THE GREAT EASTERN
SHIPPING COMPANY LIMITED
CIN: L35110MH1948PLC006472

OCEAN HOUSE, 134/A, Dr. Annie Besant Road, Worli, Mumbai - 400 018, INDIA. Tel.: +91(22) 6661 3000 / 2492 2100 Fax : +91(22) 2498 5335

Our Ref.: S/2023/JMT

May 17, 2023

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

BSE Scrip code: **500620**

Trading Symbol **– GESHIP**

Sub: Transcripts of Earnings call conducted on May 12, 2023

Dear Sir/Madam,

Further to our letter dated May 12, 2023, please find enclosed transcript of the earnings call held on May 12, 2023.

We request you to take the same on record.

Thanking You,

Yours faithfully,

For **The Great Eastern Shipping Company Limited**

JAYESH M TRIVEDI

Digitally signed by: JAYESH M TRIVEDI
DN: CN = JAYESH M TRIVEDI C = IN O = Personal
Date: 2023.05.17 10:24:05 +05'30'

Jayesh M. Trivedi

President (Secl. & Legal) & Company Secretary

"The Great Eastern Shipping Company Limited Q4 & FY'23 Earnings Conference Call"

May 12, 2023

MANAGEMENT: **MR. SHIVAKUMAR G. – GROUP CHIEF FINANCIAL OFFICER**
MS. ANJALI KUMAR – HEAD, CORPORATE COMMUNICATIONS

Moderator: Good evening, ladies and gentlemen thank you for standing by. Welcome to GE Shipping Earnings Call on Declaration of its Financial Results for the Quarter and Year-Ended March 31, 2023.

At this moment, all participants are in listen-only mode. Later, we will conduct a question-and-answer session. At that time, if you have a question, please click on the 'raise hand button' on the tool bar at the bottom of your screen.

I now hand the conference over to Mr. Shivakumar G, – Group CFO at GE Shipping to start the proceedings. Thank you. And over to you, sir.

Shivakumar G.: Thank you, Tanvi. Good afternoon, everyone, and thank you for joining us for this Conference Call to discuss the Results for Q4-FY23. We will do a quick run through our Results and after that we will look what has been happening in the markets.

Highlights:

So, the highest ever net profit of Rs. 2575 crores beating our earlier record which was in 2008-09 which was under Rs. 1400 crores beating that by a huge margin. Also, our consolidated net asset value has moved up by almost 70% in FY23. And we'll look at the components of that also.

Thanks to these results, we have also announced our highest ever dividends, 4 interim dividends totaling Rs. 28.8 per share. Today, the Board declared both interim dividend of Rs. 9, so including that we have announced dividends of Rs. 28.8 per share.

Going through the results:

We have declared standalone net profit for the quarter of Rs. 632 crores. On a consolidated basis, we have had declared a profit of Rs. 722 crores. Cash flows have been strong. We've gone into a net cash situation.

Let's go through the numbers in detail:

We normally look at what we call normalized financials, which removes the effect of currency on revaluations and the derivatives that we have.

So, let's look at that:

It's not very different on a standalone basis, our net profit is higher to the extent of Rs. 30 crores so we are at Rs. 662 crores. On a consolidated basis, we are at Rs. 699 crores for the quarter.

We've mentioned here what's happened to the net asset value. The standalone net asset value, which was Rs. 618 per share in March. '22 is now at Rs. 962 per share, so that's gone up more than 50%.

The consolidated NAV has also gone up very significantly. We were at a mid-point of about Rs. 678 per share, now we are at about Rs.1160 per share, which is almost a 70% increase.

I won't go into the ratios here. These are things that you can work out yourself and we spend our time on more value-adding things.

Market Commentary:

We continued our strong performance. Tankers continued to be very strong as they have been through most of the financial year. As we had expected and in keeping with seasonality, Dry-Bulk markets were quite weak in the Jan-March Quarter and they recovered towards the end of March.

Tanker asset prices are now at their highest level since 2009. Even bulker values, despite having a low spot market, have gone up during the quarter and this is probably due to the optimism caused by the low level of the order book and we will look at the order book later.

The consolidated NAV as I've mentioned before has reached 1164 per share at the midpoint of the asset values and this rise is due to both an increase in asset values and very strong cash profits.

The offshore market hass also strengthened during the year and recent contract pricings have been at significantly higher levels than the previous contracts. We are waiting for vessels to come up for repricing and these tenders don't come up very frequently. It's not like you have daily pricing like you have in shipping, but recent pricing points, there is a significant increase in pricing. And of course, at the end while we continue to enjoy the strong rates in the market, we must keep in mind that recessionary pressures may be building up in some advanced economies. You can see it in gas oil demand specifically diesel seems to be suffering a little bit and you can see it in the refining margins as well.

Just looking at the performance and look at the table at the bottom which shows you the difference between the Earnings in FY22 and FY23:

Crude carriers earned about $35,000 per day more than in the previous year. Product tanker earned about $23,000- $24,000 a day more on average.

LPG shifts, which are typically on Time Charter were about the same and Dry-Bulk ships were a little lower because the market was weaker. This just shows you how much impact. So, just to give you an idea this increase in the crude tanker rates and we're talking about 25 ship tankers as of date and with $25,000 per day on average increase means more than $200 million in a year. These 25 ships constitute somewhere between 8500 to 9000 operating days in a year and that has huge leverage in terms of the results. And as you all know, the cost basis remains the same, it's just operating expenses because we are measuring this after fuel expenses. So, that shows you the power of the operating leverage in changing the P&L.

Now let's look at how the standalone net asset value has changed:

We started at 618, ended at 962, Rs. 200 of net change was from cash profits. So, that's actual cash, which has come into our bank. It is not a mark-to-market increase in value of the assets that's Rs.168 per share, that's a fleet value increase. So, Rs. 200 has actually come into the bank, of course, which has helped us to become net cash from net debt in the beginning of last year. And of course, we have (-25), which is the dividends which have been paid out during the last financial year, which then takes us to Rs.962 per share of net asset.

The CAGR over the last 5 years has been 22% in the net asset value. We started at Rs. 357 per share and this is now Rs. 960.

Similarly, in consolidated net asset value, our cash profit was about again between the cash profit and fleet value, each of them about Rs.250 per share and minus the dividend which takes us from Rs. 692 to Rs. 1164.

Let’s look at the shipping markets and see what they’ve been doing:

So, the left graph is the Suezmax crude tanker. Obviously the FY23 graph is much stronger than the FY22 graph and FY24 started off stronger than FY23 started. So, this is where we are, and these are the market averages and not our averages. The market, which averaged less than $10,000 a day last year for a Suezmax tanker, this year that same measure averaged $57,000 a day. For an MR Tanker, it went up from $7500 a day to $36,000 a day. Again, what led to this? Specifically, let's look at the quarter:

Crude and product tankers spot earnings continue to be elevated in Q4 year-on-year, the crude trade which is in ton miles grew by about 11% and product trade grew by about 9% year-on-year. That's Q4-FY23 versus Q4-FY22.

On the other end, on the supply side, the crude supply growth was only 4% and the product supply growth was only 2%. The EU embargo on Russian imports, for crude it kicked in from December 5th, 2022, and for products it kicked in from Feb 2023, further boosted ton miles growth.

Asset prices, we’ve already mentioned that we are now at the strongest level in the last 14-15 years.

The critical thing is that the order book for crude tankers is now at 2.5% of the existing fleet which is a big positive because the future supply is very constrained and therefore you need only a very small increase in demand in order to keep the market tight.

In product tankers, this also was at a low number, probably around 5% when we last met. It's been building up recently. So, it's now currently at about 8% of the feet.

On Dry-Bulk, we had a softer market in Q4, which again is a typical seasonal pattern which picked up towards the end of March and is at reasonable levels. So, for these sizes, we are at around the same levels we were last year.

For the smaller ships and last year, remember the smaller ships outperformed the larger ships for the large part of the year. The smaller ships are doing much worse, so the Supramax, which you can see on the right-side graph, which were at almost $30,000 a day in April last year are somewhere in the $10,000 to $15,000 this year.

Basically, the COVID related congestion which unwounded released a significant part of the fleet into the market. The demand side was quite strong, so Chinese steel production, iron ore imports were all up during the quarter. Coal imports into India and China both continued to increase. So, the main factor was the release of capacity from congestion which weigh down the supply-demand balance.

LPG continued to be strong. We had a very strong 4th Quarter of 2022 calendar and it came off from those highs but still at pretty strong levels at about $70,000/day. Again, our ships are all on-time charter. So, we are not exposed to this spot market currently but the markets have been strong. US LPG exports are up 20% year-on-year, which is a spectacular number. In this sector, this is the only one of ships in all the ships types that we have and the VLGC order book is the only order book which is really at high level in the historical context in excess of 20% order book.

We look at fleet supply and I mentioned these numbers earlier in the Orange you have the crude tanker order book. The blue is the product tanker orderbook and green is the Dry-Bulk order book.

Looking at asset prices, all asset prices have gone up. I mentioned that even Dry-Bulk went up in value despite earnings being low. So, there is a lot of optimism around shipping markets. Asset prices are looking quite elevated.

In scrapping, there hasn't been much scrapping because markets have been quite strong. So, you see calendar '22, there's very minimal scrapping there.

All of this is building up at some point these ships have to go.

Looking at the offshore business and this is almost a repeat of what we had said the last time:

The Middle East is a big driver of incremental demand and it's expected that Saudi Aramco will have 85 to 90 units on term contracts of Jack-Up Rig fleet on term contracts and that's a big number and a lot of those contracts have already been awarded. They're just waiting to go into the contracts.

So, the utilization of rigs which went down to low 60s in 2016-17, is probably close to 90% now on an effective utilization basis.

This you have seen reflecting in the pricing, we had a very significant increase in the pricing in the last tender that we priced in India. So, let's see how the next tender prices from now. And of course, supply side nobody has been ordering rigs or supply vessels for the last 6-7 years ever since the price of oil dropped from around 100 to around the 30s in 2015.

A lot of the yards have gone out of business and so it's unlikely that there will be significant capacity coming into the market.

Looking at just the fleet supply:

The current fleet is just under 500 of Jack-up Rigs. So, of these rigs basically, about 430 rigs are actively marketed. The fleet under contract is 344.. The others are more or less stacked or are unlikely to be marketed. Out of the rig fleets which is existing, 344 are already on contract and about 40 to 45 have contracts and are due to go into contract. So, that means that you have 385 to 390 rigs working, out of an effective total of 430 rigs, which means about 90% utilization of the rig fleet.

In the vessels it's not as tight, but a lot of the vessels have been stacked for a significant amount of time and are unlikely to come back into operations .

This is our utilization and utilization has been pretty strong and has been strengthening over the past couple of years.

We have repricing coming up and which is good because all the repricing are happening at higher levels than their previous contracts. The previous contracts were fixed in 2017 to 2019, which was at low point of the market. So, in the first half of this year we have 5 vessels to be repriced, in the second half of this financial year we have 4 vessels to be repriced. Then in the first half of FY25, we have 6 vessels to be repriced and we have one rig which comes off contract around this time next year. And then in H2 of FY25, we have one more vessel and we have one rig which needs to be repriced.

We had bought a vessel, an 80-ton anchor handler in the month of February and we took delivery in March. That vessel has already been delivered to us and is already working and has also got a 3-year contract in India.

Looking at broad financials again, we levered up in between 2016 and 2019 and then strong cash flows enabled us to reduce our leverage, in fact, we are in net cash. The share price to consolidated NAV, we are at about 0.5x to 0.6x.

So, that brings me to the end of the presentation. We are happy to take any questions.

Moderator: Thank you very. Much, we will now begin the question-and-answer session to ask a question. The first question is from the line of Abhishek Nigam from B&K Securities. Please go ahead.

Abhishek Nigam: So, just 2 questions for me. Number one, what is driving the sharp improvement in profitability in the 4th Quarter?

Shivakumar G.: So, are you referring to the shipping business or the offshore business?

Abhishek Nigam: The offshore business.

Shivakumar G.: So, the offshore business basically had a tax write-back. We won a case and appeal and so there was a tax write-back for the for the offshore business. So, that's one of the largest factors there was Rs. 45 crores of write-back of tax.

Abhishek Nigam: But that impact comes before the operating profit line, is it?

Shivakumar G.: So, you're talking about PBIT level?

Abhishek Nigam: Yes.

Shivakumar G.: So, the increase in profitability will be just the repricing because we were off-contract and then we went on to the contract we had rig off hire days which has now got removed. The rig was working through the quarter. We had all our 4 rigs working through the quarter where we had a rig which was not working up to October-November. In the international market, we've had improvements in pricing as well, but that's 3 or 4 vessels. So, it will not really move the needle much.

Abhishek Nigam: So, this kind of EBIT run rate for offshore, this is kind of sustainable over the next few quarters, right?

Shivakumar G.: I don't want to make a forecast, but yes, we should be in a position to maintain whatever we are doing on an operating level.

Abhishek Nigam: And on the OSV fleet, is it possible to give us a sense of where the day rates are. So, for example, if I look at tide water, then I think they are closer to $10,000 to $13,000 or so range in Asia Pacific. Is that where we are or are we at a slight discount or if you can just give us a sense, not an exact number?

Shivakumar G.: So, it's very difficult to compare these things because the operating expenses in different regions are so different. But recent pricings even in India are $10,000 and above for offshore vessels and again, I don't know what kind of vessels you're referring to for tidewater and whether it's just a blended of all their vessels because they also have some high spec vessels. But recent pricing for term contracts in India also have been around $10,000 or higher.

Abhishek Nigam: Last question for me, so there is an order book of 20 Jack-Up Rigs in your presentation for the offshore segment. I'm just wondering if these are credible orders or are these really orders which you customers placed?

Shivakumar G.: These are all ancient orders. So, these are rigs which are half built, almost waiting for delivery. We don't know if they'll ever come into the market, but a lot of them got reactivated last year. Some people went and bought them and put them into the Saudi Aramco and ADNOC contracts.

Abhishek Nigam: Keppel has placed a couple of these with customers globally. These may or may not come in eventually.

Shivakumar G.: Correct. See, typically these from Chinese rigs. I think Keppel is more or less out of the rigs. But just on that segment results. I think it does include that tax write-back so you should not take this as the run rates going forward.

Moderator: Thank you. The next question is from the line of Amit Khetan from Laburnum Capital. Please go ahead.

Amit Khetan: I had a very industry related question. Just wanted your perspective on a tail event. So, there’s a very large and growing dark fleet which is transporting Russian oil. These are mostly very old tankers, which should ideally have been scrapped, right? Now the risk of a major oil spill, which would have been miniscule earlier has probably increased exponentially. How do you guys think about this risk, and based on historical experience, what’s your sense of how the industry might be impacted if there is a major oil spill in the high seas?

Shivakumar G>: So, typically, if there is a significant oil spill, by the way, there was an accident, luckily not on a laden tanker of Singapore, Malaysia, last week on a tanker which there was an explosion on it. But typically, if you have an oil spill, it leads to much more regulation. Now these ships are already outside regulation, the dark fleet. So, I don’t know how it will impact, but yes, there will be a lot more urgency with regard to the dark fleet and maybe there will be a clampdown on those ships going forward, it’s tough. To say what could happen if there is an incident. But yes, certainly because an oil spill is such a public thing, and which really affects a lot of people, there will be a regulatory clampdown potentially if there is an oil spill from one of these ships.

Amit Khetan: So, it's fair to assume there would be an acceleration in scrapping if that happens?

Shivakumar G.: If that happens, then there is clampdown on the dark fleet. There's a lot of things that can happen then because it's not going to happen by itself. If the dark fleet is removed then how does that Russian oil get transported. If that just removed from the market because then if that's removed from the market, then what happens to the oil supply-demand balance for oil itself. So, there's a lot of things that go into that equation that we have to consider.

Amit Khetan: Secondly again, I've asked this before as well. Are you seeing any opportunities for capital allocation right now?

Shivakumar G.: Unfortunately, in terms of ships, as I mentioned that the Dry-Bulk market was weak but asset prices did not come off, they went up a little bit. In fact, they've gone up a little bit even after March 31st a little further. So, the prices are not yet at attractive levels. And tankers, of course, are at 14-15 year highs. Not yet any opportunities for capital allocation, unfortunately.

Moderator: Thank you. The next question is from the line of Himanshu Upadhyay from O3 PMS. Please go ahead.

Himanshu Upadhyay: Congrats on a great set of numbers. I have a question. Historically, our thought process has been that whenever we are around 50% or around NAV we would like to do a buyback or those things. The means around 500-550 used to be the NAV and the stock used to be around 300 we would do a buyback. Currently the NAV is around Rs.1200 and the stock is around 650-660. Do you think you will use the same metrics or you will say that no, the stock is expensive. So, how do you think about it because a lot of things have changed, but the discount rate remains similar. So, will it make sense to buy more shares?

Shivakumar G.: So, couple of. Things is one is if it is 650, the price is not 650, the price to us is 800 because of the tax. So, that changes the equation significantly on the buyback, which is 23%.

Himanshu Upadhyay: But that was at Rs. 300 also no, the last buyback when you did.

Shivakumar G.: That's right. So, yes, correct. So, it was there the last time that we did it, it was not there the previous time that we did a buyback which was in 2019. So, this is a factor to keep in mind. So, when we are looking at. 50%-55% which you mentioned you had 50%-55% without any additional cost and now you have a 23% transacting cost so that's one. The second is you'll have to see it versus what opportunities you have to deploy capital in ships, because that's the other opportunity that we have. If you think that you can get potentially opportunities to deploy capital and ships at reasonable prices, then we would like to do it again. See NAV by itself you need to look at NAV in the context of what are the ship values that have gone into it. So, we will look at that also when we decide on when we have to think about whether to buy the paper or not. The 23% cost is a very significant factor here, I'd just like to emphasize that.

Himanshu Upadhyay: And secondly, my question would be we are seeing a lot of offshore companies or vessel companies also going for offshore wind farm type of servicing or contract and all those things, is it a viable business for us also and can our ships also go into that business or what is your thought because you keep on evaluating various other opportunities, how do you look at these type of services which are coming up globally?

Shivakumar G.: So, one of our M classes which is the two most advanced vessels in our fleet which are operated out of Singapore, one of those vessels actually operates during the wind farm support helping in a wind farm installation work. Again, it's not a wind turbine installation vessel, but it works supporting the wind farm. So, but the typical vessel for the wind farm work is very different from ours maybe you can do some modifications, I'll check with our people what the situation is on that. I know that there are purpose-built vessels which are for servicing wind pump, but I do not think you can use the standard the AHTSV or PSV in that kind of work.

Himanshu Upadhyay: And is there something which hinders us from entering that business over a period of time means can we just buy an asset and start servicing in that market or there is some qualification required for that business and what would be the IRR you will get in that?

Shivakumar G.: We have not looked at those numbers at all Himanshu. So, I just would not be able to reply, but on the qualifications, I think that the fact that we have a track record operating internationally with different kind of vessels including some advanced vessels, we even operate well stimulation, diving support vessels, they are pretty advanced vessels. I do not think we have a problem qualifying necessarily, but I do not know what kind of IRR can be made on these because I just do not know what that market is.

Himanshu Upadhyay: Just one thing the crude tanker what we sold so the prices have gone up, but the proportion of our assets on the crude side is pretty low and means currently I think only 7 ships are now remaining, so how are we thinking on that side because the order book the lowest seems to be on the crude side that effectively means the oversupply in that space will take further time or it may take much longer and hence the segment can do well for much longer period of time and we have the lowest percentage while we sold one of the ships, so just some thoughts on that or how are we evaluating the market?

Shivakumar G.: It is possible and not 7 is what we have today. It is going to go down to 6 after we deliver the ship because we sold the Jag Lavanya it is due for delivery by June. So, we will be down to 6 which obviously we are not very happy with that situation. We would like to rebuild actually, but we wait for an opportunity yes we would have liked to have more. I think five years ago we probably had 12 crude tankers. Now we are down to 6, but yes we would like to rebuild that fleet at an opportune time and we are hoping we get that opportunity.

Himanshu Upadhyay: And last question on cash on balance sheet means earlier when our balance sheet had debt, so we used to keep some cash means principal and interest payment in all those things also go cash for that, but with net cash on balance sheet do we really require some amount of?

Shivakumar G.: Yes you need to do it because the net cash you still have debt repayments every year. So, you still have to keep the risk capital to ensure that you keep that, you are able to make those repayments even in a bad market.

Himanshu Upadhyay: If we repay the debt so there will be a net cash means 1,100 crores?

Shivakumar G.: But we are not repaying the debt let us say there is $370 million of debt as of March 31 and then $510 of cash, but the debt exists and it is due to be repaid next year or the year after that and the year after that and so on and so forth. So, you need to keep the reserves out of your cash it is only carving out a part of your cash notionally as risk capital. So, out of the 510 part of it is carved out as risk capital.

Himanshu Upadhyay: But will we be still raising debt in the market?

Shivakumar G.: No, we are not raising debt currently, there is no reason to raise debt, but we have repayments next year and if there could be a shortfall in cash flows in a risk case, if there could be a shortfall in cash flows that amount of cash will have to be kept in the bank without investing it, without being available for investment. So, it is just a notional thing it is just that you cannot invest that money in any case we are not investing currently and it is out of your 500 you will carve out say $100 million and say this is for risk capital. It does not change our actions.

Himanshu Upadhyay: And are we doing any in-chartering activity from our gulf subsidiary?

Shivakumar G.: Currently nothing we did that one transaction last year, but currently nothing there are no opportunities currently.

Moderator: Thank you. The next question is from the line of Chris Noronha, Shareholder**.** Please go ahead.

Chris Noronha: I just like to get your thoughts on the capital allocation process I am talking to you in the perspective as a shareholder, is this a good time to think I would like to get your thoughts on issuing bonus shares because after looking at I know the 28%, 29% dividend, but after tax and inflation and currency where I am talking from the yield is pretty low, so is this not a good time to think about and perhaps I will ask you to give your thoughts on issuing bonus shares where the shareholders could acquire paper instead of steel?

Shivakumar G.: I do not get the logic of that because bonus share is simply an accounting entry which splits shares into one share into more than one share. So, how does it really add value dividend adds real value by putting cash in the shareholders hands or you are just talking of the tax arbitrage of capital loss.

Chris Noronha: I am assuming that the company is going to develop over the next five years. So, those bonus shares will also grow in value.

Shivakumar G.: But it is just an accounting entry we have 14.3 crore shares today and let us say hypothetically we will double it to 28.6 crore shares. It is the same amount of cash, it is the same number of ships how does it really help I have not understood how it helps and it is not even a capital allocation that Rs. 28 per share which we are paying out is real cash which has gone out which is almost 400 crores which is part of the shareholders. So, I know that a lot of companies like to issue bonus shares, but I do not know how it adds real value and maybe it trades better liquidity et cetera, but it is not a capital allocation thing as such.

Chris Noronha: Well, I am talking about what your options are right now in terms of capital allocation. The cost of as we have been discussing over the past few minutes the cost of acquiring new ships is fairly high. So, your capital allocation is not efficient. The shareholders whilst we accept the 29% dividend after tax and inflation it does not work out in terms of to a very great yield. So, we are working on the basis that these additional shares which you give to shareholders will overtime create additional value.

Shivakumar G.: But it is just an accounting entry if I come back to it, it is just an accounting entry of splitting shares

Moderator: Thank you. The next question is from the line of Arjun Pathak from Central Advisors. Please go ahead.

Arjun Pathak: I just wanted to know would it be possible for you to share the selling price of Jag Lavanya?

Shivakumar G.: No, we do not share as in sale and purchase transaction prices, these are generally bound by confidentiality clauses.

Arjun Pathak: Second one would be as we are witnessing the higher TCY for the product and the crude carriers because of the change in macro factors in the crude industry, going forward can you just throw some lights on the crude demand and how do we see that panning out in the next one year or so because I read somewhere the refinery are experiencing a downtrend on the margin so that could lead to a subdued demand for crude, so can you throw a light on that?

Shivakumar G.: So, what you have read is sort of correct and the conclusion is also correct. So, again, it is led by poor demand for the end product which in this case is gas, oil or diesel. So, there has been the demand for gas, oil and diesel has been quite poor the demand growth which is probably a reflection of industrial activity because diesel is more an industrial commodity unlike gasoline which is more a retail completely and because of that the refining margins are poor. If refining margins are poor as you have said refineries are less likely to increase their crude inputs which means less demand for crude tankers and if they are producing less refined products there is less demand for product tankers as well. Yes, that is the situation currently we are also in the middle of a little bit of a refinery maintenance season and this in any case this period is traditionally the lull period for tankers typically Q4 and Q1 of the calendar years which is H2 of our financial year tend to be stronger for tankers. So, that is when you really see tankers strength. So, yes the fact that demand is not picking up is a little bit of a worry, it is a macro worry and you can see it in the oil prices with the crude oil prices. So, we hope that this will pick up. We have seen the high frequency data that you see coming out of places like China with regard to flights resumption, the data which you see coming out of OECD countries with regard to inventories which are quite low all of it seems to point in the direction that activity has to go up crude oil demand has to go up, refined products demand has to go up. However, it is not yet happened, but still tanker rates are pretty strong as we speak. So, let us see what happens and it is very difficult to call this because you do not know what is happening necessarily in some of these economies, but if their economies come back then you should have pretty strong growth in demand end user demand which means that you will definitely have movement by ship.

Moderator: Thank you. The next question is from the line of Roshan Nair from B&K Securities. Please go ahead.

Roshan Nair: Sir just wanted to understand when are the gas carriers coming off contract?

Shivakumar G.: We have one coming up towards the end of the year. We have a midsized gas carrier which is coming up for repricing in end of May to June within the next one month. So, we have bid for a contract in India and hopefully we will get that we are L1 is just going through the process. The other ships are going to come out between H2 of FY24 and early FY 25 so maybe after September the other VLGC 's will come out.

Roshan Nair: Does the buyer have the option to renew at the same rates?

Shivakumar G.: Does the charter you mean?

Roshan Nair: Yes.

Shivakumar G.: The charter of these vessels no this is after the exercise of call options.

Roshan Nair: And where are the time charter rates currently versus the contracted rates for gas carriers?

Shivakumar G.: So, time charter rates are a little higher than the current contracted rates $3,000 to $4000 maybe $5,000 again it depends on tender-to-tender. Some tenders it depends on how many people are bidding in a particular inquiry, but probably slightly higher than their current contract rates maybe $5,000 to $8,000 also on the VLGC I am referring to. In the MGC we are actually seeing improved pricing from the previous contract.

Roshan Nair: And for product tankers the order book-to-fleet ratio is currently 8% which is at very low levels, so at what level would you think that the outlook for the day rates will be negatively impacted by order book-to-fleet being high?

Shivakumar G.: Definitely not at 8% but remember that the day rate thing is a very short term thing while the order book is in the long term. So, the reason why we always keep looking at the order book is that that is the only thing that you really know, but the day rates are affected by what happens literally on a day-to-day basis. How many ships are available today to load a particular cargo and therefore what price can they demand. So, that is very short term and very position driven and does not get affected by the order book and you have been following us for some time, you know that from the last three years we have been talking about the low order book and it has been around 10% for quite some time for tankers, but nothing happened for one and half years between middle of 2020 till early 2022. Though the order book was really low. It only happened because something happened and trade the market strengthened because some event happened and trade took off or the demand for tankers took off. So, the order book in the long term it is a comfort factor, but in the short term not really it does not make a difference really to what our ships earn this month or 6 months down the road. It does not make a difference unless there is a big delivery. So, for instance, in VLGC you have a 10% fleet delivery within the next 12 months, but otherwise it does not really make a difference.

Moderator: Thank you. The next question is from the line of Devesh Jhawar Individual investor. Please go ahead.

Devesh Jhawar: Sir, I just want to ask that we have a lot of cash on the books are we planning to foray into the different business verticals like if we are interested in entering the dredging business?

Shivakumar G.: No, we are not. We are contained with the businesses that we do which is the shipping business and the oil field services business within the shipping business itself there is a lot that we can do and we will stick to those places where we think we can. We have some competitive advantage, we have some knowledge that helps us to do well. So, that is what we focus on.

Moderator: Sir, we have one text from Ashish Gautam Individual Investor.

Ashish Gautam: The question is can you tell us about the outlook on the shipping cycle for the financial year ahead and what are you going to do with the cash proceeds from the sale of this ship in this quarter?

Shivakumar G.: First the outlook is really difficult because we do not know and that is the honest answer we do not know what the market is going to do. The tanker market happens to be reasonably strong now continues to be strong, dry bulk markets are okay, gas carrier markets are also very strong. We do not know if that will stay true for next month or next quarters. All we say is that it depends on what happens to oil demand or whether the world economy is going to a recession or are we going to see a quick recovery in the economies which then will have a corresponding recovery in commodity demand. The one thing is that the supply side is not a worry. So, all we need is for demand to do its job and then we can have a strong markets. Coming to the second question on what we are doing with the sale proceeds of Jag Lavanya, it will come into the treasury and it will be invested in safe instruments as always or it will just sit in the bank otherwise waiting to be invested in the business.

Moderator: Thank you sir. There is one more text question from Subahu Sanghvi from Winshine Financial Services.

Subahu Sanghvi: Can we prepay debt to reduce interest burden as we are cash surplus?

Shivakumar G.: We did do that last year. We prepaid almost $72 million in debt in the last financial year to reduce our interest burden. We saved a couple of million dollars by doing that wherever possible we will look to do it. There are regulations with regard to this. So, wherever possible under the regulations we will look to prepaid debt. It is a good idea and we will look to do that where we can.

Moderator: As there are no further questions, I now have the conference over to Ms, Anjali Kumar for closing comments.

Anjali Kumar: Thank you everybody for joining in today and all those interesting questions. As usual the transcript of the call will be on the website. The audio transcript will be there by tonight and the written transcript will be there in a couple of days. Also please feel free to reach out for any queries our team is always there to help you. Thank you so much.

Moderator: Thank you. On behalf of Great Eastern shipping, we conclude this conference. Thank you for joining us and you may now exit the meeting.