THE GREAT EASTERN
SHIPPING COMPANY LIMITED
CIN: L35110MH1948PLC006472

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Our Ref.: S/2026/SECL

November 16, 2026

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National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1,
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BSE Scrip code: **500620**

Trading Symbol **– GESHIP**

Sub: Transcripts of Earnings call conducted on November 11, 2026

Dear Sir/Madam,

Further to our letters dated November 05, 2026, and November 11, 2026, please find enclosed transcripts of the earnings call held on November 11, 2026.

We request you to take the same on record.

Thanking You,

Yours faithfully,

For **The Great Eastern Shipping Company Limited**

Anand Prabhakar Punde
Digitally signed by Anand Prabhakar Punde
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“The Great Eastern Shipping Company Limited

Financial Results for Quarter Ended 30th September 2026”

November 11, 2026

MANAGEMENT: MR. G. SHIVAKUMAR – EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER – THE GREAT EASTERN SHIPPING COMPANY LIMITED

Moderator: Good evening, ladies and gentlemen. Thank you for standing by. Welcome to The Great Eastern Shipping Company Limited Earnings Call on declaration of its Financial Results for the Quarter Ended 30th September 2026. At this moment, all participants are in listen-only mode. Later, we will conduct a question-and-answer session.

I now hand the conference over to Mr. Shivakumar, Executive Director and CFO at The Great Eastern Shipping Company Limited. Thank you, and over to you, sir.

G. Shivakumar: Thank you. Good afternoon, everyone, and thank you for attending this conference call, this quarterly conference call. We have kept it a couple of days later than usual because we were told that a lot of people will be out for the long Diwali weekend. So you would have had time to take a look at our results and our presentation as well.

Nevertheless, I will take you through the presentation quickly, and then we can jump straight into Q&A. Standard disclaimers apply. Another very profitable quarter, slightly lower than the previous immediately preceding quarter, but second highest in historical terms.

The NAV is at its highest ever, and the interim dividend has been maintained at the previous quarter's level of INR14.40 per share for this quarter. I will not go too much into these numbers. Let us look at what the markets have done.

First of all, looking at the Suezmax earnings, the one caveat I will put, while it shows earnings spiking to between $600,000 and $700,000 a day, you need to keep in mind here that this includes some routes that get a huge risk premium, because they involve physical danger to the ships, their cargoes, and their crews.

There are two specific routes. One is loading from inside the Strait of Hormuz, that is loading from either Iraq or Ras Tanura, or from Abu Dhabi. The second is loading from the Black Sea port of Novorossiysk, which again has seen several attacks from Ukraine. This is a Russian port where oil is loaded.

While the oil itself is not sanctioned because it is not Russian oil, it is Kazakh oil, but a lot of ships have been attacked while waiting to load at Novorossiysk or after they have loaded there. So, those two loading areas get a huge premium, which of course we do not participate in, and therefore, that number has spiked because of the big premium which is attached to those loading areas.

Without those, the average Suezmax earnings would probably have maxed out at about $350,000-$400,000 a day on the spot market. This was about a month ago, maybe in very late September or early October, when Suezmaxes were at those levels.

In the last 10-12 days, rates have dropped off very significantly for crude tankers, specifically for Aframaxes and Suezmaxes. Suezmaxes, the rates that we are talking about, $350,000-$400,000 at the peak month ago, are currently at about $130,000-$150,000 a day.

Still very high numbers in historical terms and even in comparison with last year, but they have come off a lot, and every day we see these rates coming off by $15,000, $20,000, $25,000 a day. This market action was caused by the renewed traffic through the Strait of Hormuz.

There is now a standard process where there are some ships which are just doing what we call a shuttle service. They load inside and come outside. They discharge into another ship, which then takes the oil to the ultimate destination. The ships which are doing the shuttle earn a huge premium. What happens because of this is that the entire supply chain has become very inefficient.

Typically, a Middle East to Far East voyage takes about 45, 46 days on a VLCC. This shuttle process, because you have to load twice, you have to discharge twice, the ship is loading inside, coming outside, then offloading to another ship, and that adds eight to nine days on average to the voyage time, which is an 18%, 20% reduction in efficiency.

And that resulted, again, when efficiency gets reduced, the market becomes tighter, and therefore rates spike. That is what we saw last quarter, which is, this happened in August, September, and up to early October.

Product tankers took some more time to react, so now they are at an MR tanker is probably around $50,000 to $60,000 a day, where we had, again, we had a shortage of diesel, we had diesel crack spreads going up a lot, and therefore this trade continues to be reasonably strong.

It has not yet faced the kind of correction that we saw in the Suezmaxes and Aframaxes. Looking at the order book, the order book is pretty high for crude tankers. It is about 22% for the product tankers.

On dry bulk, it has been nowhere near as exciting as in the case of the tankers, but it still has been at profitable levels. Coal trade has grown a little bit. The iron ore trade has grown. Bauxite continues to be strong.

Therefore, the ships continue to be earning at reasonably profitable levels. Capesizes, which were at around 40,000 in September, have now come down to the 30,000-ish level, 30,000-35,000 level. So, it has come off a little bit, but again, higher than it was in the previous year.

The prices across the board have gone up, so bulk carrier prices are probably up 5% to 10% during the quarter. Tanker prices for the large crude tankers, the Suezmaxes, it has probably gone up 50% in the last quarter, which is reflected in our net asset value.

For the smaller tankers, probably between 5% and 20%, depending on the vintage of the fleet. Coming to LPG. LPG, of course, all of our ships are on time charter, but these are the spot rates. The spot rates have been exceptionally strong, again, because of the disruption.

Basically, the LPG is not coming out so much through the Strait of Hormuz, and this is being sourced from the U.S., which is, of course, a much longer ton-mile, and this has led to a tightness in the fleet.

So, we are seeing spot rates at about $140,000 a day in H1, versus $55,000 in the same period the previous year. Again, I must emphasize, our ships are all on time charter, fixed rate time charters, except for one, which has a profit share built into it. I mentioned already on asset price movements, you can see that almost vertical line in crude tankers, and you can see everything else is moving up quite gradually. LPG also saw a big spike.

The order book continues to be solid. LPG orderbook is now almost 40% of the fleet. The order book is almost 40%. As I said, crude tankers, 28%, product tankers, 22%, and dry bulk also starting to pick up. So, we are now at almost 16% of the existing fleet.

This is year-wise. We won't go too much into it. Scrapping, of course, logically, you would not be scrapping ships when earnings are so high. So, earnings have kept scrapping to very minimal levels. Typically, the tankers which have been scrapped tend to be those which have been sanctioned and are very old, and therefore, because they don't have an opportunity to trade and take advantage of these markets, they just opt to scrap the ships.

Coming to the offshore business, jack-up market utilization remains quite decent. Of course, there is some turmoil in the Middle East about contract suspensions, rigs put on standby, etcetera, but not much change in the jack-up utilization. Won't go into this. This is a standard slide on the age of the fleet. We have repricings. Here, we have a couple of updates.

We have got two contracts in India, 3-year contracts for two of our rigs. So those now show on the extreme right of this graph, as the two rigs which next need repricing in H2 FY30. These two rigs will go onto their contracts in the next 6 months and will be employed all the way up to FY30.

So we only have one rig left now for which we need to find employment. Apart from that, we also have eight vessels which are up for repricing. Four of these have been bid into tenders in India. We await the outcome of those tenders. These are general overviews. I will just. We have added, in the last quarter, we only did two transactions.

One is we sold our 2009-built LR2 tanker, Jag Lokesh. We replaced with a more modern LR2 tanker, Jag Laxman. So that is a transaction which was done in July, a set of transactions which was done in July. After that, we have added two vessels in the last week. That's one Kamsarmax, the Jag Amit, which is 2015 built and the Jag Vikrant, which is a very large gas carrier, which is also 2015 built.

The Jag Vikrant comes with a charter attached, so she's on a fixed rate contract for almost 3 years. This goes up to around September 2029. Again, she will not be participating in the current spot market. She has no pricing points for the next almost 3 years. Apart from this, we have two more vessels where we've committed.

We have a Kamsarmax bulk carrier, which, again, will be delivered to us within this month or the next month. This is a 2019-built bulk carrier. And we have a new building Suezmax tanker,

which will come to us in about 2 years' time, a little over two years time. You can see what happened here.

Just focus on the TCYs. You can see what happened here between Q1 and Q2 and why the shipping profitability came down a bit. We had average TCY of about USD93,000 a day for crude carriers in Q1, which came down to about USD73,000. The big impact was felt by the Aframaxes, which were averaging about almost USD85,000 in the first quarter and that came down to about USD50,000 in the second quarter.

So that's mainly what dragged down these TCYs. Product tankers as well came off quite a bit in the quarter, from USD45,000 on average to about USD32,000. LPGs, the repricings took our rates up slightly from USD41,000 to USD46,000 and dry bulk, again was a small improvement from the previous quarter.

But the big down was from the crude and product tankers in Q2 over Q1. We have done two time charter transactions and this is something we had generally tended to operate our crude tankers, our Suezmax tankers on the spot market. In the last quarter, we have tied up two of our Suezmaxes on 1-year charters each.

So they have gone onto the charters in August, September and those will be out till one of them is an in-charter ship, one is an owned ship. Both of those are locked in now till August, September next year. But otherwise, we had one LR2 tanker as well, which we fixed out on charter in July, the Jag Laxman.

We took delivery and fixed her out on a 1-year charter, again, at a very profitable level. So she has also been fixed on charter. As I mentioned, the LPG carrier that we took delivery last week also has a charter attached, which goes for 3 years. I think nothing else really to highlight. We have the usual slides here, but we are happy to I think we will straightaway go to Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Rajesh Jain, Individual Investor. Please go ahead.

Rajesh Jain: Yes. Hi. Thanks for the opportunity. Sir, congrats on a great set of numbers. So my first question is, when the rates had spiked in September and early October, they were close to all-time highs, right? for crude especially, right?

G. Shivakumar: Yes.

Rajesh Jain: Why did you not fix more of your crude and product tankers on time charter for 2 years? So you mentioned that you have fixed two of your ships on 1-year charter and out of that, one is in-chartered and one is owned, right?

G. Shivakumar: Yes.

Rajesh Jain: What was your thought process in not fixing more ships on time charter for longer duration, even if it was 20%, 25% below the spot rate?

G. Shivakumar: Okay. Unfortunately, the rates that were available, it is a good question. The rates that are available in the time charter market were at a very, very big discount to the spot rates. So, for instance, when rates were at USD300,000 a day in the spot market for a Suezmax, the 2-year time charter rate was probably around USD60,000 or max USD70,000 a day.

So, the discount you have to take to fix on time charter is 60% to 70% at least. So, it was not available at a 20% discount to the spot rates. That only happens in weak markets, where you will get closer to a 20% discount, not a weak market. You will get it in a market which is normal strong market. Let's say at a USD45,000 spot market, you could possibly get a USD35,000 2-year time charter, but not in such a hot market as we saw in the last 3 months.

Rajesh Jain: Okay. Sir, if you were to fix, let's say, more of your ships at today's time charter rates?

G. Shivakumar: Yes.

Rajesh Jain: How much -- theoretically, how much of the PAT could you lock in for the next 2 years if you were to fix it at time charter? Would you be able to, let's say, lock in PAT of close to INR 2,000 crores or that number is much lower?

G. Shivakumar: Much lower. You will not be able to get. Okay, couple of things here. Some of the ships cannot be fixed on time charter. The ships which are very old cannot be fixed on time charter. Say if you have an MR tanker which is 18 or 19 years old, it cannot be fixed on. It is very difficult to fix on time charter except by discounting a lot.

But in this market, you cannot lock in these returns, these rates by fixing out, at least not in this market. Then you need a much stronger market, spot market, to be able to lock in these numbers. So, for instance, we have averaged USD75,000 for the crude tankers. In order to make that USD75,000 per day, then you can possibly lock in for the Suezmax tanker for -- at the top of the market, you could have locked in a Suezmax tanker at that number for 2 years, but certainly not an Aframax tanker for that period. So, you cannot lock in. So, if I am reading your question right, you are saying could you have made this profit, sort of, could you have created this base of profit just by fixing out and assuring yourself of this level of profit? Answer is no.

Rajesh Jain: Okay. Even then, why did you choose to fix only one Suezmax? Because you do have three Suezmaxes, right?

G. Shivakumar: We have three owned plus one in charter. We fixed one owned and one in charter ship. So, we fixed two out of our four Suezmaxes that we run. So, 50% of our Suezmax fleet is fixed.

Moderator: Thank you, Rajesh. I will request to come back for a follow-up question. Next question is from the line of Amit Khetan from Laburnum Capital. Please go ahead.

Amit Khetan: Hi, am I audible?

G. Shivakumar: Yes, Amit, you are audible.

Amit Khetan: Yes, hi. My first question is, the new Suezmax new build that we have taken, right?

Amit Khetan: This marks a significant departure from what we've done historically. Just want to get your thoughts on this. Does this reflect the management becoming a little more constructive in terms of doing more capex on the tanker market, or is this just a replacement capex where new build has become cheaper relative to, say, the older tankers which have moved up much more?

G. Shivakumar: Yes. A little bit of both. This is because we saw very high numbers on the second-hand ships. It's also getting -- looks like it's going to be a little difficult to replace ships for the next year or two, especially because prices have just gone to such high levels. We also saw a little pocket of value in this particular ship, and therefore we decided to go for it. This is again part of portfolio construction. Our ideal is to buy second-hand ships, where we would be able to maximize bang for the buck by buying, say, a 5-12-year-old ship in the weak markets. We also recognize that it may not be possible to execute at those levels, so you need to have a core of, say, very modern ships, like new building ships.

This is just a move in that direction, where you would take, and because you don't pay a huge premium for it that you would pay in the second-hand market, you also get a vessel with a reasonable break-even that you can keep for the long term.

Amit Khetan: Got it. But given that this is going to be delivered maybe two years down the line -- is it a fair assumption that you expect markets to remain relatively strong?

G. Shivakumar: More than expect market price to remain strong, it is probably an expression of our view that we may not be able to deploy all our capital even when the prices are weak. Because the cash generation which is happening because of the market. If we have to deploy all of that capital in the second-hand market, as I said, in those vessels which give you fantastic IRRs in an excel sheet, we are sort of recognizing that you may not be able to deploy, and we need to deploy in excess of $1 billion in ships. We are just doing this as a little bit of insurance in case we are not able to buy those cheap ships. What also happens…

Amit Khetan: But this would meet our…

G. Shivakumar: Sorry, go ahead.

Amit Khetan: No, I just wanted to confirm this would meet our hurdle requirement in terms of IRR based on whatever median rates we use in terms of determining the minimum IRR we need.

G. Shivakumar: Yes. Couple of things here. Maybe not… It will come close to it, not strictly so possibly, but it will form that base where you have much more optionality, where you can lock in charters and things like that because it is such a modern ship. We believe that it will turn out to be a decent investment.

Moderator: Thank you. Amit, I will request to come back for a follow-up question. Next question is from line of Vijay Kumar Subramanian from Trustline Holdings. Please go ahead.

Vijay K. Subramanian: So, actually, in the earlier today morning interview with CNBC, you were referring that the current shipping prices are at elevated levels, and that is captured in the net asset value of your currently…

G. Shivakumar: That is right.

Vijay K. Subramanian: So, what do you think if the NAV, if you consider a pre-war level, what would be the fair value of the NAV we should consider?

G. Shivakumar: Sorry, when you say pre-war, this is pre this Iran war, because there are a couple of wars going on currently.

Vijay K. Subramanian: Yes, Iran war. Yes.

G. Shivakumar: The Iran war…

G. Shivakumar: Yes. Sorry? Beginning of this year, January 2026, right?

Vijay K. Subramanian: Yes.

G. Shivakumar: If we priced, or rather we just put all the ships at their prices of January this year, we would probably be lower by about INR250 or so per share in NAV.

Vijay K. Subramanian: That's not bad. Okay. But today morning you were talking about the ships are selling at $80 million against which probably $40 million may be their fair value kind of, or $20 million you are looking at as a fair value.

G. Shivakumar: Yes. That's basically for the crude tanker. That has not happened so much for the other vessels. The example I gave was for a Suezmax tanker. It's not happened so much on the other sectors. The crude tankers have seen the most spectacular rise in prices in this last 3-to-6-month period.

Vijay K. Subramanian: That's my question. Thank you.

Moderator: Thank you very much. Next question is from line of Rajakumar from RK Investments. Please go ahead.

Rajakumar: Yes, thank you. Thanks for the opportunity. Sir, the first question is, I see that the freight earnings have softened Q-on-Q, but you are saying the asset prices have moved up. Just want to know what is the disconnect?

G. Shivakumar: Yes. This is just the normal leads and lags. Let's just take the crude tanker again, because it is the most extreme example. The crude tanker freight rates started strengthening significantly from around the middle of August. Let's say beginning, middle of August. The earnings, typically these are 45-60 day voyages.

If you fixed a ship on August 1st, typically the voyage would go on till sometime in September. The earnings that you are seeing of July to September will be the spot markets up to maximum August 15th, let's say.

The prices of the ships are influenced by the spot rates, including of September. If the market has spiked in September, the freight markets, those rates will be seen in the subsequent quarter P&L. However, the ship prices would already have reacted to those freight rates. It is just that timing thing, because you fix a voyage, you perform that voyage, and that comes into your P&L over the next 45-60 days.

Rajakumar: Okay. Got it, sir. I understand what you are saying. Okay. The second question is, I see that a company, the PSU company like IOC is pouring into shipping. They have asked for tenders for purchase ships. Do you think when a non-serious player like IOC is getting into shipping, is it something that we can call that the shipping industry is peaking, or the shipping cycle is peaking?

G. Shivakumar: I would not call them a non-serious player. They are one of our customers.

Rajakumar: From a shipping standpoint. They are not…

G. Shivakumar: Non-shipping, yes, non-shipping player. I think there are different strategic considerations. What is also happening and let me make this into a bigger picture thing. I think beyond finding the efficient way to do things, the world is moving into a situation or has been shaken so much that you say that I want to move from just in time to just in case.

For instance, India used to import maybe 90% of its LPG from the Middle East, because it is the most efficient route. You reduce the freight to the minimum possible, and it was most efficient. The issue which happens is, if you have a situation like todays, then suddenly you do not have supplies. Therefore, you have to now start hedging, even if it means that you find the -- You are not able to do it in the most efficient possible way. Even getting into shipping sometimes for an end user, today you will find, and not just today, over the last two months, the Middle Eastern oil companies, these are the producers and exporters of oil, have bought a huge number of either crude tankers or LPG ships, because again, they want to control their supply chain.

I think, of course, IOC started talking of doing this maybe several months before that. But this is sort of the direction in which we are heading, where everybody is looking more to protect their supply chains rather than just finding the most cost-efficient way of doing things.

Rajakumar: Okay. Got it, sir. Lastly on the buyback, I think – we are almost done with the 75% of the minimum threshold requirement. Given that the shipping cycle is kind of peaking, I hope the share price will also be volatile going forward. My request is if you could slow down your buybacks so that if there is any significant fall in prices, that can be cushioned, so the long-term investors are protected. That's a request.

G. Shivakumar: No, it is our intention to complete the buyback as soon as possible. We see the way that we looked at it is we put a cap of INR1,530 because we felt that is a reasonable price to buy it. This is the same approach where, and again, I'm taking it on a slightly broader philosophical level,

where you look at, say, you want to buy a ship, and you find that $35 million for that ship is reasonably cheap, but it could easily be $32 million in three months' time.

Are you tempted to hold out for that $32 million, which is a better price? I don't think we should do that. We think this is a good price at which to buy, and we will buy, and our intention is to complete the buyback, and we will, who knows what happens to markets. Yes, our intention is to try to complete it at the earliest.

Rajakumar: Okay. Got it, sir. Thank you so much.

Moderator: Thank you. Next question is from the line of Himanshu Upadhyay from SteadFort Investments. Please go ahead.

Himanshu Upadhyay: Yes. Happy Diwali to everyone. Yes, great results. I had a question I was going through a few months back on the annual report. One thing in our chairman's statement, we have stated that most of our newly acquired ships have overseas registrations and flags. Now, what does it mean? Are they bought in foreign subsidiaries, and how does it impact the business? Will it also lead to change in transaction? I'll just complete the question…

G. Shivakumar Yes, yes. Please, please.

Himanshu Upadhyay: Are they bought in, and how does it impact the business? Will it lead to any change in the taxation for the company? So, some clarity on all these aspects will be helpful.

G. Shivakumar: Yes. Yes, thank you. It's good that you asked the question because, I mean, it's probably not clear to a lot of people, and this gives us an opportunity to clarify. So, there is a provision where an Indian shipping company, that is an Indian shipping company registered in India, the company, can own ships under foreign flag.

This is something which came about 10 years ago. Before that, it was not permitted. An Indian shipping company could only hold ships under the Indian flag, and if you wanted a foreign flag, you needed to set up a subsidiary which would own those foreign flagships.

This provision came in 2014, and we have taken advantage of it. There are operational reasons and there are tax reasons for this, and the tax is related to indirect tax, not direct. The main operational reason is that we are under Marshall Islands Flag for all of these Foreign Flagships.

The Marshall Islands Flag has a better reputation internationally. Some of our customers, and you know that 80% Plus of our ships are working in the international market, and they prefer to have the Marshall Islands flag because it leads to minimal disruption at ports, and that's why we've opted to keep those ships under the foreign flag. They continue to be owned by Great Eastern Shipping Company, Mumbai, and operated from here. It's just the flag is different.

Himanshu Upadhyay: Okay. Any preference, let's say, historically, Indian Oil or large companies would prefer Indian companies, Indian ships, or Indian flagships. Those things remain the same, or is there any change in those?

G. Shivakumar: Sorry. Yes. Good that you asked that. In line of preference, we will be below an Indian-owned Indian flagged ship. We will be below that level in preference when it comes to, say, the Right of First Refusal for an Indian customer's business. However, we are okay with that. We have weighed that also in the decision. We are okay with that. So we are second in preference for Indian business vis-a-vis an Indian flagged ship.

Himanshu Upadhyay: Okay. The taxation will remain the same? Means, on these…

G. Shivakumar: Tonnage tax. Yes, yes.

G. Shivakumar: Tonnage tax applies. In fact, we pay Indian tonnage tax on these ships as well. Because…

Himanshu Upadhyay: Okay. Yes, thanks on that. One more thing. On the offshore side, if I look the previous PPT, there were four offshore vessels repricing in first half FY27, and four in second half FY27. But in this quarter PPT, it is now all eight vessels repricing in second half FY 2027.

Himanshu Upadhyay: So, Was there some extension in previous contract or delay in getting these…

G. Shivakumar: No, we did short-term contracts. Yes, we did some short-term contracts which come through in which get over in the second half. The four which were originally to be repriced will have to be repriced in the second. They continue. But the four which were to be repriced in H1 were put onto short-term contracts, which then come off in H2, and therefore we will need to find further business.

Himanshu Upadhyay: Okay. So, what were earlier four ships in second half to go, there we have already got the tenders, means what you were trying to explain in your comments…

G. Shivakumar: That is right -- We have bid into tenders. We have not got the awards yet.

Himanshu Upadhyay: Okay. Okay. And one more thing. The coverage days, what we give in the slide, okay?

G. Shivakumar Yes.

Himanshu Upadhyay: Is it at the end of, let's say, the quarter, so September 30th status, or is it as of the result day status?

G. Shivakumar: This is as of last week, really. Yes, this is as of last week. So after 30th September status. No, but it is for the period. So it is the status of last week, taking the full period, that is from 1st October to 31st December, into account.

Himanshu Upadhyay: Let's say when you give the crude carriers, the coverage of operating days, this is, I think, slide '26 or '27. Where it is 58% of it. It means as of 1st October, the status was 58% were revenue days were covered for the Q3 FY27.

G. Shivakumar: Yes. Yes.

Himanshu Upadhyay: Okay. Now it would be much higher.

G. Shivakumar: That is right. It will be much higher. That is right.

Himanshu Upadhyay: Okay. Okay. Yes, for further queries, I will join back in the queue.

Moderator: Thank you very much. Next question is from the line of Ojas Singh, Individual Investor. Please go ahead.

Ojas Singh: Yes. Thank you. I just wanted to ask you this. We hold about INR8,500 crores of net cash on our balance sheet, right?

G. Shivakumar: Yes.

Ojas Singh: And even if we discount the asset value to the values that we had, say, in January by INR250 that you guys just mentioned, we discount it, becomes like INR2,000 is the NAV right now, INR2,000, INR1,900, something like that. That becomes the NAV.

G. Shivakumar: Yes.

Ojas Singh: So, can we not do a buyback again? Once we complete this buyback, can we not do a buyback again so that we capture long-term value instead of giving dividends, like a INR14 dividend? Because it creates a tax drag. Don't you think the way of deploying capital and then getting long-term value out of it?

G. Shivakumar: Yes, so couple of things here. One is the regulatory aspect of a buyback. One of the reasons, and when I spoke to one of the previous callers, I said that our intention is to complete the buyback at the earliest. You cannot do another buyback for 12 months from the date of closure of the previous buyback. Okay?

So your clock starts from the day you close the buyback. Okay? That's why our intention is to do it as early as possible. So for the next 12 months, we are out, in any case, from whenever we close this buyback. So that's one.

The second is, I want to clarify. The decision to do a buyback is not one of returning money to shareholders. It is a capital allocation decision. We are doing a buyback as a way to buy our own fleet at a discount. Okay? So we are looking at it not as a replacement for buying ships -- not as a replacement for dividend, but as a replacement for buying ships, because we are getting ships at current values at a discount. So that's one.

Dividend we pay because we have shareholders who will not offer, and we have a lot of loyal shareholders who will not offer their shares even in a buyback. They hold their shares and they've held their shares for decades. And we believe that we still owe it to them if you're making a profit to pay a dividend. So we will continue to pay a dividend.

Ojas Singh: Okay. I just had that question, because I thought that giving everybody -- because any which ways, I think a large…

G. Shivakumar: Your statement is -- your calculation is very logical, that it is more tax efficient for a large shareholder. It is more tax efficient to tender in a buyback. But we found that it is not everybody who is tendering in a buyback, right? Some of our shareholders just want -- they have just held for many, many years. And again, because for us it is not a dividend decision, it is a capital allocation decision, that we just think about it differently.

Ojas Singh: Okay. Thank you. I just had this one question. Thank you.

Moderator: Thank you very much. Next question is from the line of Bineet Banka from Nomura. Please go ahead.

Bineet Banka: Yes. Hi, sir. Thanks for the opportunity. I had a question on the immediate fallout of the, say, the war between the US and Iran gets completed somehow in next one quarter. So, what will be the immediate fallout in terms of crude tanker rates? So, with lot of ship-to-ship transfers happening, there are a lot of inefficiencies have been created, and if these go away, how will the ton-mile demand be impacted, especially for the crude tankers?

And will that be offset by, say, some of the shadow carriers and sanctioned vessels going off the market, which probably are being used in the Strait of Hormuz? Is there any meaningful scrappage of tanker that will offset the lower ton-mile demand?

G. Shivakumar: Yes. So this is a complex situation, and thanks for your question. This is something that we think about all the time when we are planning. So, the first impact of a cessation of these hostilities, let us assume you just go back to where we were in January, February, before this entire thing started, okay? Immediately, as you said, the inefficiencies get knocked out, and you get back to the market that existed before. Now, what was the market that existed before? The market that existed before was that a Suezmax tanker in early February was earning USD70,000-USD80,000 a day. So it was a strong market going into the war itself. We already had a tightening going into the war.

Therefore, you will have a strong market, obviously not as strong as it is today. Today, you are still, even after the significant fall in the last two weeks, you are still at USD130,000-USD150,000 a day in the spot market. So, profitability levels will come down, but still at significantly higher numbers than we saw a year ago. Okay? So that is one. That is the first impact.

The second impact is this. What happens if you are going back to January? What has happened to the world since then? We have drawn down from inventories to consume, because we were running -- we just did not have the oil. The oil was not coming out through the Strait of Hormuz for at least 3 months, and we have drawn down from inventories.

People will replenish those inventories, and there will still be a lot of demand for ships to be carrying crude oil out of the Middle East to all the importing nations. So, you will have that demand coming through. On the other hand, you need to think about what happens to the shadow

fleet. Now, the shadow fleet, what can happen to it? What are the contours of a US-Iran deal? Does it involve Iran coming out of sanctions?

If it involves Iran coming out of sanctions, then that comes into the broader tanker market. Today, those cargoes which are coming out of Iran. Of course, there are no cargoes coming out of Iran for the last 3, 4 months. But the cargoes which used to come out of Iran were never carried on ships like ours. They were carried on a dedicated fleet of ships which were under sanctions. Either the Iranian tanker company had them or similar sanctioned entities. And that's what you have referred to as a shadow fleet.

If Iran comes out of sanctions as part of the deal, that means Iranian oil comes back into the main market, which means we can access ships like ours, and that is a legit trade, can access those cargoes, which means this market expands, the sanctioned trade market contracts, which means those shadow fleet ships which are too old to trade in the main market will probably get scrapped, as you mentioned.

So, it's complicated. It depends on how the deal is actually written. If it is written as, just to summarize, if a deal is done which says, Iran is free from sanctions and therefore can participate in the overall oil export market. That means, that all of us can do that trade. The legitimate tanker trade increases in size because Iranian cargoes come there. The shadow trade becomes zero, at least Iranian trade, which means that those shadow ships which are 25 years old, a lot of them are very old, then just have to be removed from the fleet and will get scrapped.

So, you could have the short-term impact of a deal could be that, obviously, it comes down from these very frothy high numbers but still remains at reasonably firm levels for some time to come as countries start building up their stocks of oil again, which they have drawn down in the period between March and, say, August, September.

Bineet Banka: Thanks, sir. And just to follow up on this. When we compare from, say, February till now, there has been a lot of buildup in the order book also. So, order book currently, I think, is around 28% for crude tankers?

G. Shivakumar: That's right.

Bineet Banka: And I am not sure what the number for shadow fleet in terms of percentage? And will that be enough to offset the strong order book that we are going to see over the next couple of years? And if not, the rates from current levels probably have to come down significantly, because of this supply-demand mismatch

G. Shivakumar: We used to show this another slide before, which is proportion of fleet which is more than 20 years old. For crude tankers, that used to be 20% plus of the fleet being more than 20 years of age. And 20 years is when a normal crude tanker, under normal markets, a crude tanker would stop trading in the international market, okay? So that fleet in a weak market will tend to get removed. But coming to your question on what can happen with the new supplies of ships, the supply of ships and this 28% order book is fairly rear-ended.

So you have, of the 28%, only 7.5% which is coming between now and end of 2027. Most of it is coming in 2028, 2029, and now pushing into 2030 as well. So it is fairly rear-ended. This is not an immediate threat for the market. The immediate threat for the market is really if everything becomes peaceful again, and everything moves back to operating efficiently. So the supply we don't believe is a major threat here of new ships. It's more on just the normalization of the supply chain.

Bineet Banka: Just last one. And why? You said the headline day rates for Suezmax are very high, around USD700,000. But for your routes that you operate, the numbers are much lower, USD350,000 kind of numbers. So -- because GESCO doesn't operate in those high-risk areas. So may I know what is the reason GESCO doesn't operate in the two routes which are high risk? Because I think insurance is covered by their clients, so what's the harm in operating?

G. Shivakumar: Yes. The issue is not insurance. Finally, we think about the crew. We have our crew on board these ships, and we cannot knowingly send them into a situation of danger. Most operators in the world are like us. There are very few who are actually doing that, and it's a personal choice that a ship owner makes. This is a choice that we made that we don't want to put our seafarers in danger of being attacked by a drone, a missile, whatever else it might be.

So again, that's just the approach we have taken. It's sort of similar. Our objective is not to take these kinds of risks. For instance, since 2022 February, when the Russia-Ukraine war started, we have not done Russian trade at all, though it is still legitimate at certain price levels. But we have not done it at all. There are a lot of European companies who still do that trade, but we just don't take that risk saying that we don't want to take even a 5% chance that we could get sanctioned. So these are just some risks that we don't take at all.

Bineet Banka: Just last one on NAV…

G. Shivakumar: Yes.

Bineet Banka: The NAV growth this quarter was very strong because September end prices are very high. Now prices have fallen, so NAV growth this quarter could be negative because of the vessels repricing lower?

G. Shivakumar: We don't know actually whether prices have fallen. We haven't seen any transactions done for crude tankers. And this is mainly a crude tanker phenomenon, where the prices shot up in the last quarter. We have not seen any transactions in the last 2 weeks, so we don't know where it'll end. I think it has to be significantly lower. But again, let's see.

This is outweighed by operating flows, but if, yes, you could get a significant drop in fleet value. Now, how that functions vis-a-vis operating cash flows, that we'll have to see. Also, another factor is the exchange rate. So we were at INR95.5, at the end of September, and now we are at below INR94. That's another factor in the NAV.

Bineet Banka: Thank you, sir. All the best for the next quarter.

Moderator: Thank you. Next question is from line of Harsh, individual investor. Please go ahead. Harsh, may I request you to unmute your line and proceed with your question, please? Harsh, if you can hear us, may I request you to unmute your line and proceed with your question, please? Due to no response, we move on to the next participant. Next question is from the line of Rajesh Jain, individual investor. Please go ahead.

Rajesh Jain: Yes. Thanks for the follow-up again. At what TCY have you booked the 60% coverage days for crude product and dry bulk for the December quarter?

G. Shivakumar: I don't have the numbers offhand, but I think they would be a little higher than the previous quarter's averages.

Rajesh Jain: Okay. Considering the lag effect of the voyages, right, which you mentioned…Can we say that a significant part of the September freight spike will show up in the October to December quarter?

G. Shivakumar: Yes. That is absolutely right.

Rajesh Jain: Yes. And because the spike was indeed very significant, can we say that the TCY which you have booked at your 60% coverage days would be at least 20%-30% higher, if not more?

G. Shivakumar: I am not going to put a number to it, but yes, they are -- they will be significantly higher than the previous quarter's rates for tankers. Just to clarify, for crude and product tankers only.

Rajesh Jain: Yes. I understand that. As per my calculation, so even if I take your current NAV and subtract INR250 to go back to the January fleet valuation, I mean, it looks like that INR 2,000 could be a floor for your NAV, right? Because if you reduce the INR250 and come to INR1,950, then there will be about INR100 odd EPS for at least 1 quarter, and then maybe strong INR50, INR70. So, theoretically, or probability-wise, INR2,000 could be a floor for your NAV for the next 2 quarters at least, right?

G. Shivakumar: Okay.

Rajesh Jain: I mean, is my understanding correct? Yes. So the…

G. Shivakumar: No. The way you have done your calculation is 100% correct. So -- and this is a point that we keep making on the NAV, which is that the ship value translates to cash flows. So a large part of the NAV accretion actually comes from cash flows. But now, whether the drop in ship values will be higher than or lower than the cash accretion is anybody's guess. It's not a very low number in January this year. The ship prices were already really high. So, it's not sort of the low case for asset prices.

Rajesh Jain: Okay. And sir, the Government of India had a mission to save the outflow of freight that was paid to overseas shipping companies, and some estimates have put that number at USD80 billion. I am not sure if that is right. So how can GE Shipping benefit from this vision of the government, and have you been in any discussions?

G. Shivakumar: Yes. I have also heard this number. So I think I have heard some USD70 billion plus. The issue is a large part of the freight is actually paid on container movement, is on the container movement rather than on the commodity movement, as is the commodity movement business. I do not think the commodity business, commodity freight rates are so high. Today, they might be pretty high for crude tankers, but I think a small part of it is commodities, like the crude and LPG imports. We are participating in those to the extent we can. However, we will participate in those when it makes commercial sense for us to do so. If we get a fair price for participating in this trade, we will do so. If we do not get what we think the ship is worth for a particular voyage or for a particular business, we are able to operate all over the world, and we will take whichever voyage maximizes our earnings.

We are happy to participate in the Indian business, the EXIM trade. We do not participate in the coastal trade because that is some segment that we do not want to enter. But on the export-import trade, we are very much there and willing to participate.

Rajesh Jain: Sir, just one last question. So for advanced bookings, can the charterers cancel if the freight economy breaks before the cargo is physically lifted?

G. Shivakumar: Contractually, no. This will lead to a contractual -- contractually, they cannot cancel. So typically, the way it is fixed is that you fix on what is called subjects. Let's say today we want to fix a cargo for loading on, say, 25th of November. So we will tie up all the commercial details, say today is 11th of November. The customer has two to three days sometimes it is just one day, in which to confirm, because they also have to get the confirmations from the loading area, the discharging port, the load port, discharge port, etc. You have one or two days to confirm. After that, when the deal is confirmed, then we are contractually obliged to perform. Both sides are contractually obliged to perform that voyage. If they decide to cancel it, then it is a contractual dispute which will go into legal processes.

Rajesh Jain: Okay. When you acquire a ship and it joins your fleet, are you able to I mean, is there a time lag in putting the ship to use, or you are able to plan in advance and employ the ship immediately?

G. Shivakumar: We plan in advance. In some cases, it takes up to three to four days to do the change of flag, to do everything, because in effect, your people have to familiarize themselves with the ship. Sometimes we have done it in one to two days, but typically this will take three to five days. But after that, the ship is earning.

Rajesh Jain: All right. Okay. All right, sir. Yes. Thank you.

Moderator: Thank you. Next question is from the line of Falguni Dutta from Mansarovar Financials. Please go ahead. Falguni, may I request you to unmute your line and proceed with your question, please? Falguni, if you are near us, may I request you to unmute your line and proceed with your question? Due to no response, we move on to the next participant. Next question is from the line of Rajesh Agarwal from Moneyore. Please go ahead. Rajesh, go ahead.

Rajesh Agarwal: Sir, my question is, you feel the mileage will not come down in next six months, one year? Shipping mileage?

Rajesh Agarwal: Okay. Sir, do you feel the mileage will come down in next six months, one year, the shipping mileage?

G. Shivakumar: You mean the ton-mile demand, the trade patterns?

Rajesh Agarwal: Yes.

G. Shivakumar: It is anybody's guess what happens. See, the latest impact has come not from a change in mileage, but it has come from the inefficiency of doing the shuttle service through the Strait of Hormuz. So, the mileages remain the same, except that you are doing two load and two discharge versus one load and one discharge, and you have a waiting time in between. So, it is anybody's guess what happens to this Iran situation, really. So, it is really tough to forecast what will happen tomorrow also there.

Rajesh Agarwal: Sir, when will our volume growth will come? Not the pricing growth, volume growth, number of...

G. Shivakumar: You mean capacity?

Rajesh Agarwal: Capacity.

G. Shivakumar: It will come when ship prices come down to our levels. The tanker prices are not at our levels, so we are not investing currently. When they come down to our levels, we will be happy to do this.

Rajesh Agarwal: In next one year, no capacity will come, additional capacity?

G. Shivakumar: It depends on if the market gives us opportunities, we are happy to buy. We are ready to buy every day. If the market gives us the price that we are looking for, the ship that we are looking for at the price that we are looking for, we will execute.

Rajesh Agarwal: But it will be a secondhand ship, it will not be a fresh ship, order ship, no?

G. Shivakumar: Yes. If you order a ship, you will only get it three to four years from now. What we are looking for currently is, when we are looking at prices, when I am talking about getting the prices, lower prices, I am talking about secondhand ships.

Rajesh Agarwal: Okay. And sir, what is your experience in the order, the shipping orders? You feel it is on the higher side or the lower side?

G. Shivakumar: The order book is quite high. It picked up quite a bit in the last two years or so, especially for the crude tankers, and you can see this graph, where it was less than 10% in 2024 and now at 28%. For product tankers, it picked up earlier, but it is still at 22%. It is a fairly high order book.

It should be seen in the context of the aging fleet. There are a lot of old tankers which need to be replaced. A lot of this will be replacement demand for those ships.

Rajesh Agarwal: Okay. But the scrapping is on the higher side, then the net ship addition may be lower, sir?

G. Shivakumar: No, the scrapping is very low. Scrapping has been very low in the last...

Rajesh Agarwal: Scrapping will increase now, sir, going forward.

G. Shivakumar: It will increase only when the market comes down. In this market, it does not make sense to scrap any ships.

Rajesh Agarwal: Okay. Understood. Overall, the net ship addition in next one year will be higher or lower? That is what our global…

G. Shivakumar: It depends on the market, but as it stands today, it looks like there will be positive fleet growth in FY 2027.

Rajesh Agarwal: 2027. Okay. Thank you, sir. I am through.

G. Shivakumar: Yes, sorry, calendar 2027, not FY 2027.

Rajesh Agarwal: Calendar 2027. Okay, sir. Thank you, sir.

Moderator: Thank you. Next follow-up question is from the line of Amit Khetan from Laburnum Capital. Please go ahead.

Amit Khetan: Yes. Just on the offshore segment, right? If I look at the numbers for the last two quarters, the operating EBITDA is probably on a run rate of INR1,000 crores per annum. Is that a sustainable number for the near to medium term, given most of these rig contracts are typically for three years? Is that number sustainable for the next maybe two years or so?

G. Shivakumar: In general, yes, I would say. We have one caveat there, which is that we have couple of rigs which are coming off contracts and have to be prepared for their new three-year contracts. This typically involves two things which affect the P&L. One is significant downtime of between 60 and 90 days for each turnaround. That's 60 days to 90 days of not earning. It also involves significant expenditure. Therefore, in the immediate term, this is a negative, while obviously it's good to get these three-year contracts if you can make a profit on them, etcetera. But in the immediate term, these are going to be a drag on the P&L.

Amit Khetan: Got it. The next couple of quarters could be weak, but after that it should be fine.

G. Shivakumar: That is correct. You get this pain out of the way, and then after that you settle into a, hopefully, a steady state kind of earning.

Amit Khetan: Got it. Directionally, could you give a sense of the two new rig contracts that we got, in terms of pricing, how much higher or lower they were compared to the previous contract on them?

G. Shivakumar: One of them was coming off from a short-term contract, so not really comparable. The other, the pricing has reduced significantly. From the previous contract, it was down by about $25,000-$30,000 a day.

Amit Khetan: Okay. Got it. Thank you.

Moderator: Thank you. Next question is from the line of Ishwari Sarogi, from a self-investor. Please go ahead.

Ishwari Sarogi: Good evening, sir. My question is that the company has delivered a strong performance over the last two quarters. Initiatives such as the...

Moderator: Ishwari, sorry to interrupt, but you are sounding very distant. Can you speak a little louder, please?

Ishwari Sarogi: My question is that the company has delivered a strong performance over the last two quarters. Okay? And initiatives such as share buyback have also a positive step towards enhancing the shareholder value. However, despite these encouraging developments, the stock price has not responded meaningfully in last two quarters, if I say. What is the management's outlook for Q3 and Q4? More importantly, what are the key growth drivers or strategic initiative that could act as a meaningful catalyst for unlocking the shareholder value and driving a rerating for the stock?

G. Shivakumar: I will take the last part first. Our strategy is to wait for the right opportunities to deploy capital for expansion. We believe that best returns for shareholders will be made by investing at the right levels. We do not see those levels currently, and we are willing to wait. We have been through these cycles before, and we have seen these, and therefore, our approach is to wait for the right time and the right price to invest at. We believe over the long term, that will deliver value for the shareholders. Our model is fairly straight forward that way.

You buy when prices are fairly cheap, and you hold for the long term, you will make a good return for the shareholders. Yes, we have had a couple of good quarters. In fact, we have had a couple of good years. The last two quarters have been exceptional. We don't know what the markets will do. We are exposed to the spot market significantly, and therefore, if the market goes up, we will benefit from it, from the market movement. That's the approach that we are taking here. I won't comment on market valuations of our stock, etcetera, because you are the experts on that. We only know the shipping business.

Ishwari Sarogi: Okay. What about the outlook of Q3 and Q4? Any strong catalyst?

G. Shivakumar: There is no catalyst, internal catalyst. We have purchased a couple of ships extra, but it is not enough to change anything significant in the P&L. External catalysts, there are many, many of them. The whole market is being driven by geopolitics, and it is anybody's guess what happens on that geopolitical front even tomorrow. We do not know what can happen tomorrow also on the various wars that are going on.

Ishwari Sarogi: Thank you, sir. That is all.

G. Shivakumar: Thank you.

Moderator: Thank you. Next question is from the line of Vijay Kumar Subramanian from Trustline Holdings. Please go ahead.

Vijay K. Subramanian: Thank you. My questions are answered by the previous participants, but I should congratulate you for articulating it well. The management walks the talk in terms of value investing philosophy, and it is sticking to that, what they told us. Excellent. Thank you.

G. Shivakumar: Thank you for your kind words.

Moderator: Thank you. Next follow-up question is from the line of Himanshu Upadhyay from SteadFort Investments. Please go ahead.

Himanshu Upadhyay: Yes. Hi. My one question was on the LPG side, okay? We have seen a pretty humongous increase in the rates on the spot side. And where the spot rates currently also very high. How have that three-year term charter rates moved in last six to nine months? Because that is the place where we generally play on in the market. Some thoughts on that. This LPG carrier, what we purchased. So we purchased and then we bid for a contract, and then we won the contract. That is the status means now.

G. Shivakumar: No, no, no. The ship came with a contract. She had a contract attached. When we negotiated the purchase of the ship, we also had discussions with the existing charter, and the charter continues under our ownership.

Himanshu Upadhyay: Okay. Are there any more LPG contracts to renew in the next three to six months? Generally, how have the period charters moved in the last six months for the three-year or a two-year contract where we generally are in the LPG carrier segment?

G. Shivakumar: The contract that I saw, which was a one-year contract in India, I heard rumors of a $100,000 a day contract for one year for an Indian business. I am not 100% sure if it got done. This was about two weeks ago. I think, which seems plausible because that is where the market level is. I do not know where the two to three-year rate is because we have not seen any transactions. Typically, the Indian market is one to two years. This was a one-year deal. That is where the rates are for a one-year transaction, about $100,000 a day.

Himanshu Upadhyay: Do we have any renegotiations in the next three to six months?

G. Shivakumar: No.

Himanshu Upadhyay: Or everything has been out?

G. Shivakumar: No. The only repricing we have is for an MGC, which is coming off contract probably in January or so. So in the next couple of months, but not a VLGC. So that's an MGC. The pricing I was mentioning was for a VLGC. We haven't seen any recent MGC pricings.

Himanshu Upadhyay: And this ship…

G. Shivakumar: That's probably $40,000-$50,000 a day, at least. I think that's where the market would be. As I said, we haven't seen any pricings recently, so this is a guess.

Himanshu Upadhyay: This LPG carrier, what we have chartered out, okay?

G. Shivakumar: Yes.

Himanshu Upadhyay: Is it again in Indian seas or outside India seas?

G. Shivakumar: It is outside India. It is an international oil company. We have one LPG ship which comes off charter in about six months' time. So one coming out in March, April, and one coming out in May.

Himanshu Upadhyay: Okay.

G. Shivakumar: A VLGC. I am talking about VLGC, yes.

Himanshu Upadhyay: Okay. In offshore, how many would be in India and how many would be outside India, the boats?

G. Shivakumar: We have four boats currently outside India. Remaining 15 are in India.

Himanshu Upadhyay: Okay. Yes, thanks from my side.

G. Shivakumar: Thank you, Himanshu.

Moderator: Thank you. Next question is from the line of Devesh Chhabra, Individual Investor. Please go ahead.

Devesh Chhabra: Yes. Congratulations, sir. Like earlier shareholders remarked, you always believed on the value investing principles in the shipping business as well. My question is not regarding GE Shipping's business, but as you have a lot of knowledge and lot of experience from last 40 years in shipping. I just want to understand that, has this war and the situation, like the geopolitical situation we are facing since 2024, has this changed the stance for order book? For example, this Iran war, every Southeast Asian country felt the heat because of non-availability of these tankers and other commodities.

G. Shivakumar: Non-availability of fuel. Yes.

Devesh Chhabra: Yes. Everyone was strained at some point. In a normal course of events, the world always moves towards efficiencies like countries prefer, the oil companies prefer the lowest rate the charter is offering. But after conditions like this, do you think that this could change and there could be some redundancies in terms of crude tankers? Some nations would say, "We need to have a reserve of tankers as well for our crude in terms of, someday in case of an emergency or a war-like situation like we had right now." Do you think the order book as a percentage of fleet can remain elevated for the, considering next five years or a decade?

G. Shivakumar: Yes. So, I think your point is very valid. I mentioned earlier that people might be thinking, where they used to think just in time to just in case. So, you have to provide for the risk of not being able to, not having your supply chain sorted out. So, the one thing that can happen is people start building inventories. So, importing countries start building more oil inventories, so strategic reserves. They could also look at buying ships of their own, so that they control the supply chain. I mentioned earlier, we have seen the oil exporting companies. So, whether it is the Iraqi Oil Company or ADNOC or Aramco, all of them have been buying crude tankers, some of them even buying LPG ships, so that they are able to control the supply chain and push the oil through the Strait of Hormuz. So, all of this will happen. I absolutely agree with you that all of these could change the behavior of the investor in different ways, of people or the participants in the shipping business in different ways. We don't know how. I don't know if it will go so far as to build too many ships, because you can always buy ships in the second-hand market. That's what the Middle Eastern oil companies have done.

They have just bought ships in the second-hand market. So, you could buy it in the second-hand market. It doesn't necessarily mean that you have to build the ships. But absolutely right, these are going to be interesting times as to how people react to what we've seen in the last eight to nine months.

Devesh Chhabra: And sir, you have been studying and you also pointed out in this call that NAV is linked to cash flow. So, do you think, have you seen in recent past, NAV is not falling if the rates are falling still? As of now, in this current quarter, the rates have fallen, but has the NAV also moved in the same proportion? Is the correlation still going on or is it broken somewhat?

G. Shivakumar: Yes, so good question. We haven't seen pricing points in the last two to three weeks when the crude tanker market freight rates have fallen. However, in the past, we have seen that while the first, in 2008, we had a very strong market between 2004 and 2008 for tankers.

And while that first drop in prices happened very quickly, because we also had a financial crisis at the time, that's the time we had the global financial crisis, it took some time for ship prices really to come to very cheap levels. So, while earnings went down quite fast, the ship prices did not drop at the same pace. So, it took some time because the market retains hope.

So, maybe it took with a lag of maybe a year that the prices of ships actually dropped after the freight rates fell. Again, I must clarify, while freight rates have fallen a lot in the last two weeks, they are still at very, very high levels for crude tankers. They are higher than they were last year. At this time, they are much higher than they were last year at this time.

Devesh Chhabra: Thanks, sir. That is all from my side.

G. Shivakumar: Thank you.

Moderator: Thank you. Next question is from the line of Arjun Kumar from One on One. Please go ahead. Arjun, may I request you to unmute your line and proceed with your question, please. Due to no response, we move on to the next participant. Next follow-up question is from the line of Harsh,

Individual Investor. Please go ahead. Harsh, if you can hear us, can you please unmute your line and proceed with your question. Due to no response, we move on to the next participant. Next question is from the line of Aryaman Taparia, Individual Investor. Please go ahead.

Aryaman Taparia: Hi, can you hear me?

G. Shivakumar: Yes, we can hear you loud and clear. Please go ahead.

Aryaman Taparia: Yes. My question was, for example, the Suezmax rates that spiked a lot recently. We were not able to capture most of it since we were operating in different routes. Just wanted to understand any benchmarks that we can track for the different segments, because the headline numbers say something else, and the routes we operate in are something else. Any way you can guide us, we can track rates?

G. Shivakumar: Just to clarify, we were able to capture the spikes in a couple of our spot fixtures. It's just that we don't capture the spikes given in the market averages, because the market averages include routes that we don't participate in for various reasons, mainly risk. Unfortunately, this is the route which gets reported.

The Baltic Exchange reports for different routes, reports freight rates for different routes. If you have access to that, you could look at that, and I think they also have an account on X, so you could see if that is available. But the standard database of spot rates includes all of the routes, unfortunately.

Aryaman Taparia: Okay, thank you. That is all from my side. All the best.

G. Shivakumar: Thank you.

Moderator: Thank you. Next question is from the line of Arjun Kuma from One-O-One. Please go ahead.

Arjun Kumar: Sir, you mentioned just in the previous last question that the crude prices, the freight has been fallen. How can you see in the next year these prices, and what would be the impact on the EPS on this for the company?

G. Shivakumar: We don't forecast. Most of our capacity is on the spot market, and therefore we don't forecast what our earnings could be, and we don't give guidance, because it is not possible for us, unless we are able to forecast the spot market accurately. As I mentioned to one of the earlier questions, all of this market rates action over the last couple of years, and especially over the last six to nine months, has been caused by geopolitical disruption.

This last thing where suddenly you find rates doubling for tankers, or more than doubling for tankers in the spot market, is because of the war which is happening now in the Middle East, where the Strait of Hormuz is sort of closed and has made things very inefficient.

Now, the question is, what is going to happen there? Nobody knows what's going to happen there. Therefore, it's impossible to forecast where rates could go. Even if it is next week, it's very difficult to forecast whether rates will be down or up. We don't even try to forecast these things.

Arjun Kumar: Just, sir, I'm going through your annual balance sheet. There you are showing that spot freight rate has been doubled from FY2025 to FY2026.

G. Shivakumar: Yes.

Arjun Kumar: Can I conclude or ballpark that the freight will come back to what was at FY2024 or FY2023 after this war has been eased?

G. Shivakumar: Yes. The thing is that it is a fairly complicated set of things which are interacting and resulting in the freight rate. I will just not oversimplify it. Broadly, yes, they should come down if the war gets over. The first reaction should be for freight rates to come down, because they went up because of the war.

Arjun Kumar: Can it be ballpark that your revenue will fall and the EPS will also be half from this, what is you are reporting right now?

G. Shivakumar: Again, these are forecasts which are impossible to do, and that is why we do not do these forecasts, because we do not know what the interplay is of…

Arjun Kumar: Sir, what will be the revenue guidance for the next two years going your flight?

G. Shivakumar: No, as I said before, we don't do revenue guidance because we don't know what rates our ships will earn. 70%+ of our capacity, close to 80% of our capacity, is open to the spot market. The ship which is today earning $60,000 may next month be earning either $30,000 or $80,000 a day, depending on where the spot market is. That's why we don't give revenue guidance.

Arjun Kumar: Sir, just one last question. What is the break-even price for your fleets, ship that you said that price is $80,000? Just one, anyone.

G. Shivakumar: Yes, sure. No, I'll give you a blended break-even rate for an entire fleet, which is one number. The number should be around the $13,000 per day mark. At $13,000 a day across our fleet, we will be around break-even.

Arjun Kumar: Thank you, sir.

Moderator: Thank you very much. As there are no further questions, I will hand the conference over to the management for closing comments.

G. Shivakumar: Thank you, everyone. Thank you for your active participation. As always, it was a pleasure. We will be posting both the recording and the transcript of this shortly. Again, thank you and have a very good festive season.