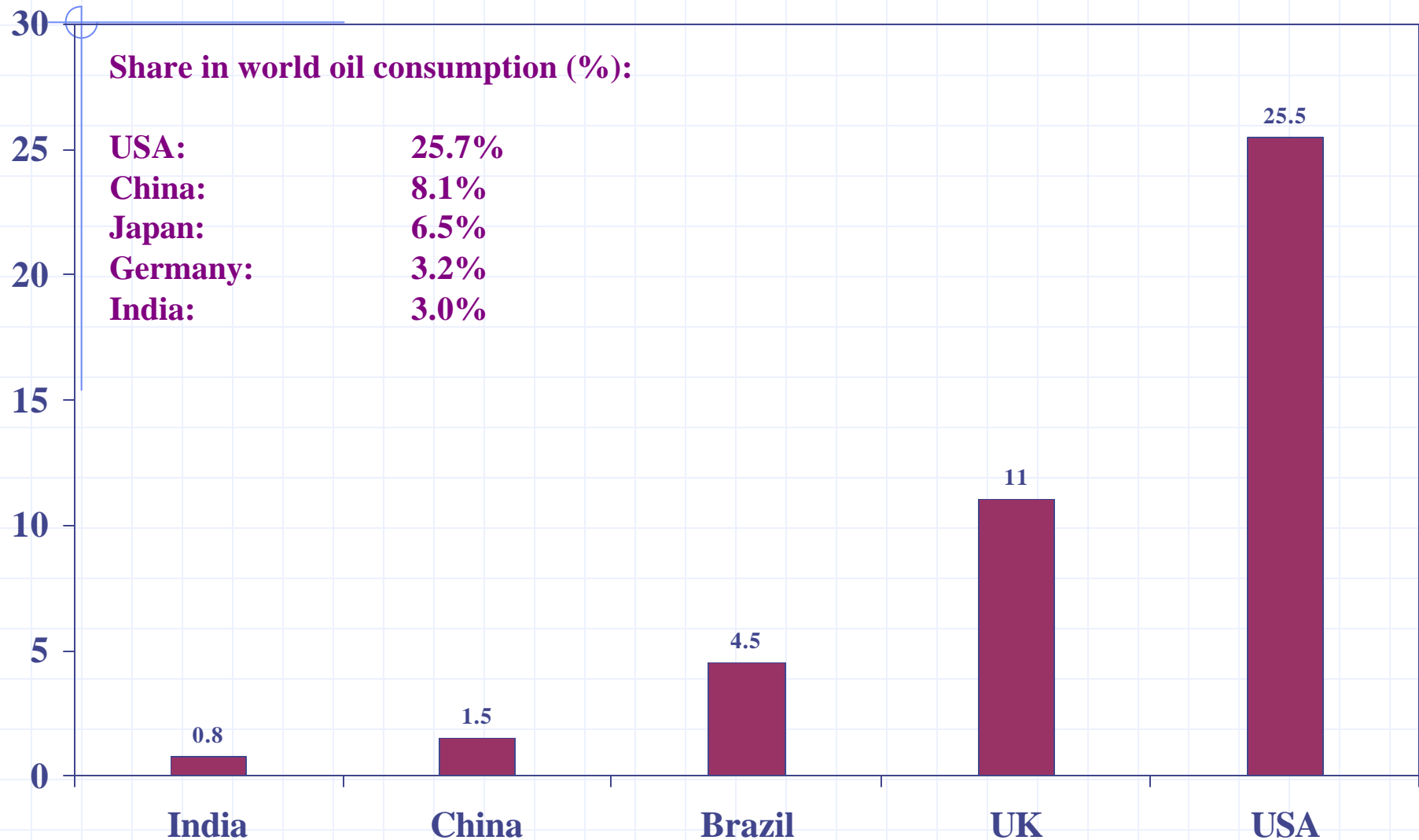
Oil demand growth



Source: IEA

# Strong Asian oil demand

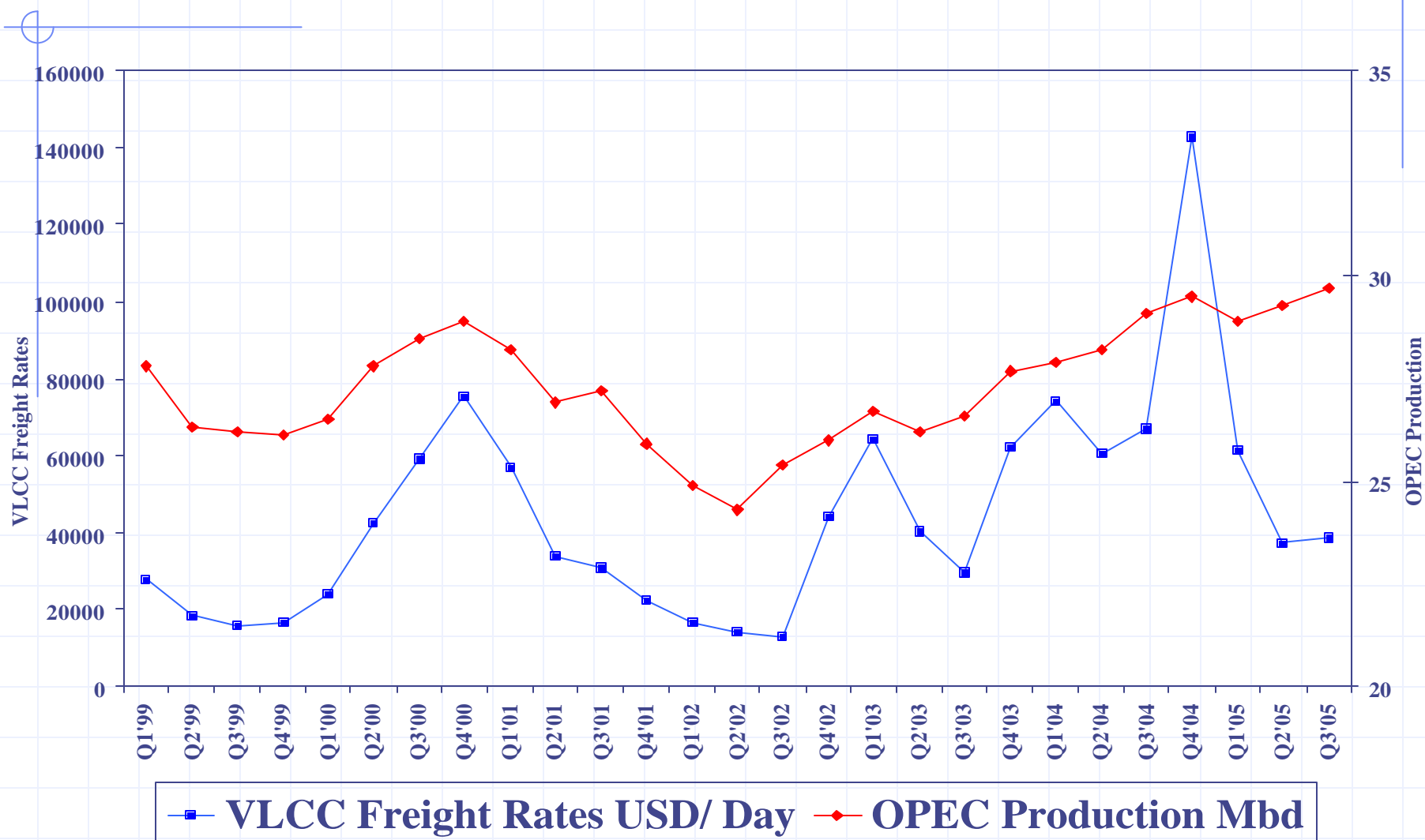
Oil demand, barrels per capita per year



# Oil Market Scenario

- ◆ Oil demand is expected to remain strong on the back of global economic growth
- ◆ Oil supply situation to remain tight constrained by Non OPEC contribution
- ◆ Oil price expected to remain high
- ◆ Pressure on OPEC to maintain production at high levels

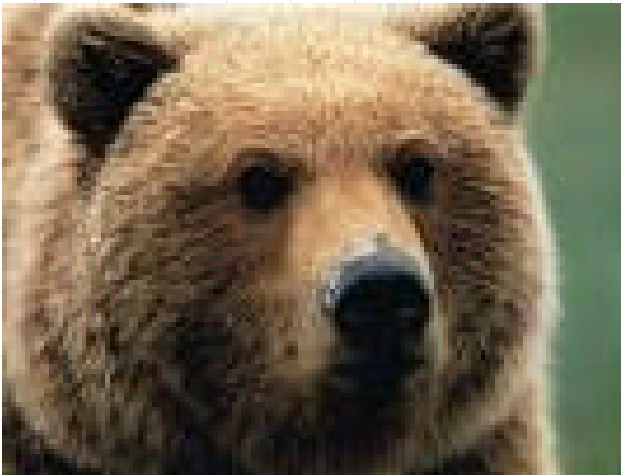
# OPEC Production vs VLCC Freight Rates



# Weighing the Market

## Bulls

- Continued strong economic & oil demand growth
- Spare capacity mainly MEG OPEC
- Relatively low inventories
- Geopolitical developments
- Possible supply disruptions in Russia, Venezuela and Nigeria
- Increased scrapping



## Bears

- Global economic slowdown
- Inventory recovery
- More fleet growth
- Milder winter
- Easing supply risks

# Tanker market Outlook

- ◆ Net tanker supply is expected to grow at around 6% p.a. in next two years
- ◆ Expected scrapping at around 6 Mn dwt in 2006 much below the 5 year average of around 13 Mn dwt
- ◆ Overall average earnings lower than 2005 levels
- ◆ Tanker freight rates expected to be higher than historical averages
  - Average scrapping 1999-2003, around 16 Mn dwt
  - Average scrapping 2004, 2005, 2006 E around 7 Mn dwt



# Dry bulk market Scenario

- ◆ Expected growth in dry bulk demand about 110Mn tonnes
- ◆ Expected delivery of dry bulk fleet in 2006 around 25Mn dwt
  - Translating into 170 Mn tonnes of cargo
- ◆ Higher supply compared to demand likely to put downward pressure on dry bulk freight rates

# Robust Iron Ore Demand

- ◆ Strong Chinese demand
- ◆ Low Chinese inventories
- ◆ Increasing Spot markets
- ◆ No idle capacity among iron ore miners

# Wild Card in Dry Bulk Trade

## ◆ Scrapping

- Between 1998-2002 average scrapping around 8 Mn dwt
- From 2003 onwards scrapping is below 1 Mn dwt p.a.

◆ More than 10% of dry bulk fleet is above 25 years; more than 3% is above 30 years of age

**May trigger upturn in freight rates after a couple of years**



**In the Long Run ....**

# Long Term Operating Strategy

- ◆ **Aim to be profitable through the cycle**
- ◆ **Derisking through**
  - ◆ diverse asset base
  - ◆ long term employment
- ◆ **Continuous fleet evaluation through S&P activities**

# Challenges Ahead ...

- ◆ **Modernise and grow tonnage**
  - ◆ At “economical” prices
  - ◆ Build additional capacity through operating tonnage
- ◆ **Gauging opportunities in other related business**

# Investment Positives

- ◆ Unlocking shareholder value through demerger
- ◆ High free float
- ◆ Focused on the energy sector
- ◆ Global operations through diverse asset base
- ◆ Valuation Metrics as on Sept. 30, 2005:
  - EV/EBIDTA of 6.1 (Peer group average 2005 E 6.3)
  - Price to BV of 1.4
  - Over 33% discount to NAV
- ◆ As on Nov 25, 2005 CMP Rs. 229.45
- ◆ Trailing P/E : 3.91 (Peer group average 6.8)



# **Committed to value creation**

**[www.greatship.com](http://www.greatship.com)**