

The Great Eastern Shipping Co. Ltd.

Business & Financial Review

November 2012

Forward Looking Statements

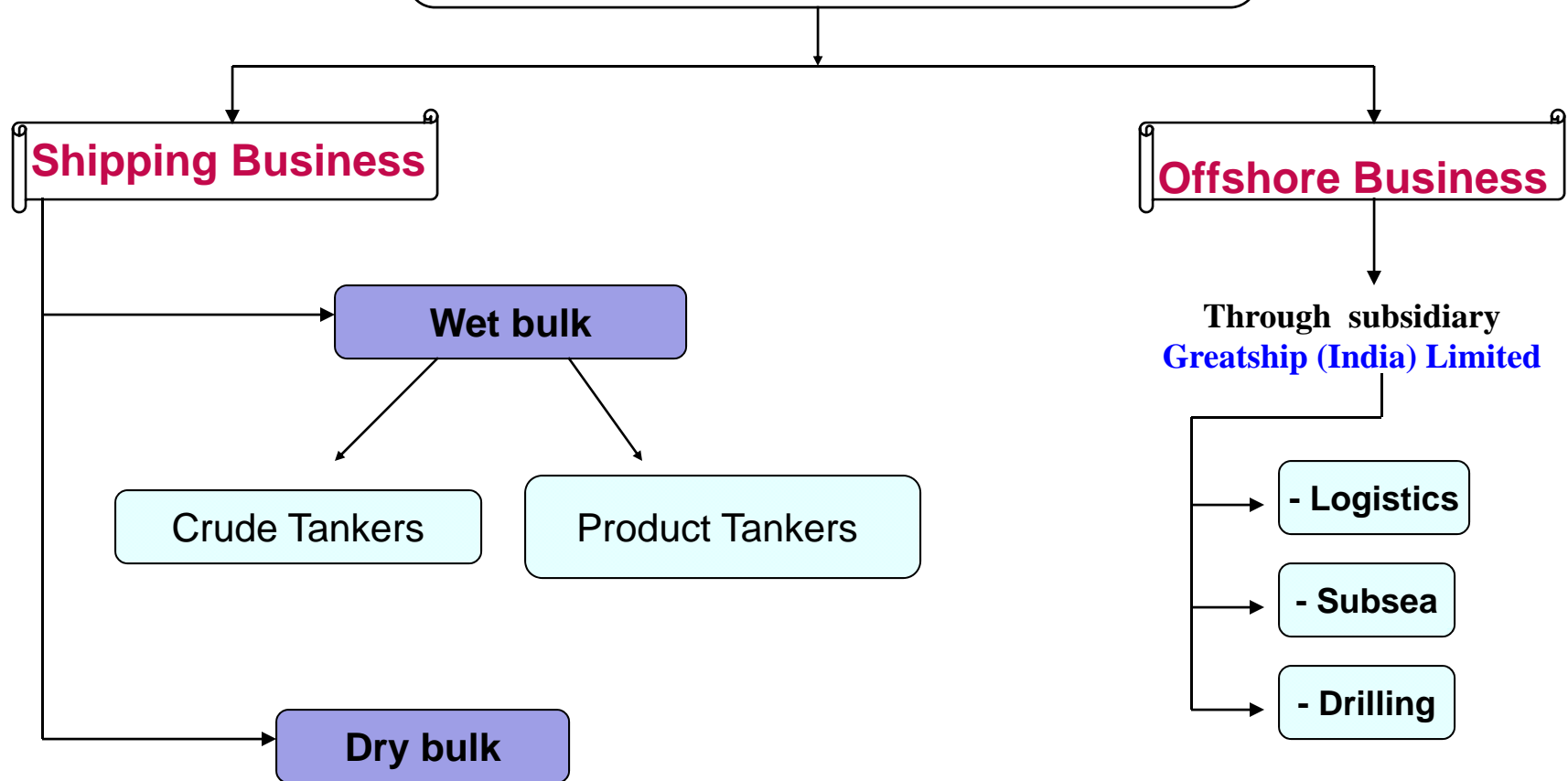
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Corporate Profile

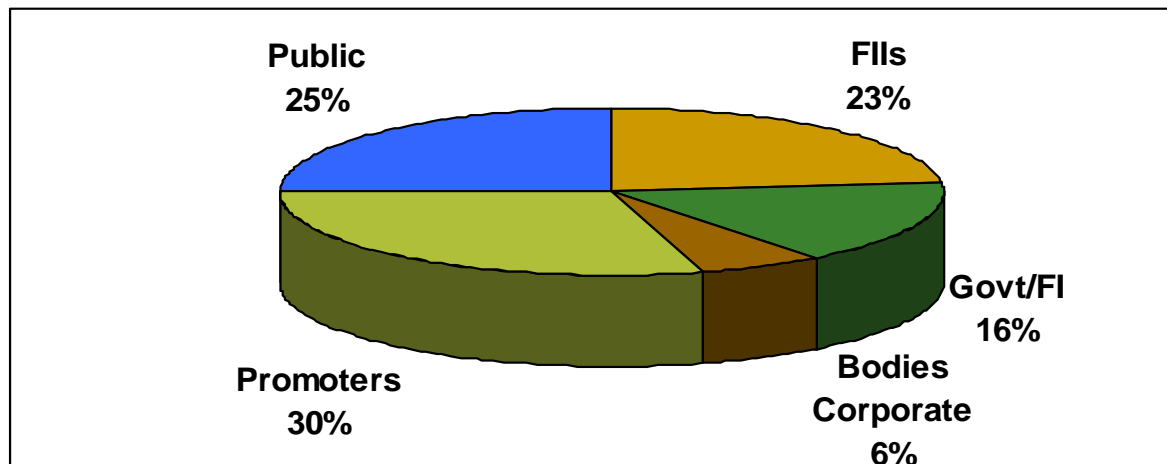
The Great Eastern Shipping Co. Ltd.
Incorporated in 1948



Company at a glance

- India's largest private sector Shipping Company
- Diverse asset base with global operations
- Completed 64 years of operations
- 28 years of uninterrupted dividend track record

Shareholding Pattern as on September 30, 2012



Shipping business-owned fleet

- ❑ **33 ships aggregating 2.60 Mn dwt, avg.age 9.0 years**
 - ❑ **23 Tankers** avg.age 9.4 years
 - **9 Crude carriers (4 Suezmax, 5 Aframax)** avg.age 9.6 years
 - **13 Product tankers (4 LR1, 6 MR, 3 GP)** avg.age 8.2 years
 - **1 LPG Carrier (1 VLGC)** avg. age 22.0 years
 - ❑ **10 Dry bulk carriers** avg.age 7.9 years
 - **1 Capesize** - avg.age 16.0 years
 - **3 Kamsarmax** - avg.age 0.6 years
 - **1 Panamax** - avg.age 17.0 years
 - **4 Supramax**- avg.age 5.3 years
 - **1 Handymax** - avg.age 15.0 years

Offshore business- Fleet Profile

➤ **Current Owned Fleet**

- ✓ **2 350ft Jack Up Rigs**
- ✓ **4 Platform Supply Vessels (PSV)**
- ✓ **9 Anchor Handling Tug cum Supply Vessels (AHTSV)**
- ✓ **2 Multipurpose Platform Supply and Support Vessels (MPSSV)**
- ✓ **5 Platform / ROV Support Vessels (ROVSV)**

Committed CAPEX – Offshore Business

➤ Committed Capex of around USD 210 Mn

To be delivered in:

✓ FY 2013

- 1 NB Platform / ROV Support Vessel (CDL)

- 1 Jackup Rig (350 feet) (Lamprell Energy, Dubai)

Stage payments already made : around US\$106 mn of the total CAPEX

Fleet Growth	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013E
Fleet (in nos)	4	9	15	19	21	24

Modern & Technologically Advanced Offshore Fleet

Young Fleet

- Young fleet with an average age of approx. 3 years by FY 2012
- 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
 - Subsea vessels are SPS 2008 compliant
- 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

Q2FY 2013 Financial Highlights

Standalone			Key Figures	Consolidated		
Q2FY'13	Q2FY'12	H1FY'13	(Amount in Rs. crs)	Q2FY'13	Q2FY'12	H1FY'13
			Income Statement			
433.25	503.88	1015.41	Revenue (including other income)	773.06	736.60	1,675.73
77.02	198.01	353.75	EBITDA (including other income)	292.65	323.73	753.37
(38.13)	2.56	61.43	Net Profit	81.20	27.31	262.19
			Balance Sheet			
9,839.07	10,098.52	9,839.07	Total Assets	13,782.23	13,455.3	13,782.23
5,154.68	5,418.13	5,154.68	Equity	6,265.69	6,106.87	6,265.69
3,780.19	3,990.00	3,780.19	Long Term Debt (Gross)	6,338.06	6,376.03	6,338.06
617.80	1,402.95	617.80	Long Term Debt (Net of Cash)	2,474.14	3,098.84	2,474.14
3,162.39	2,587.05	3162.39	Cash Balance	3,863.92	3,277.19	3,863.92

Q2FY 2013 Financial Highlights

Standalone			Key Ratios	Consolidated		
Q2FY'13	Q2FY'12	H1FY'13		Q2FY'13	Q2FY'12	H1FY'13
			Key financial figures			
17.78%	39.30%	34.84%	EBITDA Margin (%)	37.86%	43.95%	44.96%
-3.00%	0.18%	2.39%	Return on Equity (ROE) (%)	5.21%	1.77%	8.55%
-0.22%	4.04%	3.76%	Return on Capital Employed (ROCE) (%)	4.37%	5.32%	7.00%
0.73	0.74	0.73	Gross Debt/Equity Ratio (x)	1.01	1.04	1.01
0.12	0.26	0.12	Net Debt/Equity Ratio (x)	0.39	0.51	0.39
			Share related figures			
-2.50	0.17	4.03	Earnings per share, EPS (Rs)	5.33	1.79	17.22
-2.50	0.17	4.03	Diluted earnings per share (Rs)	5.32	1.79	17.18
2.83	6.56	15.95	Cash Profit per share (Rs)	14.41	10.91	36.37
245			Net Asset Value per share (Rs)	407		

Q2FY'13 Performance Highlights

Breakup of revenue days

Revenue Days	Q2'FY13	Q2'FY12
Owned Tonnage	2,509	3,026
Inchartered Tonnage	107	224
Total Revenue Days	2,616	3,250
Total Owned Tonnage (mn.dwt)	2.60	2.69

Mix of Spot & Time

Days (in %)	Q2'FY13	Q2'FY12
<u>Dry Bulk</u>		
Spot %	85%	69%
Time %	15%	31%
<u>Tankers</u>		
Spot %	42%	50%
Time %	58%	50%
<u>Total</u>		
Spot %	53%	55%
Time %	47%	45%

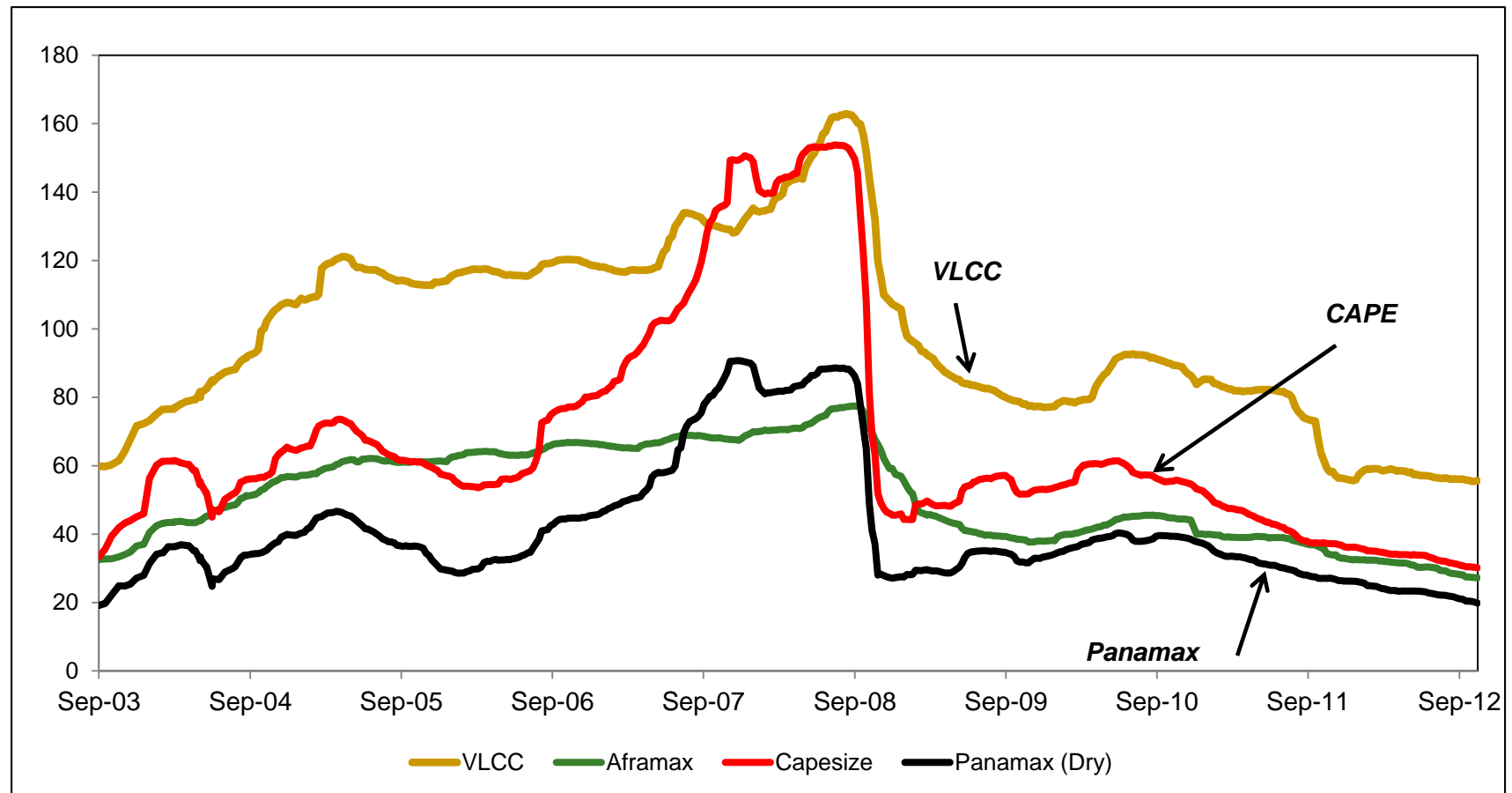
Average TCY Details

Average (TCY \$ per day)	Q2'FY13	Q2'FY12	% Chg
Crude Carriers	18,331	17,254	6%
Product Carriers (Incl. Gas)	12,804	16,323	(22)%
Dry Bulk	11,708	14,223	(18)%

Asset Price Movement (5 yr old)

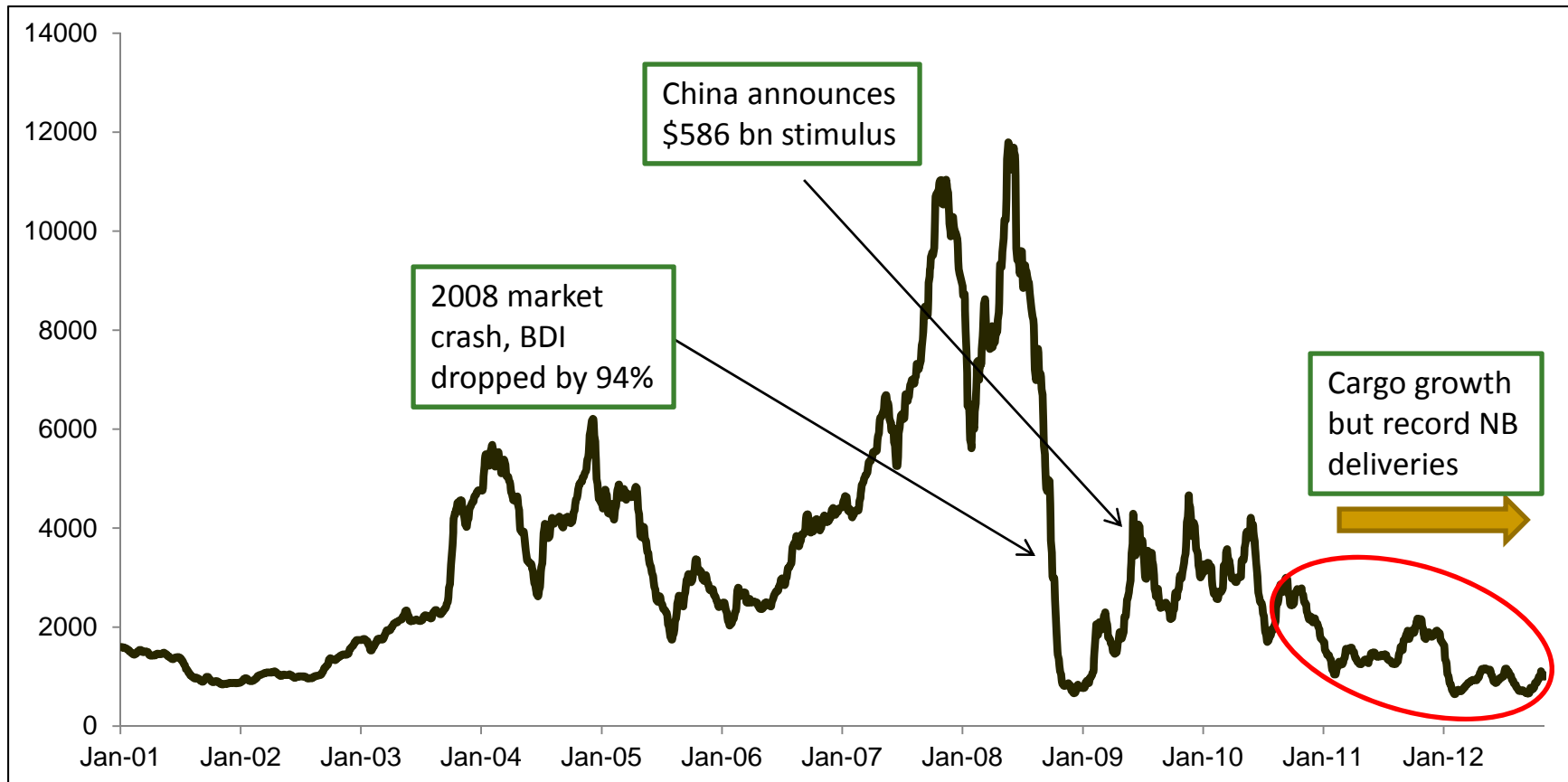
Timeline- Sep 2003 till 1 Nov, 2012

Amt in US\$ mn



Source: Baltic Sale & Purchase Assessment

BDI Movement (1 Jan'01 to 1 Nov Aug'12)

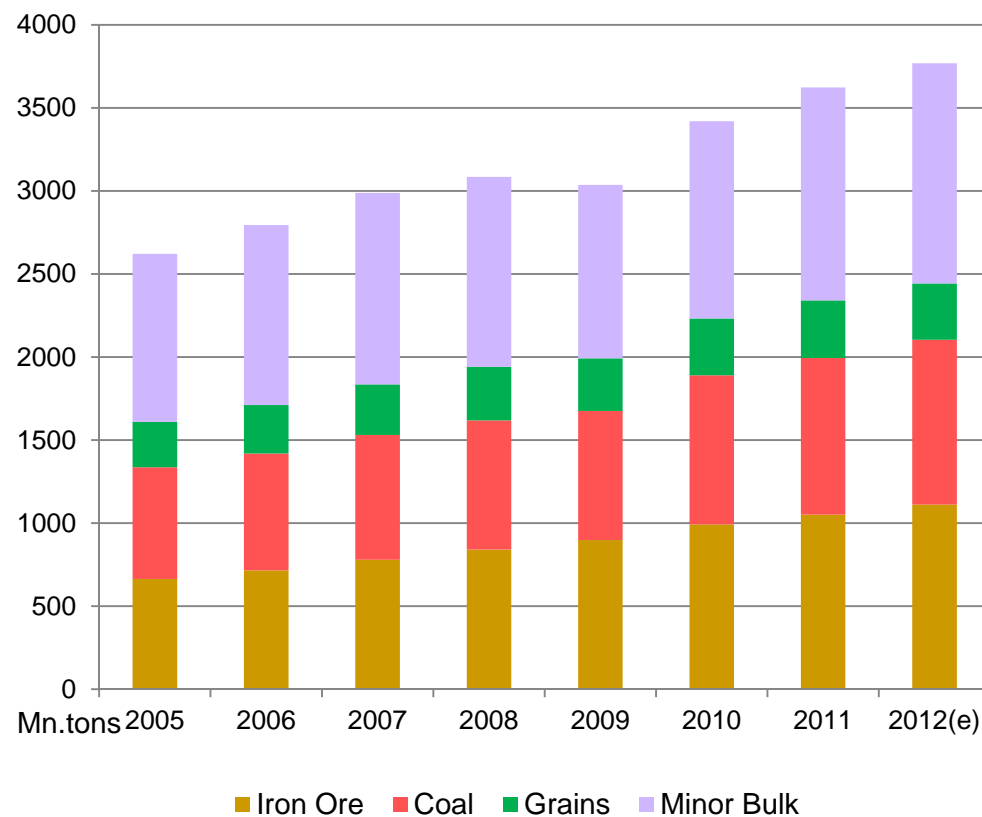
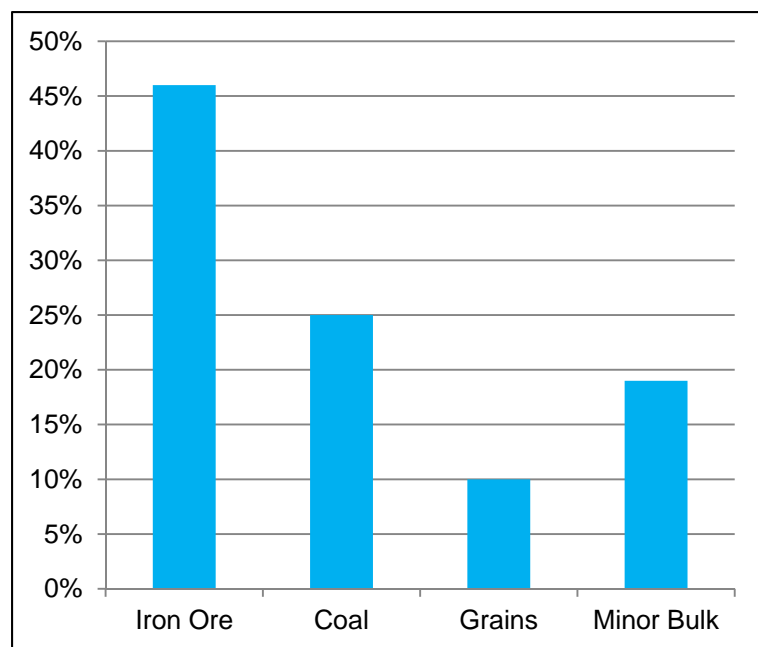


BDI hovering around its lowest levels on back of relentless fleet growth despite steady improvement in the cargo movement

Seaborne Bulk Trade ... growing steadily

Global seaborne trade reached 3.6 bn tons in 2011

Contribution to seaborne trade growth by commodity



Seaborne trade to grow CAGR 5% between 2012 & 2014

Dry Bulk Trade ... Evolving Trade Patterns

Chinese coastal trade

- Expected to grow rapidly due to inland transport restrictions
- But.. Mostly done through Chinese flagged vessels

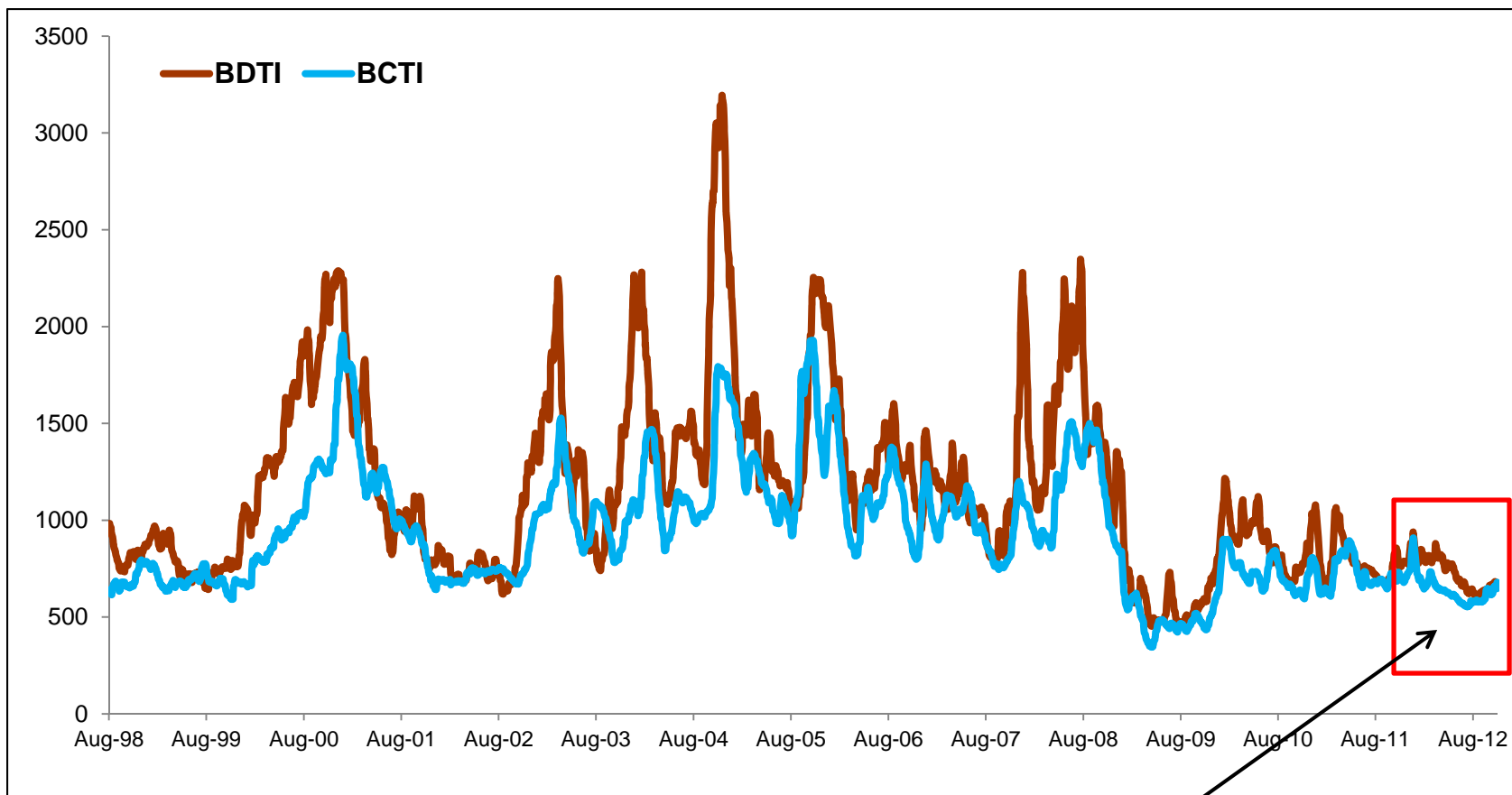
India... catching up

- 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)

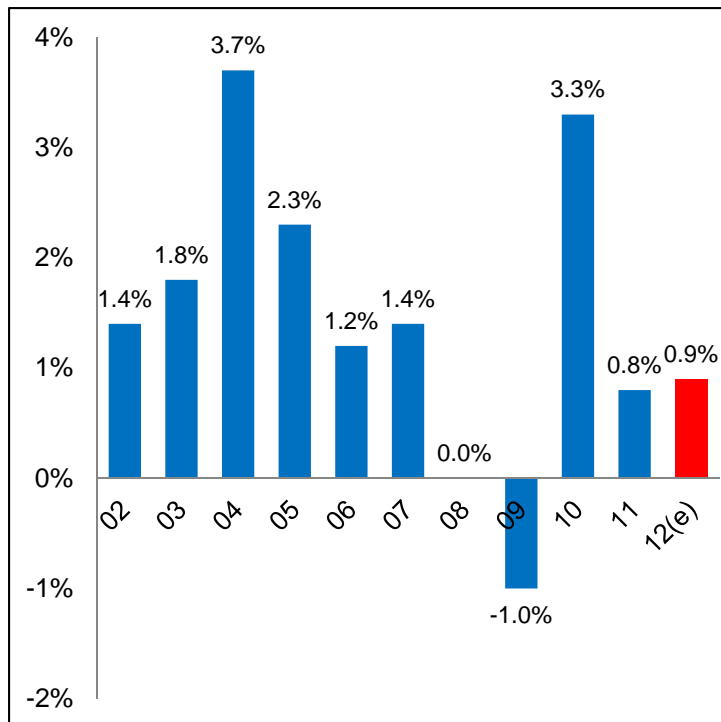
BDTI & BCTI Movement (Aug'98 to 1 Nov'12)



Sluggish demand & steady fleet growth keeping the TCYs low

Global Oil Demand Scenario

Global Oil demand growth



Region wise demand growth

mn.bpd	2010	2011	2012(E)	% chg (CY12 over CY11)
N.America	23.8	23.5	23.3	(0.9)%
OECD Europe	14.6	14.3	13.9	(2.8)%
OECD Pacific (Japan& Korea)	7.8	7.9	8.1	2.5%
Asia (Non OECD)	19.5	20.3	20.8	2.4%
Other Non OECD	22.7	23.1	23.8	3.0%
Total	88.4	89.1	89.9	0.9%

Muted growth from developed economies....

Non OECD countries making up for the lost demand

Products trade... promising future!!!

Nearly 20% growth in capacity until 2015 – 620 MMTPA (68 new refineries)

51 new refineries are planned in Asia Pacific, Middle East and Africa

Middle East refineries will primarily focus on export (370 MMTPA)

Asia Pacific (except from India) focused more on domestic markets (240 MMTPA)

Very little expansion in Europe and North America due to environmental regulations

Top 5 countries (Saudi Arabia, Iran, India, China, Brazil) – 43% of the total growth

High demand for petroleum products increases competitiveness of the industry

Oil Trade – Changing patterns...

Oil supply dynamics changing

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

Oil demand sourcing matrix changing

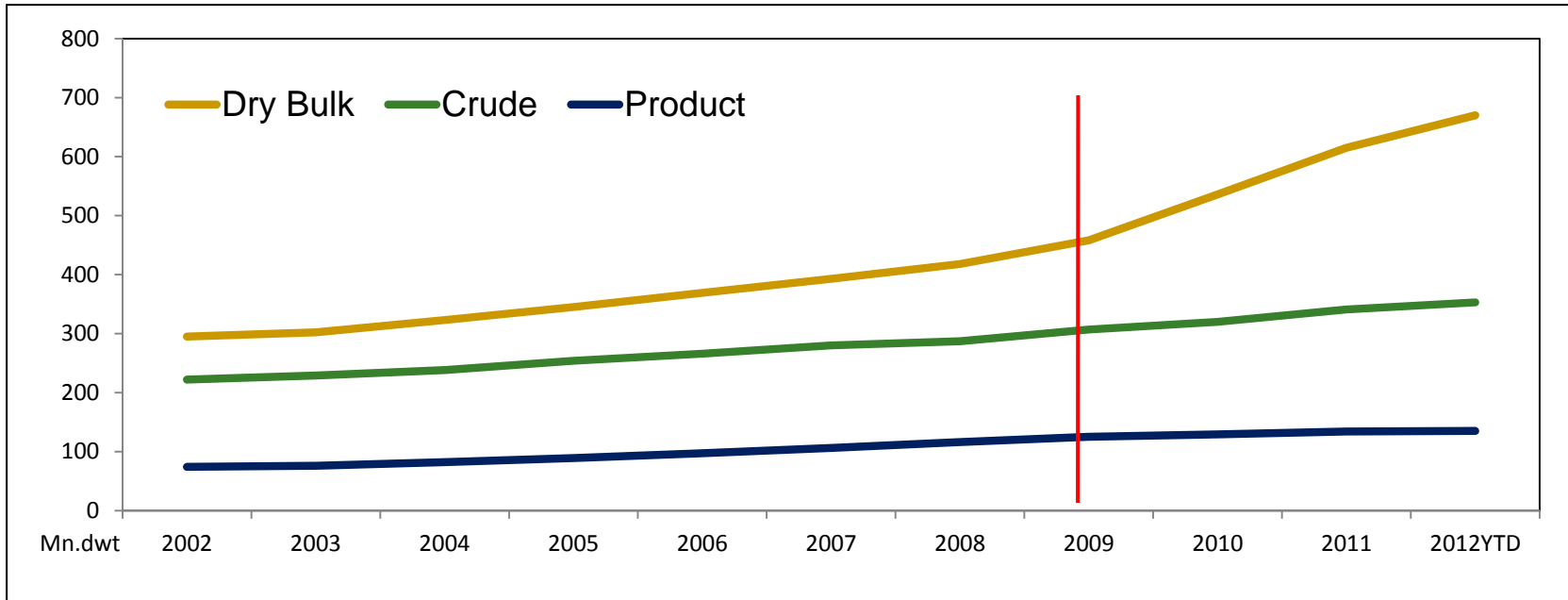
China & India in forefront

Other Market Developments

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

Resulting in long haul trade routes...

World Fleet Growth



Fleet growth 2002-2012

(mn dwt)	2002	2007	2012 (Jan-Sep)	% change (2012 over 2002)
Dry	295	393	670	127%
Crude	222	280	353	59%
Product	74	106	135	83%

... Fleet continues to grow

World Fleet addition*	Fleet (as on 1 Oct'12)	CY2012	CY2013	CY2014 +
	(in mn dwt)			
Crude tankers	352.1	4%	7%	2%
Product tankers	135.5	3%	4%	3%
Dry bulk carriers	670.3	8%	9%	3%

Source: Clarksons

*includes only new building from yards

- 2% of world tanker fleet is single hull

Scrapping... too little to cheer

Fleet as on 1 st Oct'12		Scrapping (in mn dwt)	CY2008	CY2009	CY2010	CY2011	CY12 YTD*
(in mn dwt)							
352.1		Crude	2.2	5.0	7.1	6.9	8.9
135.5		Product	2.2	3.8	5.8	3.0	1.9
670.3		Bulk	5.5	10.4	5.7	22.2	28.4

* As of 1'Oct 2012

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

Global Shipbuilding... Shrinkage in Capacity

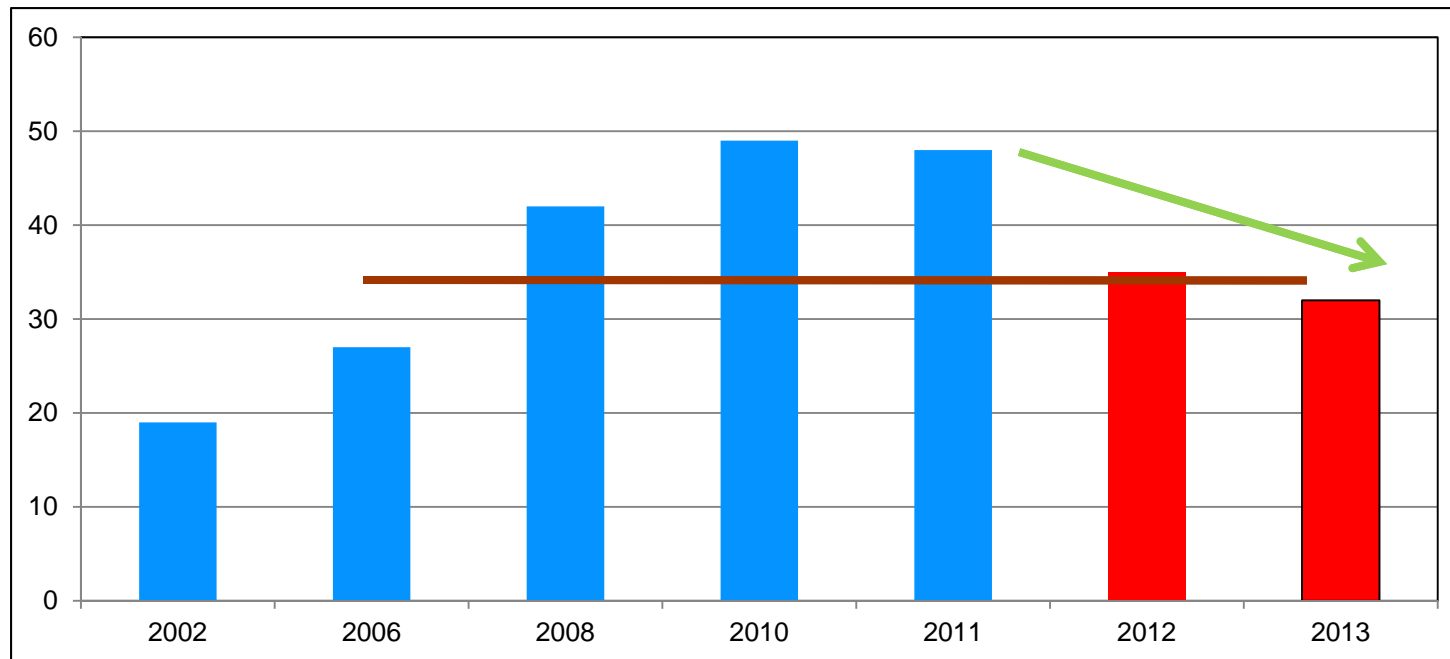
Capacity to contract due to combination of:

- 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 (mn.gt)



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

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	PSVs
Current Fleet	556	3,008	2,385
Orderbook	73	213	389
% of O/B to current fleet	13%	7%	16%

As on 1,Oct'12



THANK YOU

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