

The Great Eastern Shipping Co. Ltd.

Business & Financial Review

Oct 2007



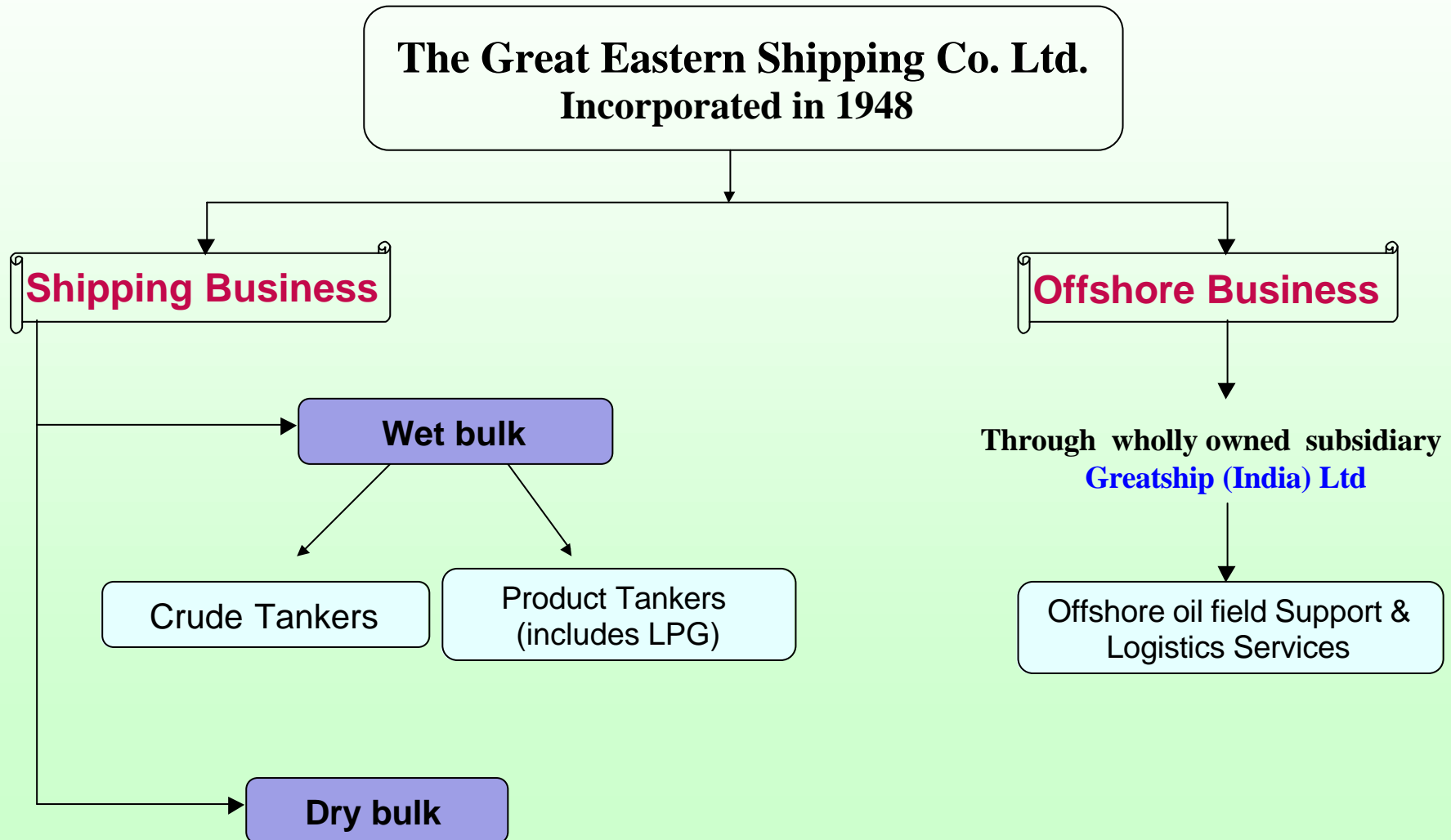
Forward Looking Statements

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.

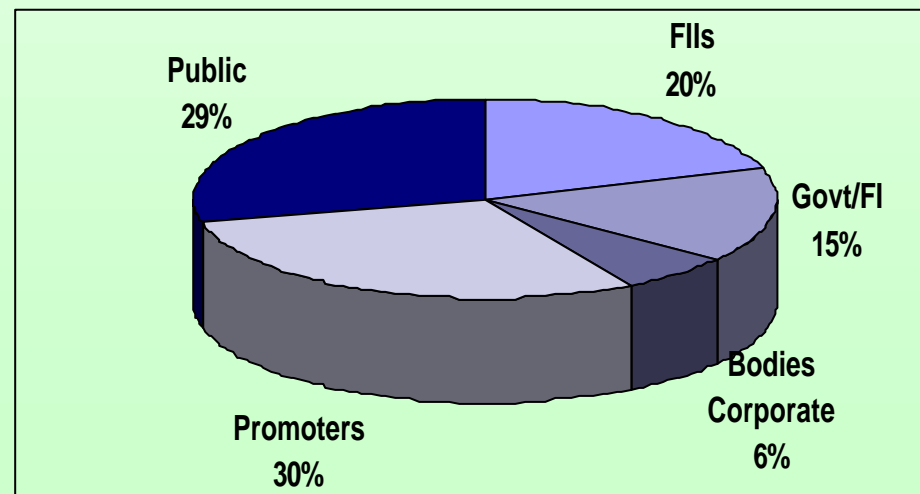
Corporate Profile



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





Market Information

	In Rs.	In US\$
NAV (as on 30 Sep-07)	492	12.3
Share Price*	453	11.32
Total Market Cap.*	6,902 crs	1.7 bn

Shares outstanding	152.2 mn
P/E (based on FY06-07 EPS of Rs. 58)*	7.8
Daily Average Volume (last 12 mths)	0.26 mn

*As on 22 Oct'07

At exchange rate 1 USD= Rs 40.



Asset Profile

Shipping business

❑ 49 ships aggregating 3.34 Mn dwt, avg.age 11.2 years

❑ **36 Tankers** avg.age 10.6 years (79% in tonnage terms)

❑ 14 Crude oil carriers (6 Suezmax, 8 Aframax) avg.age 8.9 years

❑ 20 Product tankers (2 Panamax ,11 MR, 7 GP) avg.age 13.3 years

❑ 2 LPG carriers – avg.age 24 years

Double hull status – 19 tankers representing 64% 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

Contracted to sell - 2 Aframax Tankers aggregating 0.21 mn.dwt., delivery in Q3 FY 2007-08

Committed CAPEX – Shipping Business

Committed Capex of around USD 319 Mn

- 6 new building contracts aggregating 0.46 mn. dwt

✓ FY 2009

- 2 NB, LR 1 Product Tankers (Q2)

✓ FY 2010

- 2 NB, LR 1 Product Tankers (Q3)

✓ 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	3.18	3.07	2.93

* 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 521 Mn*

✓ FY 2008

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

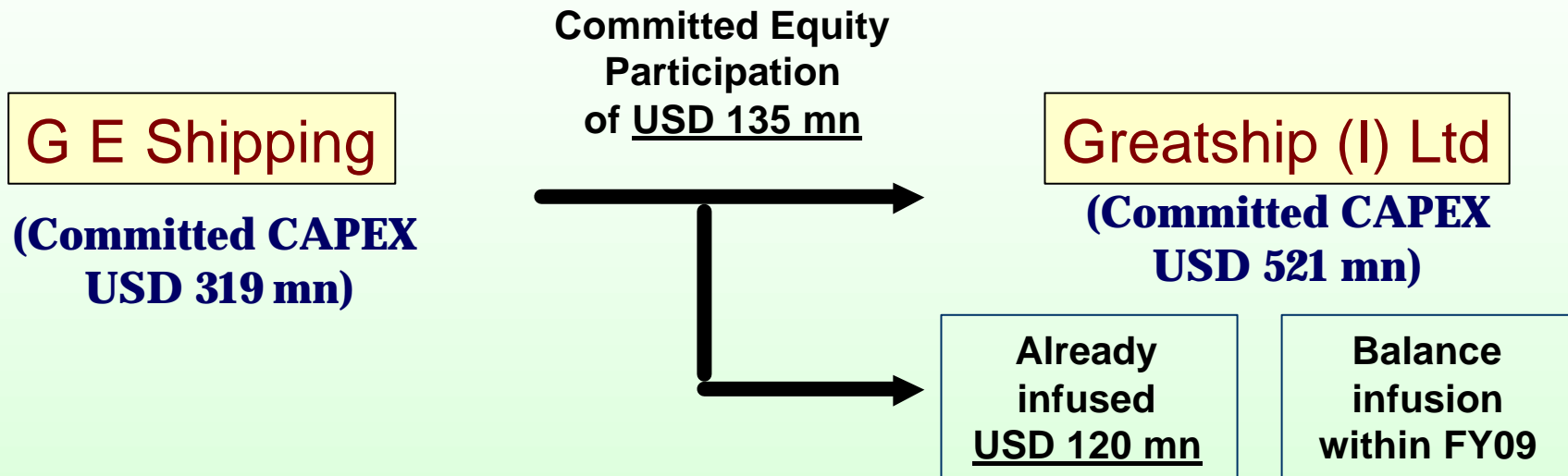
✓ FY 2009

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

✓ FY 2010

- 2 NB 80T AHTSV (CDL, Labroy) (Q1) ———→ **18 vessels at end of FY10**
- 1 NB 80T AHTSV (Labroy) (Q2)
- 4 NB MPSVs (Keppel Singmarine) [(2 in Q2 & remaining in Q3 & Q4)]
- A New Building 350 ft Jack Up Rig (Keppel) (Q3 FY 2009-10)

Committed Capex



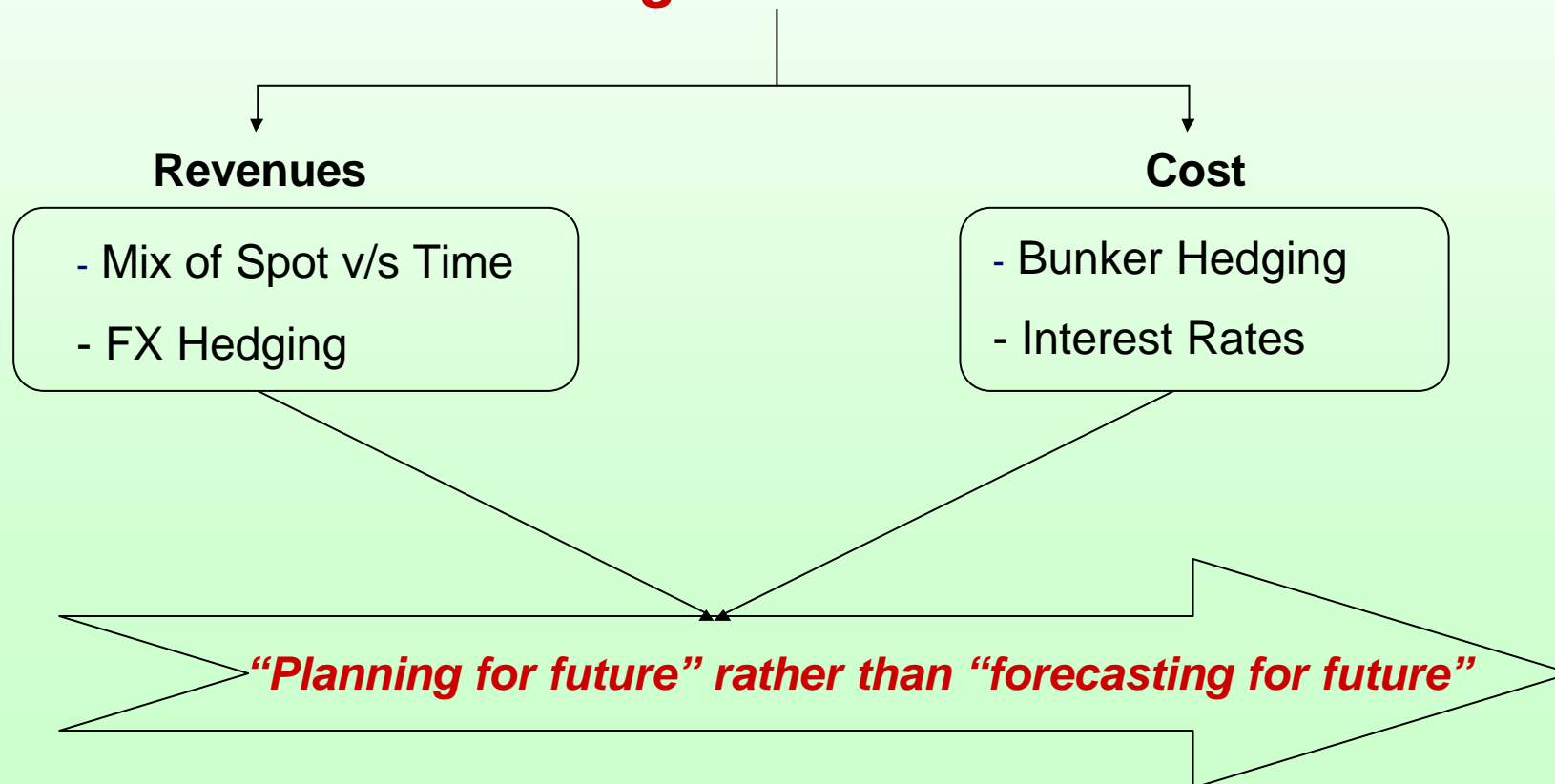
**Total committed CAPEX of USD 840 mn
Spread over next two & half years**

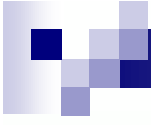
To be financed with a mix of debt & internal accruals

Business Philosophy

Strive to deliver through the cycle

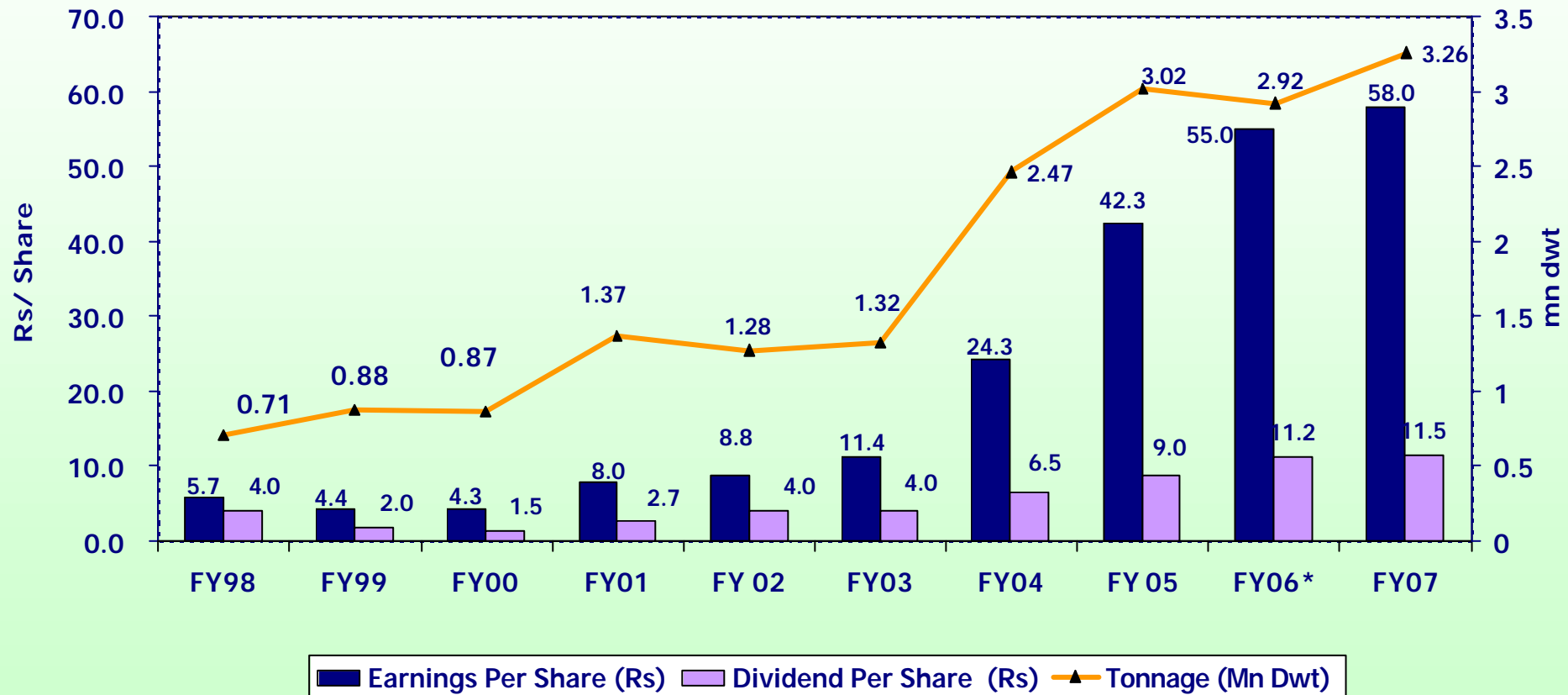
Risk Management Mechanism





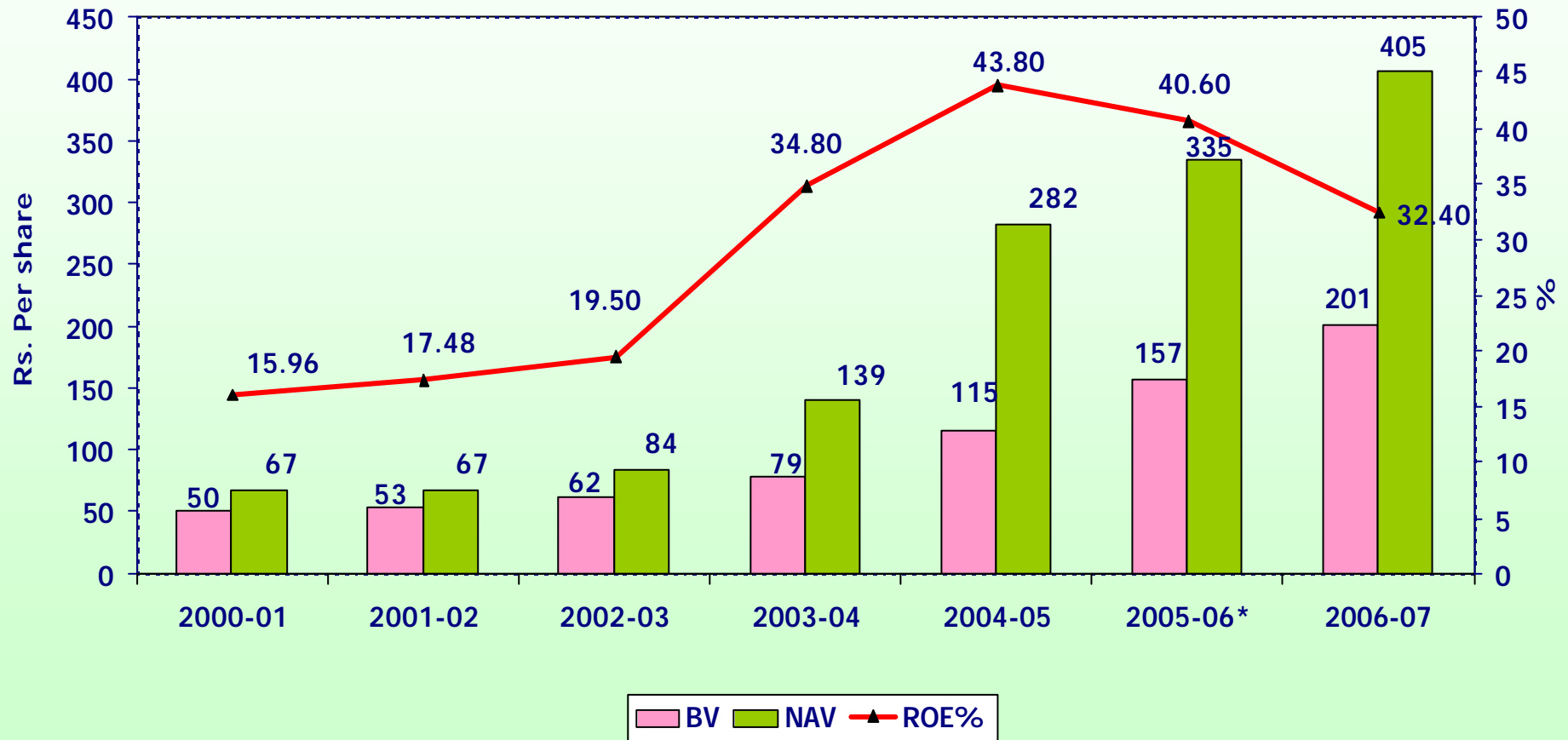
Financial Review

Performing through the years. . .



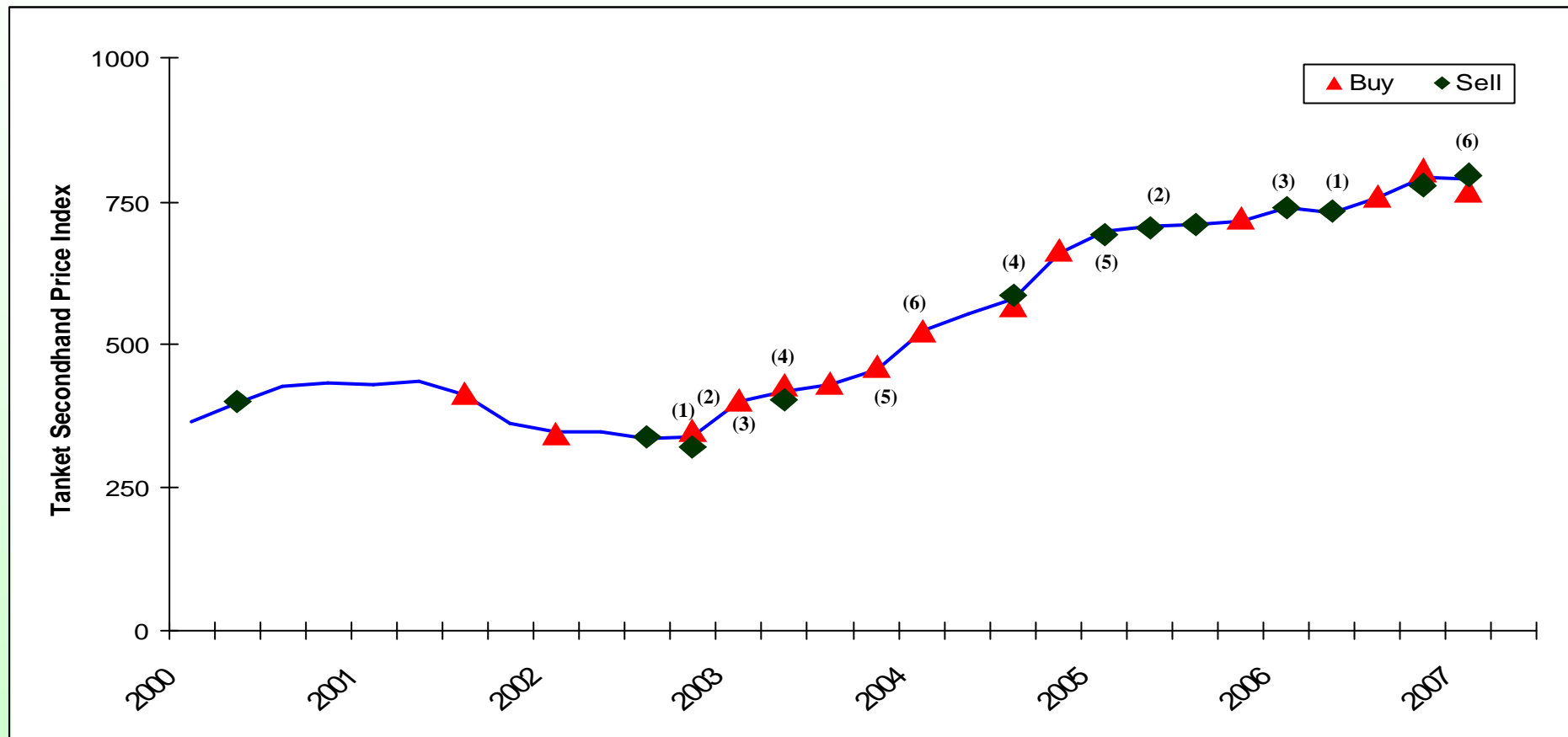
* relates to shipping business post demerger

Performing through the years. . .



* relates to shipping business post demerger

Timing acquisitions and sales –Monetising values



1. Jag Prachi (Jan'03 , May'06) 2. Jag Prakash (Feb'03, Nov'05) 3. Jag Leena (Jul'03, Aug'06) 4. Vasant J.Sheth (Nov'03, Apr'05)
5. Jag Laila (Nov'03, Jul'05) 6. A.H. Bhiwandiwalla (Jun'04, Jun'07)



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

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 Details – Q2 FY08

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%



Shipping Markets in Q2 FY08

- **Sharp correction in Crude Tanker Rates**
 - General summer depression in rates got aggravated by warm winter
 - Liquidation of Inventories

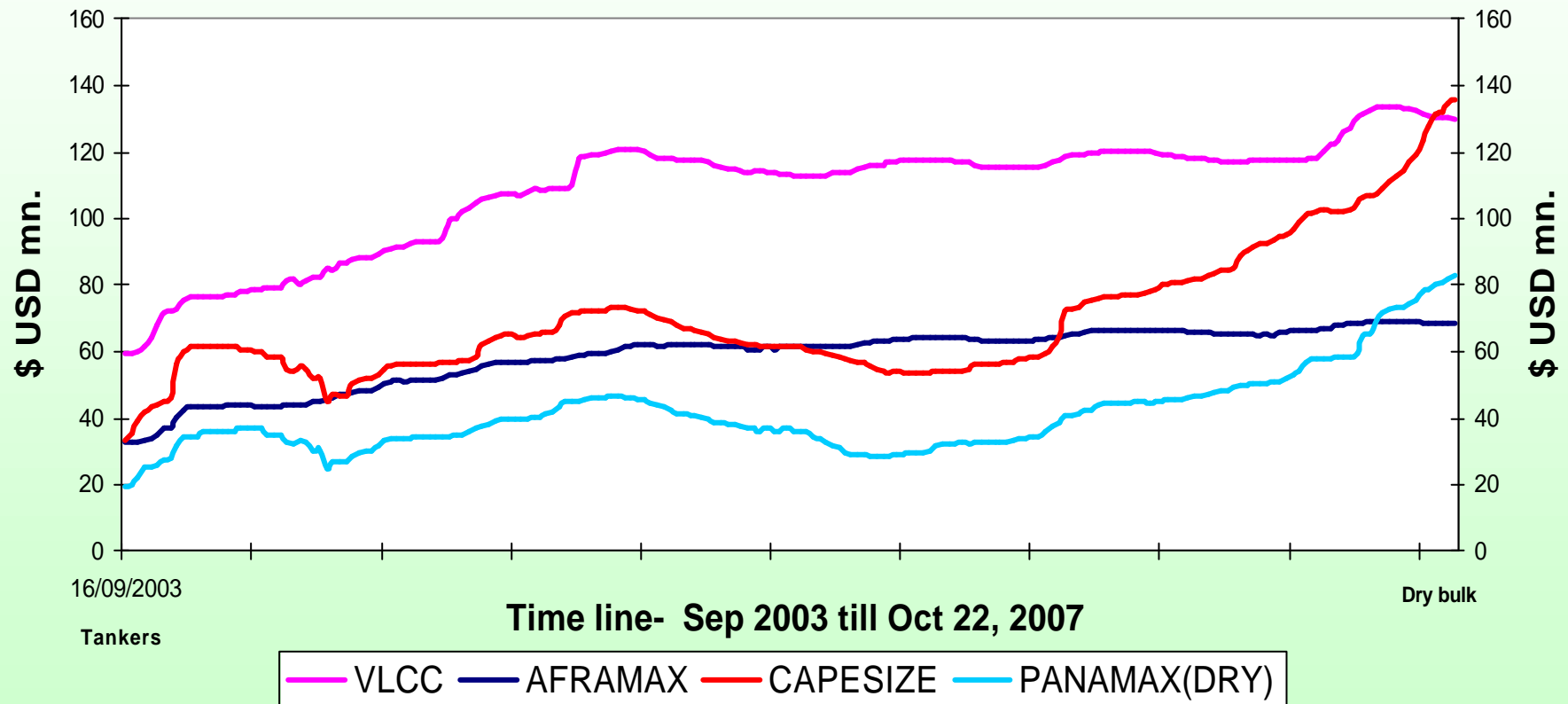
- **Product Tanker Rates too witnessed softness**
 - Large refineries went through their maintenance period
 - Draw down in inventories by the refineries

- **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)





Global Shipbuilding Status

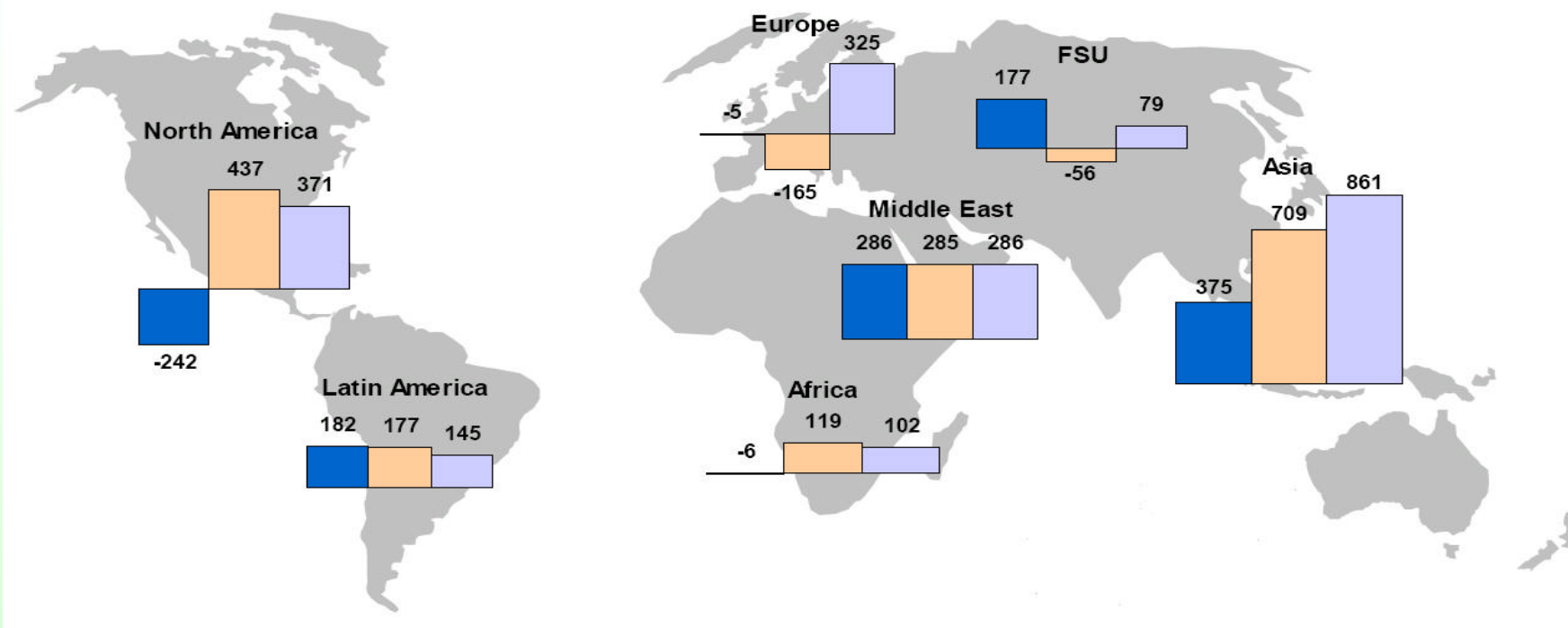
- ☛ **Highest order book since 1973; 40.4% of tanker & 48% of dry bulk fleet on order**
- ☛ **Order book for associated marine equipment (engines, crankshaft and on-board navigation system) have also reached record high**
- ☛ **Regulatory environment contributing to increased costs**
 - ✦ IMO anti - fuel pollution rules may enhance operating costs
 - ✦ IACS's Common Structural Rules have increased construction costs
- ☛ **NB Prices driven by rising steel prices, depreciating USD and global liquidity & benign long term interest rates**



Shipping Industry Outlook

Oil Markets clouded by uncertainty

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

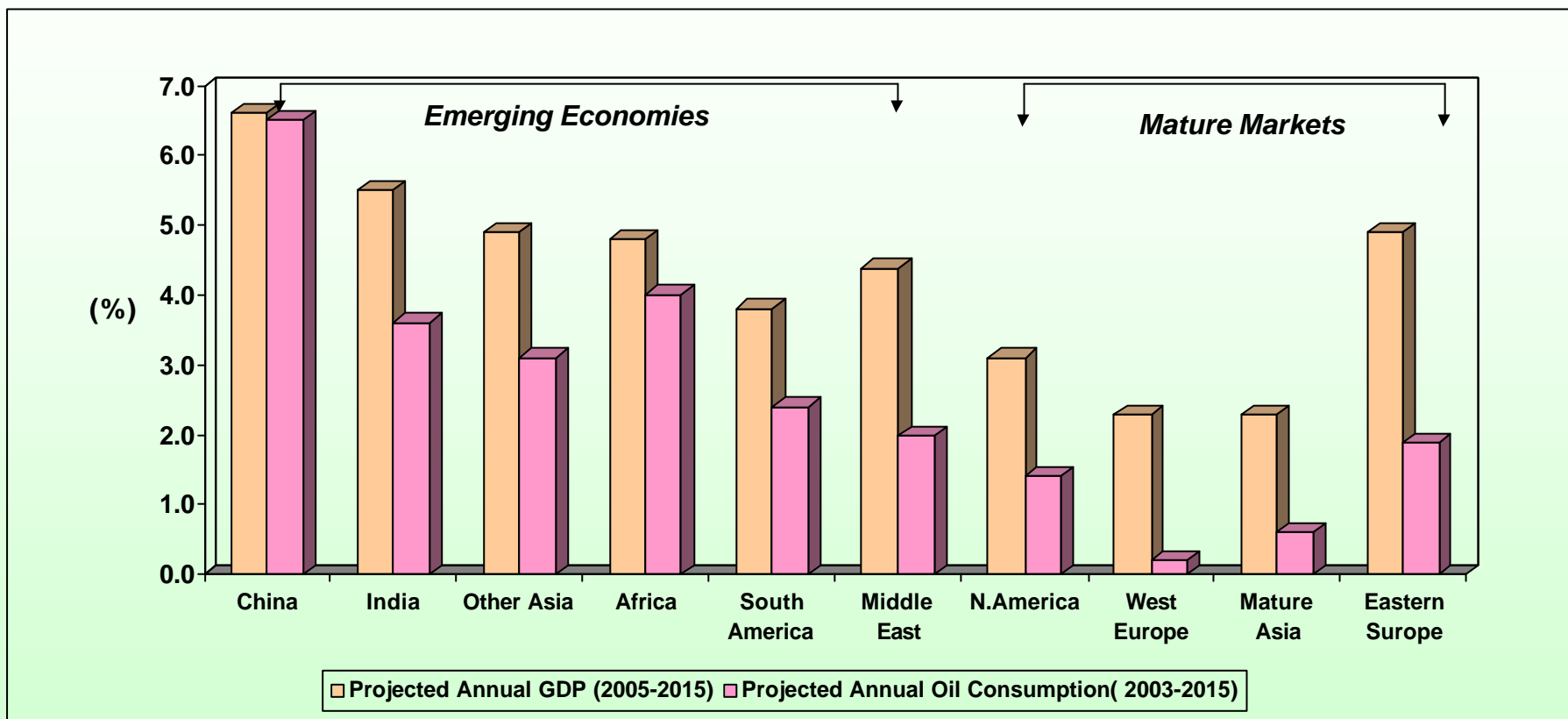


IEA – Aug'07

💡 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	Forecast	Actuals	Forecast	Actuals	Forecast	Actuals	Forecast	Actuals
Oil demand growth	1.5%	3.7%	2.2%	0.94%	1.8%	0.9%	1.7%	?	2.4%	?

Strong Oil Consumption Growth



Source: Energy Intelligence Agency

IEA's World oil demand forecast revised
To 1.7% increase for 2007 to 85.9 mbpd

Tankers

- Crude:
 - Changing trade patterns
 - Low inventory levels to increase the vulnerability to any supply shock effect –
 - Weather
 - Geopolitical
 - Floating storage demand
 - Likely increase in OPEC & non-OPEC production

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

Tankers

■ Product:

- Strong product trade movement likely due to -
 - Ensuing winter demand
 - New refineries away from large consumers leading to ton-mile demand increase
- Supply overhang to be fully absorbed by 2008 as refining capacity in Mid.East & Asia picks up

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

Dry Bulk

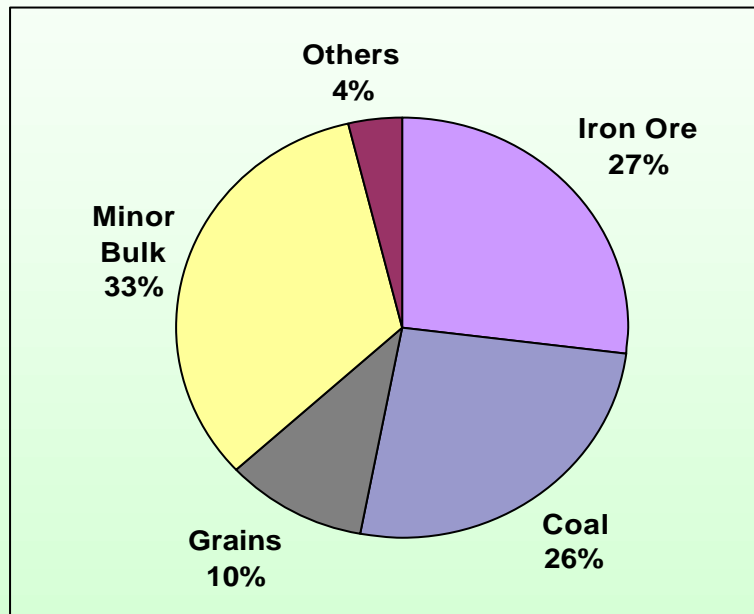
- Rates to remain firm on strong Asian demand for Iron-Ore & Coal
- Change in trade patterns as importers turn to far away sources
- Reduced shipyard deliveries & an aging world fleet

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

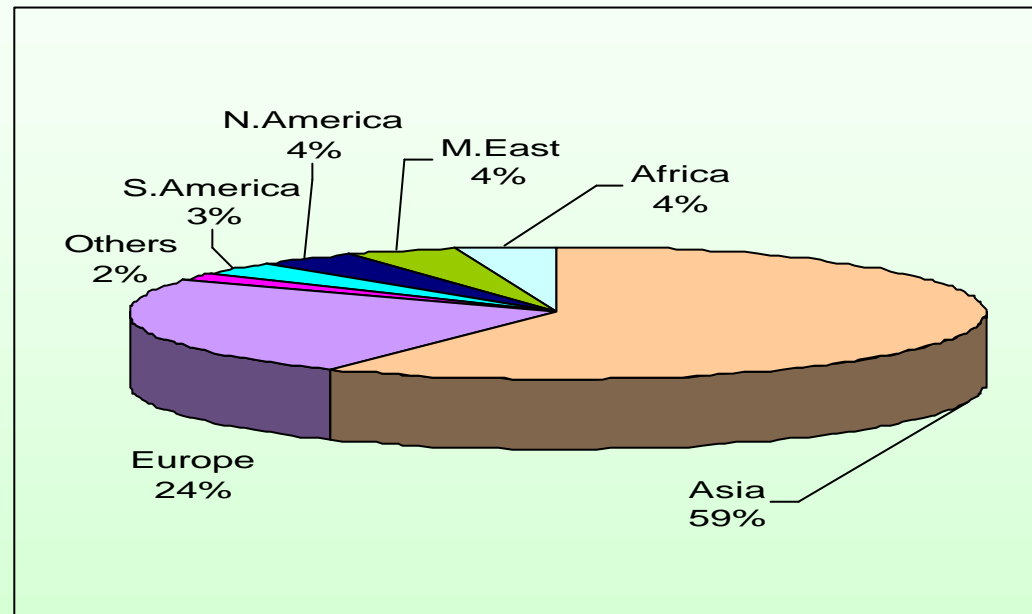
30% of world fleet over 20 years of age !!

Dry Bulk – Growth Driven by Asia

Breakup of commodities transported

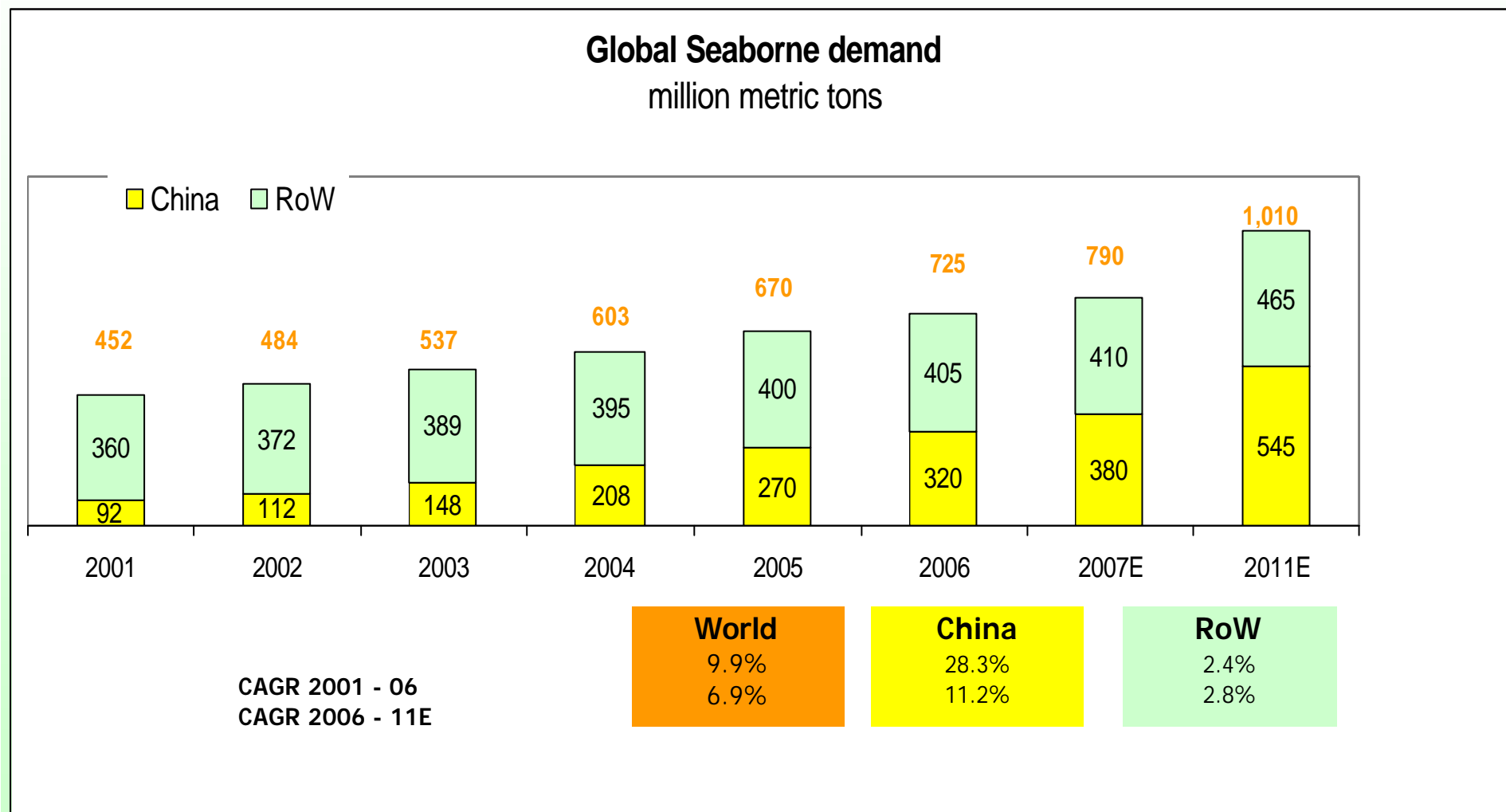


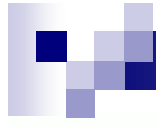
Imports - Regional Distribution



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

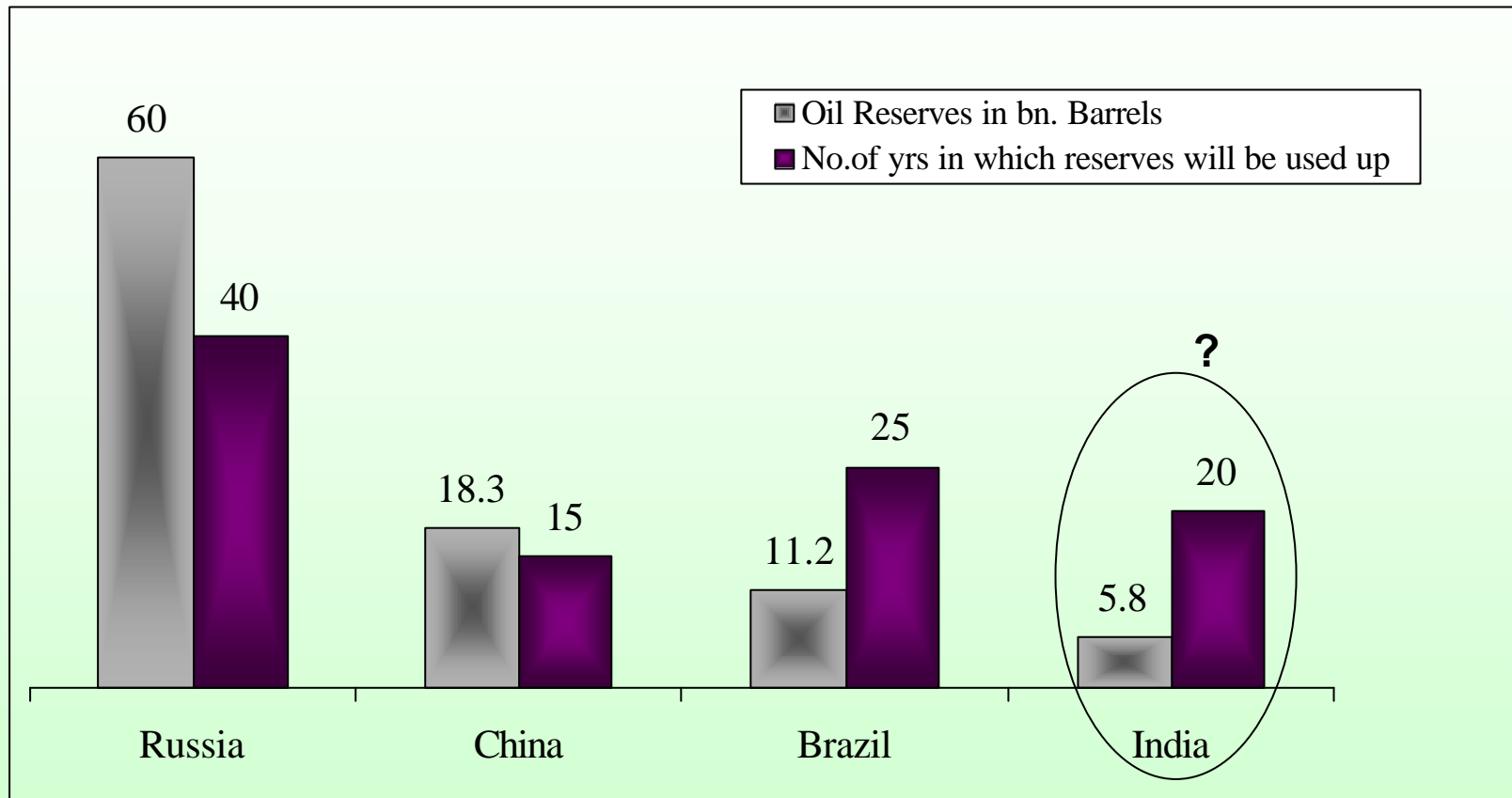
Iron ore trade – stronger growth in the offing





Offshore Industry Outlook

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 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

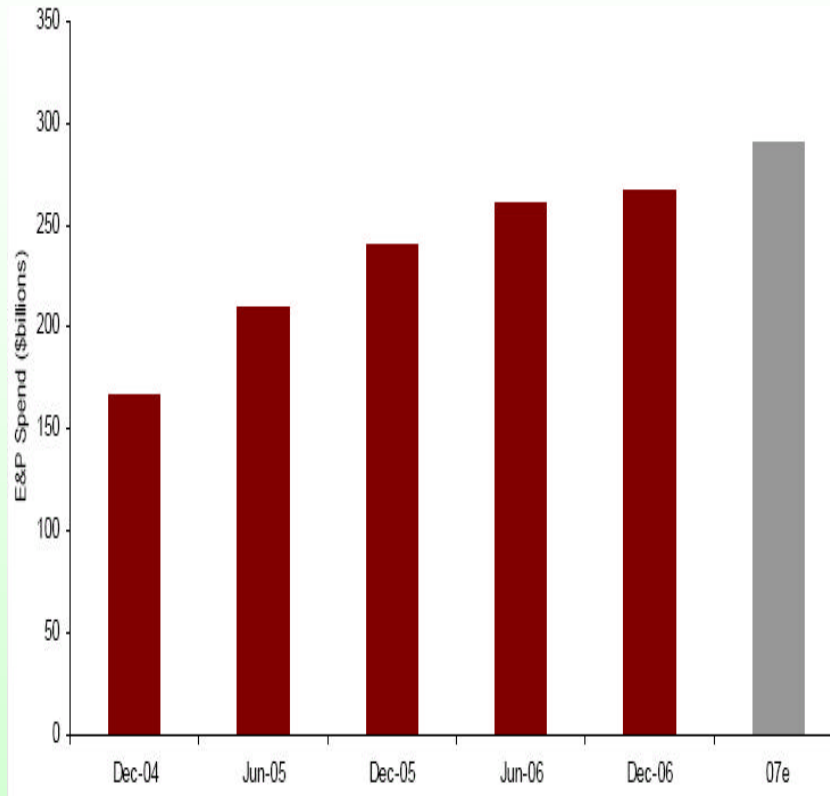
Increase in E&P Budget

- ✓ Lehman Brothers analysis of E&P expenditure budgets suggested expenditure was to increase by 9% at the beginning of 2007 from 2006. In June '07 this estimate was increased to 13%.

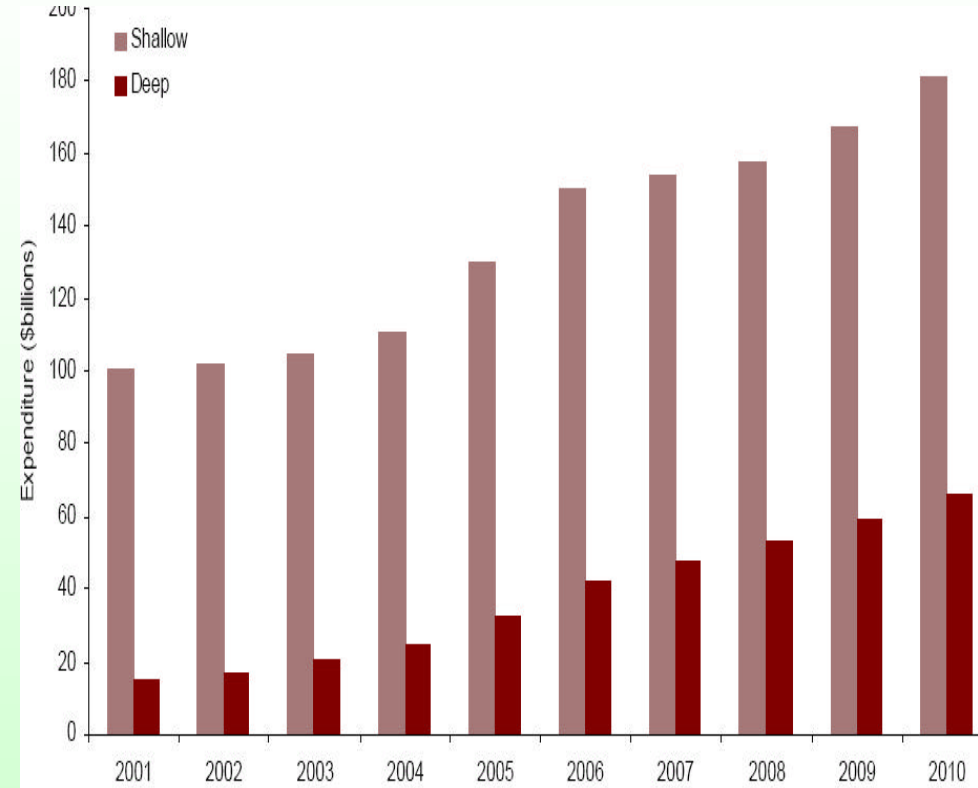
	June 2007 Survey <u>2007E Budget</u>	December 2006 Survey <u>2007E Budget</u>	<u>\$ Change</u>
Sinopec	6,700	4,200	2,500
China National Offshore Oil Corp. (CNOOC)	4,162	2,406	1,756
BP	8,500	6,905	1,595
PetroChina	15,068	13,600	1,468
Petroleos de Venezuela, SA (PDVSA)	8,000	6,800	1,200
Statoil	6,525	5,475	1,050
Inpex Corp	3,000	2,130	870
Rosneft	5,030	4,400	630
Occidental Petroleum Corp.	1,856	1,250	606
PTT Exploration & Production	1,655	1,086	569
Talisman Energy	2,620	2,070	550
TNK	3,400	2,900	500

Source: Company data and Lehman Brothers estimates

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*	2,068	1,476	1,274
Orderbook	447	220	160
% of O/B to current fleet	21.6%	14.9%	12.5%

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

* Data as on Sep'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 781.65 mn 25 discoveries made
Post NELP (i.e 2000–2006) – Investments made on Exploration USD 1451.18 mn, 40 discoveries made



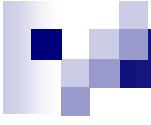
Good times, but how long will it last?

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