THE GREAT EASTERN
SHIPPING COMPANY LIMITED
CIN: L35110MH1948PLC006472

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Our Ref.: S/157/2016/JMT

October 03, 2016

BSE Limited
1st Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI – 400 001

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051

Dear Sir,

We enclose copy of updated presentation to be made by us in Investor/Analyst Meetings.

You are requested to kindly take note of the same.

Thanking You,
Yours faithfully,
For **The Great Eastern Shipping Co. Ltd.**

Jayesh M. Trivedi
President (Secl. & Legal) & Company Secretary

The Great Eastern Shipping Co. Ltd.

Debt Investors Meet

September 2016

Corporate Profile

The Great Eastern Shipping Company

Shipping (Bulk)

Offshore
(Through wholly-owned subsidiary Greatship (India) Limited)

Tankers
- Crude
- Products

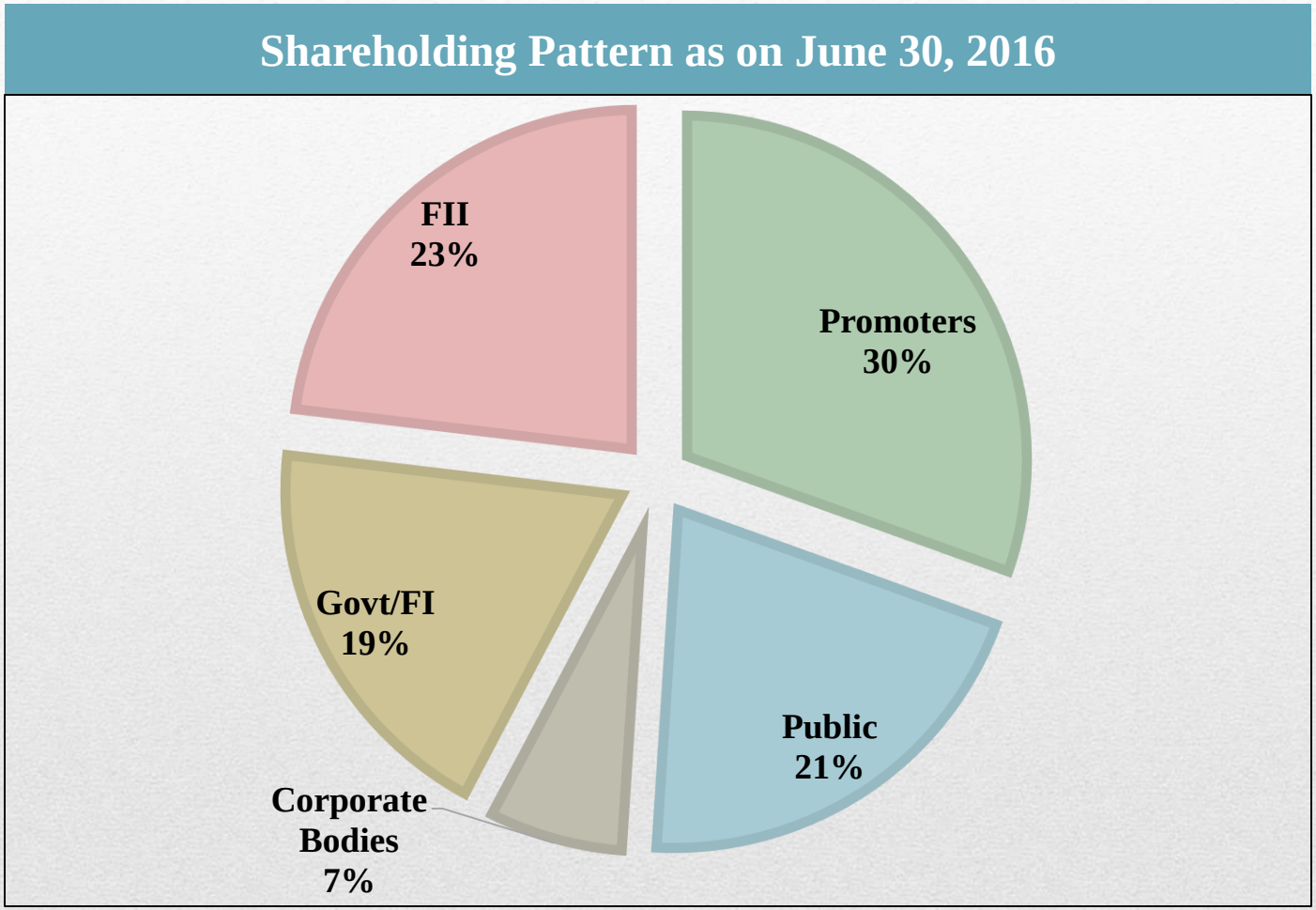
Dry Bulk

Logistics

Drilling

India's largest private sector shipping company with over 68 years of experience

Shareholding Pattern



GESCO – Some Historical Facts

- → Incorporated in 1948
- → Shipping and Offshore: the only businesses of the promoters
- → One of the few shipping companies globally to have not shown a loss in the last 35 years. Reported annual loss only twice in our 68 year history
- → Total Capital Employed for group as of 31-Mar-16: Rs. 14,000 Cr
- → Consistent and uninterrupted dividend payout policy for last 30 years
- → AAA rated since 1996
- → Not accessed equity markets for over 20 years

GESCO – Shipping Fleet

Tankers :	Nos.	DWT (mn Tonnes)
Suezmax	: 04	0.61
Aframax	: 03	0.32
Product tankers	: 15	0.83
Gas carrier	: 02	0.10
TOTAL	**: 24**	**1.86**

Dry Bulk	Nos.	DWT (mn Tonnes)
Capesize	: 01	0.18
Kamsarmax	: 07	0.57
Supramax	: 05	0.27
TOTAL	**: 13**	**1.02**

GESCO Fleet	Nos.	DWT (mn Tonnes)
TOTAL	**37**	**2.88**

Greatship India Ltd

- → In 2005, Great Offshore was demerged as a separate company
- → Greatship (India) Limited was setup in 2006 & it started with 2 second hand vessels
- → GIL is a 100% subsidiary of GESCO
- → Currently, GIL has 4 Jackup Rigs & 21 Offshore Support veesels
- → All operations (except strategy) are independent
- → GESCO has no guarantees or investments committed to GIL
- → GESCO investment in GIL:

  Equity – Rs 1305 Cr

  Preference – Rs 355 Cr

No further investments in GIL envisaged in the near term

Offshore Business – Fleet Profile

The Greatship Group

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

High Fleet Utilization

Category	Extent of coverage of fleet's operating days (per cent) (FY17)
PSV	48
ROVSV	69
AHTSV	94
MPSSV	36
Jackup Rigs	92

* Includes Greatship Ragini (ROVSV) which has been contracted for sale with expected delivery in H2FY17

Greatship's Modern & Technologically Advanced Fleet & High Visibility

Young Fleet

- Young jack-up fleet with an average age of approx. **4.5 years**
- 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
- Equipped to operate in challenging environments
- Efficient and versatile vessels

Revenue Efficiencies

- **Customer stickiness**
- **Higher visibility**
- **Minimum down time**

Cost Efficiencies

- **Lower Operating costs**
- **Reduced maintenance capex & opex**

GESCO Business Focus

Profitably Managing Cycles

How We Approach Risk

→ A robust risk management process has been in place for many years

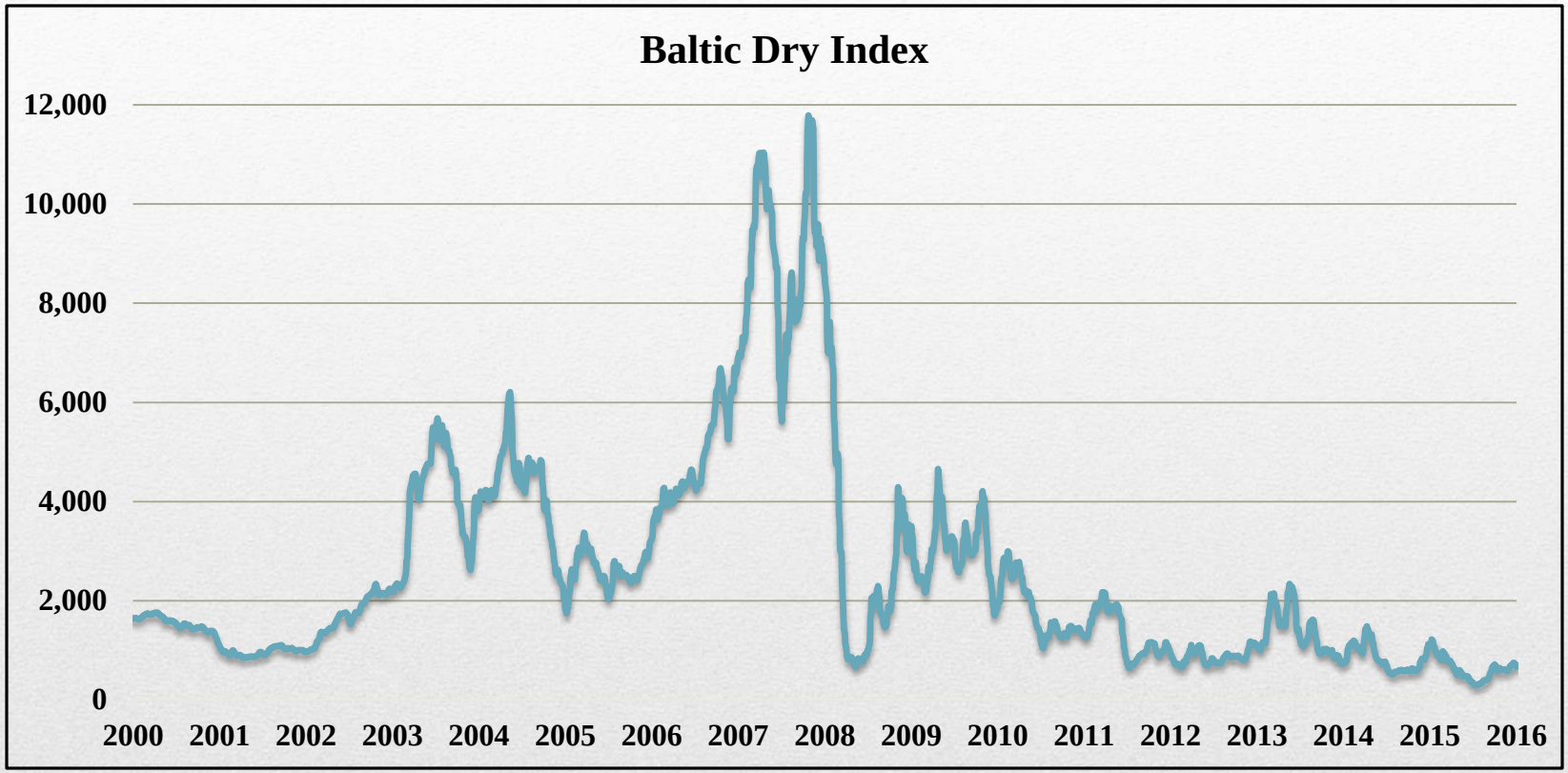
→ We continuously endeavor to identify different risks that impact various aspects of our business and put in place mitigation strategies for the same

→ Special emphasis is laid on periodic review of the risks and effectiveness of the mitigation measures put in place

→ An apex risk management committee is responsible for this, and reviews the risks on a monthly basis

→ We strongly believe that this goes much beyond corporate governance and will be an important factor in our future business success

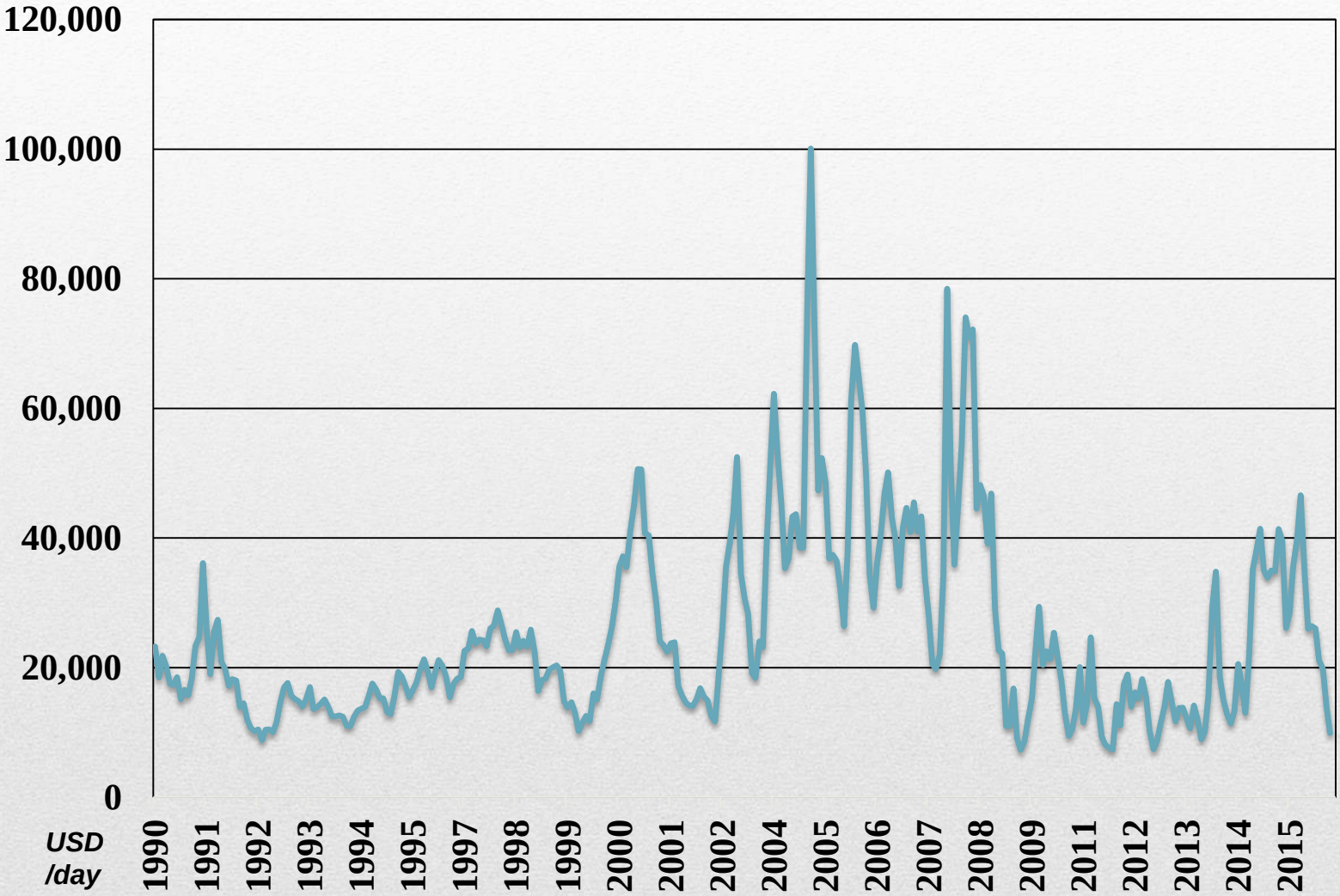
Baltic Dry Index (Jan 2000 – Jul 2016)



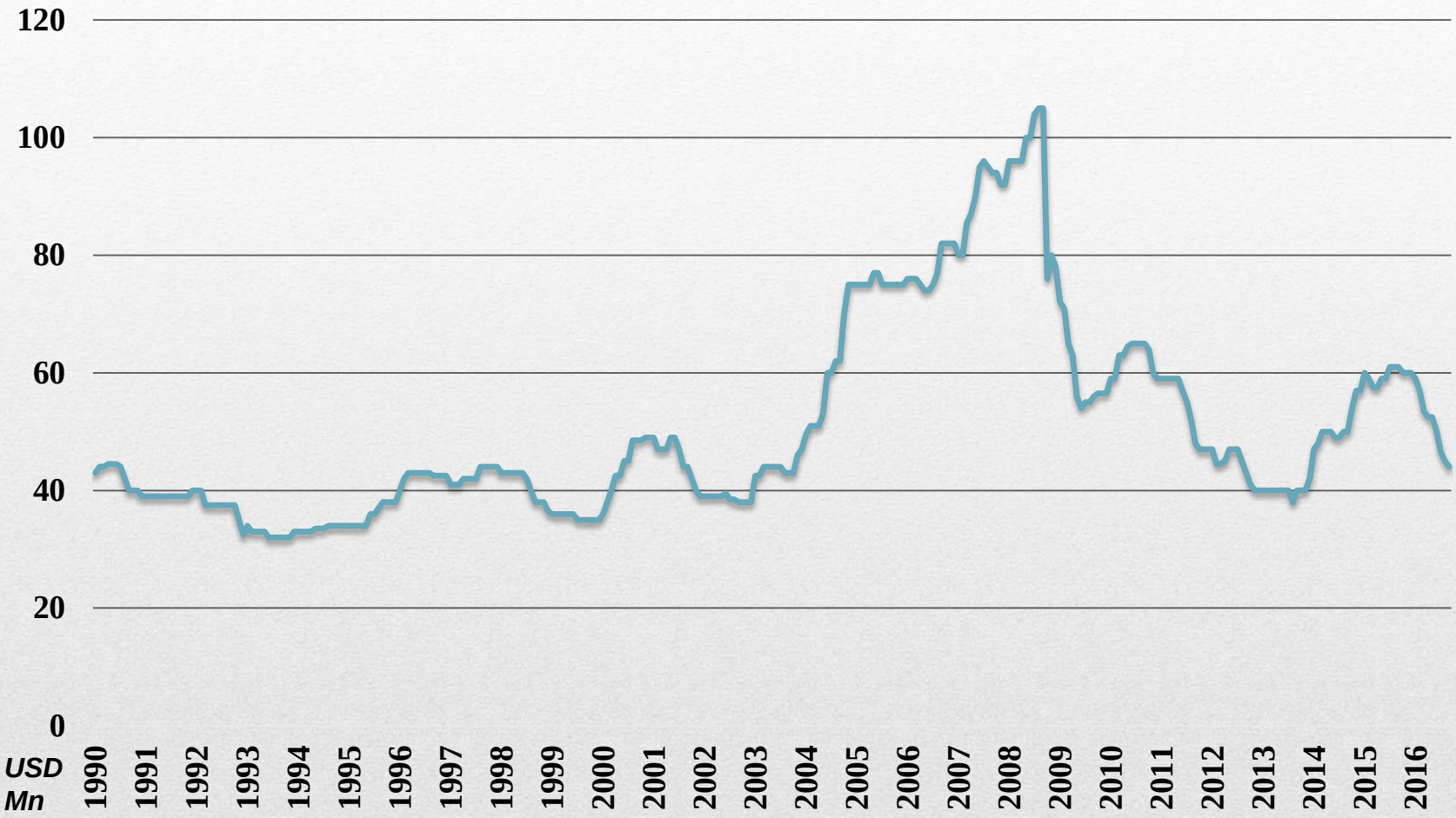
Dry bulk rates remain close to historic lows

Source – Industry Reports

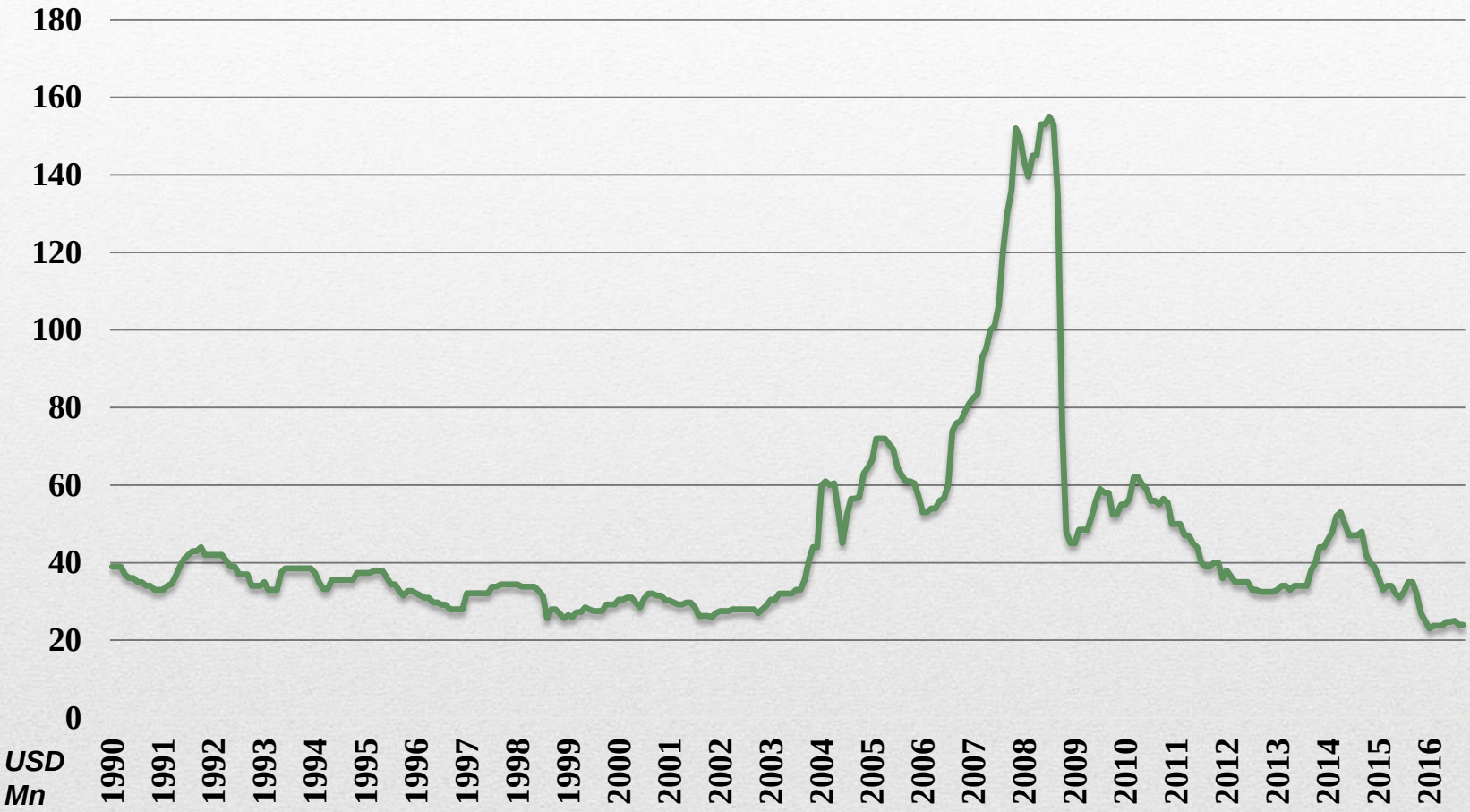
Tankers – Avg. Earnings



Suezmax Tankers – Asset Prices (5 yr Old)



Capesize – Asset Prices (5 yr Old)



Key Strategies for Survival

→ Keep the cost of acquisition low and actively make capital allocation decisions

→ Time charter coverage/revenue visibility – with caution!

→ Low leverage

→ Provide risk capital for bad markets

Capital Allocation – One of the Keys to Our Success

→ The ability to dynamically change allocations between different markets and asset types to ensure best returns on scarce capital

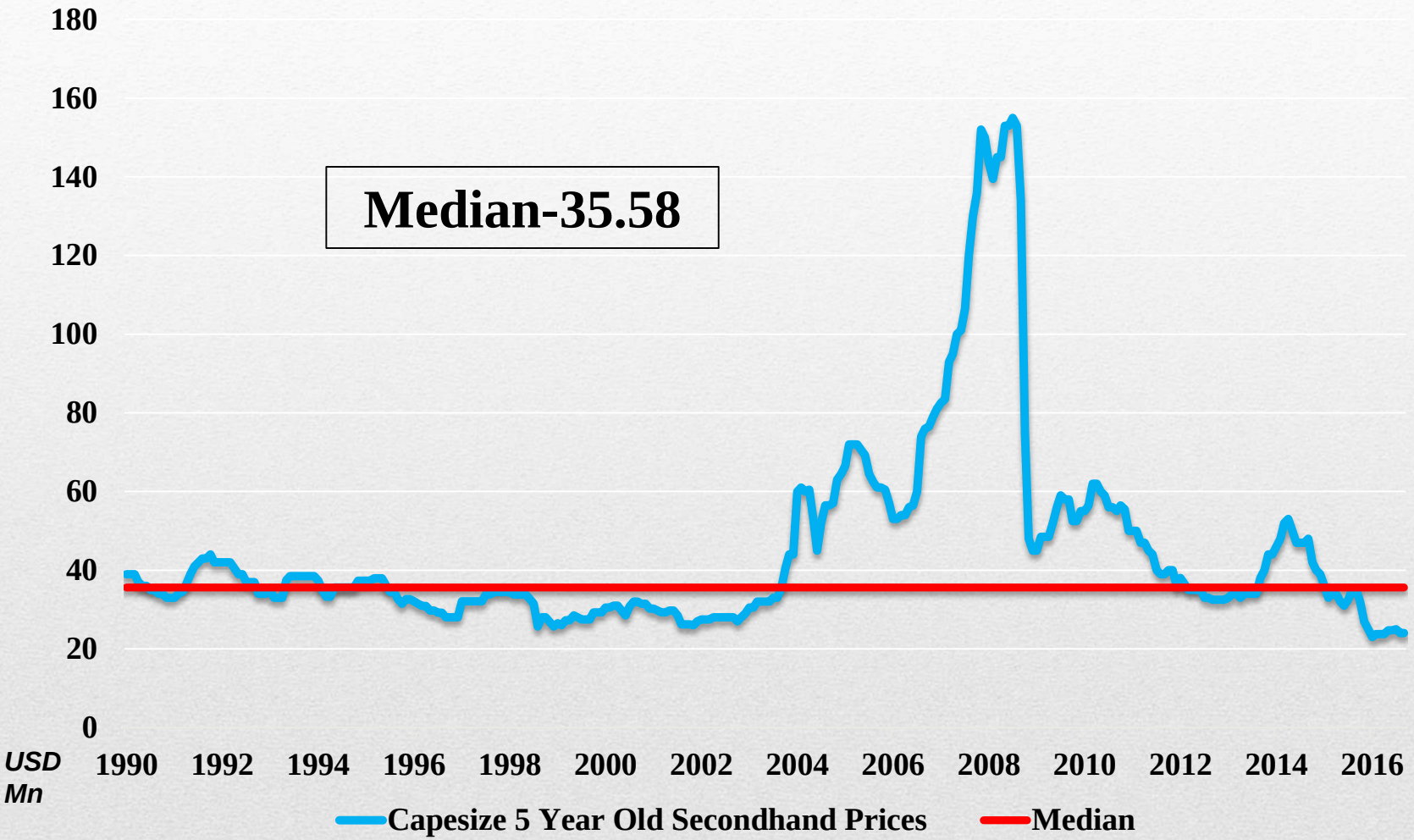
→ Between 2006 and 2008 (boom years for the shipping business) we took about US$ 250 mn out of shipping and put it into investments in the offshore business – one of our best investment decisions

→ All this, of course, requires a very high level of execution capability; we believe that our skills in this are comparable to the best in the world

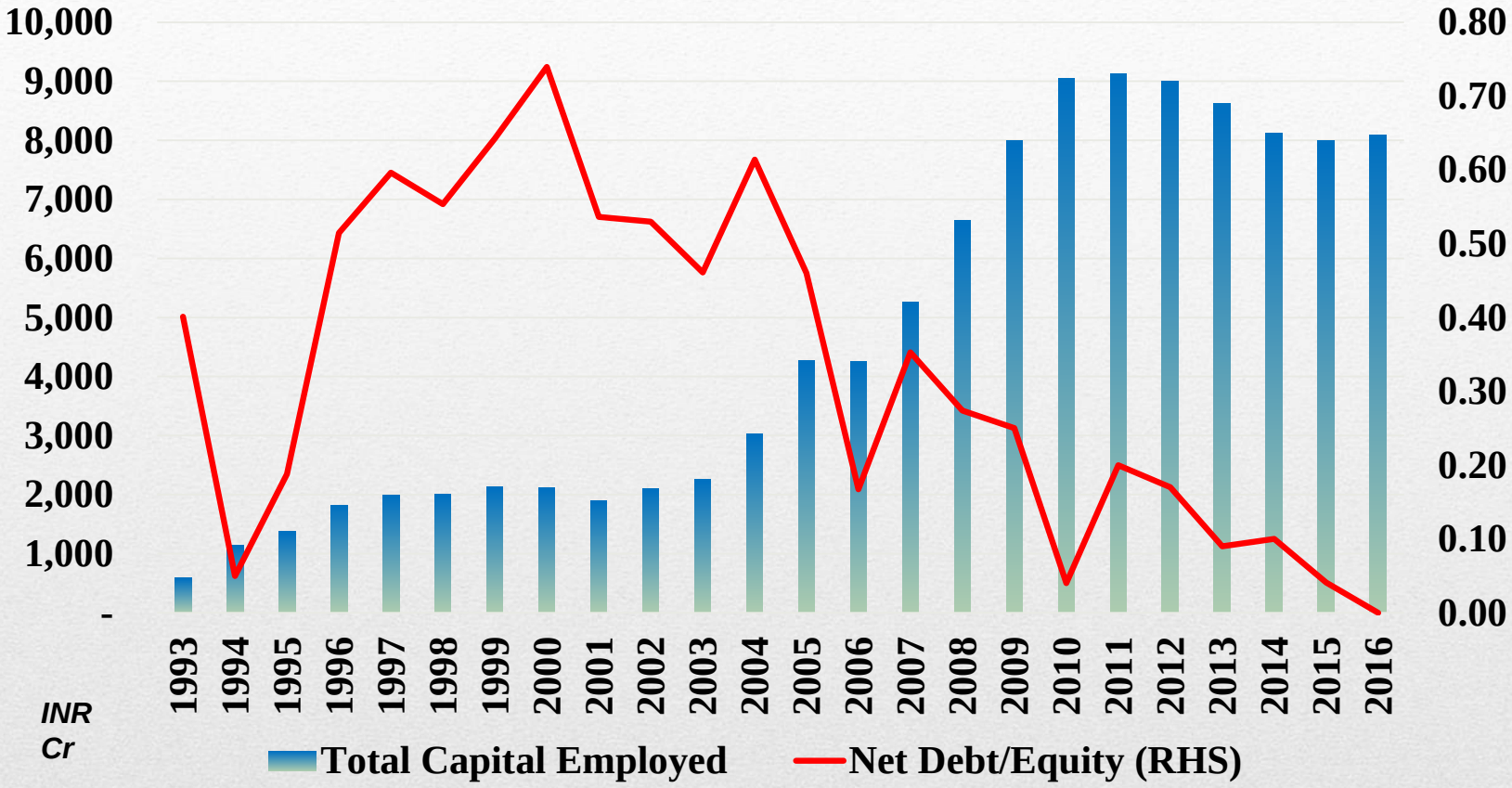
→ Buying in very poor markets also requires a lot of courage – since assets will give a negative current yield. ***Don't focus on quarterly P&L, only long term value***

→ And finally – create the capability to buy when all others are forced to sell!

Capesize – Asset Prices (5 yr Old)

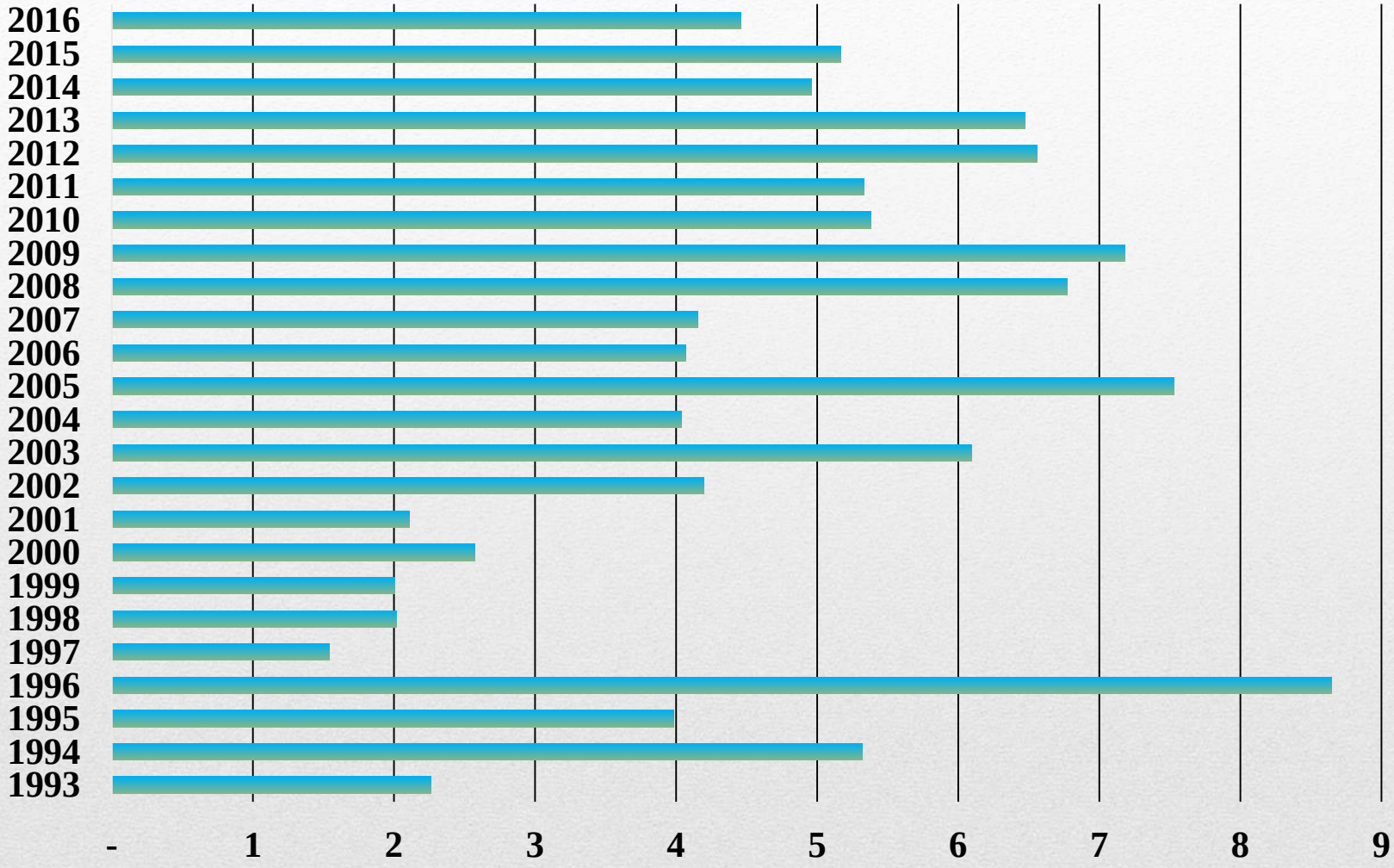


Net Debt/Equity & Total Capital Employed



INR 3,270 Cr → *Fleet Mkt Value + Cash & Current Investments – Total Debt Outstanding as on 30-Jun-16*

Cash Debt Service Cover Ratio



Find the Balance Between Risk and Return

To ensure that we are never in financial distress, and to meet our financial return objectives, we have to:

→ Ensure ability to always meet financial obligations, even in the worst of markets

→ Maintain capability to buy even when cash flows are very poor

→ Allocate capital well between the sub-sectors so as to capture best value

Risk Capital – Basic Example

→ Consider a vessel with an average cash cost (including repayments) over the next 3 years – US$ 20,000/day

→ Expected 'low case' spot rates (average for 3 years) – US$ 12,000 /day (this is based on the worst 3 year period in the last 25 years)

→ Vessel can be put on 3 year contract at a rate of US$ 18,000/day

→ If the vessel is put on time charter, cash reserve of (US$ 2000 X 365 X 3) = approx. **US$ 2.1 mn** has to be maintained. If it is to be exposed to the spot market, cash reserve will be **US$ 8.7 mn**

Before the risk can be taken, we ensure that it can be afforded!!

Ship Financing - Unique Features

→USD is the natural borrowing currency as the assets and cashflows are USD denominated across the industry

→Traditional Shipping loans are one of the cheapest across industries as they are asset backed

→Ships are one of the most liquid assets in the world

→Shipping loans are largely under international jurisdiction and follow IMO regulations

→Process of recovery is fast in case a mortgage has to be enforced

Debt Finance Options

Normal Borrowing Options

→External Commercial Borrowing

→Export Credit Agencies

Opportunistic Borrowing Options

→FCNR loans

→NCDs (swapped to USD fixed)

→Short Term Buyers Credit

THANK YOU

visit us at www.greatship.com