# The Great Eastern Shipping Company Limited

June 25, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating[1] | Rating Action |
|---|---|---|---|
| Long-term / Short-term bank facilities | 50.00 | CARE AAA; Stable / CARE A1+ | Reaffirmed |
| Non-convertible debentures | 250.00 (Reduced from 500.00) | CARE AAA; Stable | Reaffirmed |
| Non-convertible debentures | 300.00 (Reduced from 400.00) | CARE AAA; Stable | Reaffirmed |
| Non-convertible debentures | 100.00 | CARE AAA; Stable | Reaffirmed |
| Non-convertible debentures | 150.00 (Reduced from 300.00) | CARE AAA; Stable | Reaffirmed |
| Non-convertible debentures | 300.00 | CARE AAA; Stable | Reaffirmed |
| Non-convertible debentures | 150.00 | CARE AAA; Stable | Reaffirmed |
| Non-convertible debentures@ | - | - | Withdrawn |

## Rationale and key rating drivers

Ratings assigned to bank facilities and non-convertible debentures (NCDs) of The Great Eastern Shipping Company Limited (GESCO) factor in long-standing presence of over seven decades in the shipping business, demonstrated track record of operations across business cycles, and extensive experience of promoters. Ratings consider diversified and relatively young fleet of vessels, strong market position with presence across the oil products, crude oil, liquefied petroleum gas (LPG), and dry bulk, low counterparty risk with reputed clientele, prudent risk management policies and treasury function, and a strong liquidity position.

Ratings also factor in the robust financial performance reported in FY25 (FY refers April 01 to March 31) driven by continued strong charter rates in crude/product tanker segment with the trade disruptions caused by Russia-Ukraine War. GESCO reported healthy cashflows and strong liquidity position, resulting in continued net debt being negative as on March 31, 2025. Going forward, the financial performance is expected to remain strong with rates likely to remain favourable in the medium term with lower supply of new ships, capacity utilisation of shipyards at higher levels, and trade disruptions continuing. With almost 58% fleet (in terms deadweight tonnage [DWT]) deployed in the tanker segment, favourable charter rates are likely to further augment the cashflow position. However, given the cyclical nature of industry, ratings derive comfort from prudent treasury and liquidity management policies adopted by GESCO.

There are no large debt-funded vessel acquisition/diversification plans by the company in the near term. GESCO is expected to acquire additional fleet once the vessel rates are attractive, while maintaining net debt to profit before interest, depreciation, and taxation (TD/PBILDT) around unity on a consolidated basis. CARE Ratings Limited (CareEdge Ratings) notes GESCO is fully compliant with regulations set by IMO and is taking measures to reduce emissions and fuel consumptions. Performance in the offshore segment has also improved and is also likely to improve with the company repricing majority vessels in the current fiscal at higher rates.

Rating strengths are tempered by risks associated with volatile charter rates and crude oil prices and inherent cyclical nature of the shipping and oil Exploration and Production (E&P) industries. Global events resulting in trade disruptions may also affect the performance of the company with majority ships deployed outside India.

@CARE Ratings Limited (CARE Ratings) has withdrawn the rating assigned to the non-convertible debenture (NCD) issue (bearing ISIN no. INE017A08243) of The Great Eastern Shipping Company Limited with immediate effect, as the company has repaid the aforementioned NCD issue in full along with interest, and there is no amount outstanding under the issue as on date.

## Rating sensitivities: Factors likely to lead to rating actions

**Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade**

- Not applicable

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

**Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:**

- Net debt to earnings before interest, taxation, depreciation, and amortisation (net debt/EBITDA) at 1x or above on a sustained basis.
- Large investment in unrelated diversifications.
- Material changes in liquidity management policy.

**Analytical approach:** Consolidated

CareEdge Ratings has taken consolidated financials of GESCO and its subsidiaries. The entities consolidated are listed in Annexure-6.

**Outlook: Stable**

GESCO is expected to sustain its stable risk profile backed by prudent risk management policies, strong liquidity profile, established client profile, and its long-term track record over seven decades.

## Detailed description of key rating drivers

**Key strengths**

**Favourable industry outlook**

**Product and crude segment**

The charter rates continued to remain strong due to the trade disruption caused by Russia-Ukraine war. Further events such as Red Sea attacks, which has diverted the tankers to Cape of Good Hope, increasing oil supply of the US to Asia and Europe has increased the overall Ton-Mile demand. In CY24, there was an overall growth in Ton-Mile demand by ~6.5%, whereas the fleet growth was ~2%. With lower-than-anticipated demand, the charter rates have seen reduction from Q4FY24 to Q4FY25 level, however, it remained high compared to long-term averages.

The Ton-Mile demand for CY25 to CY27 is expected to grow in the range of 4% to 6%, whereas the net fleet addition is expected to be between 2% and 3% for CY25 to CY27. With lower-than-anticipated demand, the charter rates have reported reduction from Q4FY24 to Q4FY25 level, however, it remained high compared to long-term averages.

**Dry bulk segment**

After a strong correction in dry bulk rates in FY23, the dry bulk charter has normalised to pre-COVID-19 levels in FY24 and have remain stable in FY25 as well. Dry bulk earnings for Capesizes were about the same as they were in the previous financial year, while for Supramaxes, they were slightly better than in the previous financial year.

Dry bulk trade reported growth in CY2023 and CY2024, with volumes rising 3.6% and 3.3%, and Ton-Miles up 5.8% and 5.2%, driven by Atlantic exports and logistical inefficiencies. China's imports surged 19.6% over two years, backed by pro-growth policies. Global demand rebounded in 2024 on lower commodity prices and monetary easing. However, rising protectionism under a new Trump administration may disrupt the global trade flows impacting the rates.

Ton-Miles for the dry bulk products such as iron ore, coal, grain, and other products are expected to grow at a compounded annual growth rate (CAGR) of 3% to 4% in CY25. The orderbook for the dry bulk has remained low at 10.3% (as of March 2025) of the fleet. The fleet growth is expected to continue at lower levels which will support the freight rates. The annual fleet growth is projected at 3% for Dry Bulk Carriers in CY25 (Source: Industry reports).

**Offshore segment**

The performance of the offshore business is closely linked to the Exploration & Production (E&P) plans of global oil majors. In FY16–FY21, subdued E&P spending by these companies led to a significant decline in rig utilisation levels. Most contracts executed in this period were at depressed rates and failed to generate positive EBITDA. However, E&P activity witnessed a revival starting January 2021. This uptick facilitated the signing of new contracts at improved pricing levels, resulting in meaningful EBITDA generation. Consequently, global rig utilisation has improved sharply—from ~50% in September 2016 to ~75% by May 2025. While charter rates have risen in line with increased E&P capital expenditure, they remain marginally below the peaks observed in the previous upcycle in crude oil prices. Over next 12 months, over 40% of domestic offshore rig contracts are due for renewal, and the prevailing higher day rates are expected to benefit rig operators significantly.

**Strong financial performance reported in FY25**

GESCO reported operational revenue (consolidated) of ₹5,395 crore in FY25 (₹5,432 crore in FY24). Profitability remained strong with the company reporting PBILDT margin of 50.75% in FY25 (55.38% in FY24) and profit after tax (PAT) margin of 43.45% in FY25. With favourable industry scenario, CareEdge Ratings expects margins and return indicators to remain strong in the medium term. The subsidiary, Greatship India Limited (GIL), has also been reporting improvement in financial performance. In FY25, GIL reported 61% growth in income from ₹1,090 crore in FY24 to ~₹1,758 crore in FY25, GIL reported PAT of ₹318 crore in FY25 against ₹163 crore in FY24.

**Robust financial position and prudent risk management policies**

GESCO has seen a consistent improvement in the performance over the last few years which in absence of major debt-funded capex resulted in robust financial position and a net debt negative position on consolidated basis as on March 31, 2025. CareEdge Ratings expects coverage metrics to remain strong with no immediate major capex plans, given the high vessel values. Cash deployment in vessel acquisition depends on price correction/attractive deal in sight.

The company has prudent risk management policies covering forex, treasury, and liquidity management, given its presence in the highly cyclical industry. While earnings and expenses are in foreign currency, providing natural hedge, a large part of liability (69% of borrowings on consol basis as on March 31, 2025) is in the domestic currency (INR). Mitigate forex risk, the company has formed synthetic fixed rate USD loans through currency swaps. By entering currency swap, the company reports Mark-to-Market (MTM) changes, which are routed through profit and loss account (actual settlements and cash outflows incur at time of maturity). In FY25, GESCO has reported an MTM gain of ₹72 crore on consolidated basis. Any unrelated diversifications (not related to shipping) sector remains a key rating monitorable.

**Strong market position and established track record**

GESCO is the largest private shipping company in India and is promoted by Sheth brothers and Bhiwandiwallas. In its presence of over seven decades, the company has demonstrated track record of operating across business cycles. It developed a strong clientele with major counterparties being reputed charterers in oil & gas industry and major commodity traders. The company is managed by well-qualified professionals with K.M. Sheth (Chairman), representing the Board of Directors. The board comprises adequate mix of executive and non-executive/independent directors (nine out of 13 directors are Non-Executive - Independent Director), reflecting prudent corporate governance practice.

**Diversified fleet with low average age of vessels**

GESCO has a strong market presence with well-diversified and large fleet of vessels comprising tankers, product/ gas carriers and dry bulk carriers. As on May 31, 2025, the company owns and operates 38 vessels with DWT of 3.04 million and average age of fleet at 14.70 years. Historically, the company has been operating a fleet of young ships, which gives it competitive advantage and reduces associated costs. About 58% fleet capacity (in terms of DWT) operates in product/crude tanker segment, 10% in gas tanker segment and the rest 32% in dry bulk segment. Having a presence in both segments' aids GESCO to maintain stable financial performance in case of downtrends across segment. The company also operates offshore business through its wholly owned subsidiary, GIL. GIL has four jack-up rigs with an average age of 13.56 years and 19 offshore-support vessels with average age of ~15 years.

**Key weaknesses**

**Profitability susceptible to fluctuation in charter rates and crude oil prices**

Over the past few years, GESCO has moved from time charter (assured long-term agreements) to spot market operation, resulting in deployment of almost 80% vessels on spot rate and balance 20% on time charter basis (mostly LPG carriers). The company's strategy regarding the fleet mix is to keep majority of its capacity open to take advantage of strong markets. While it has gained in last few years considering this high operating leverage and low financial leverage, the company is exposed to the inherent risk associated with adverse movement in charter rates and crude oil prices. While charter rates for rigs have surged with budgeted E&P capex, they remain below rates witnessed in previous upcycle.

**Cyclical and regulated shipping industry**

The shipping industry's performance is directly linked to global trade flows. In the times of macro-economic growth, the demand for vessels increased leading to higher charter rates translating into higher profits for ship operators. On the contrary, in the economic downturn, demand for vessels dipped causing lower charter rates. Performance of offshore business also depends on E&P plans of global oil majors. The company is exposed to regulations from domestic and international agencies and must undergo maintenance capex to comply with regulations.

### Liquidity: Strong

The liquidity profile is strong with robust accruals and large liquid funds maintained. As against principal repayment of ~₹667 crore in FY26, the company has cash balance of ~₹8,015 crore as on March 31, 2025. GESCO has a well-defined liquidity policy, where it maintains cash and cash equivalents to meet the next three years' debt servicing, capital commitments, dry-docking expenses, and dividend payments, plus US$100 million cash minus the next three years' EBIDTA, which is calculated based on 20 years' lowest freight rates. A stress test is conducted quarterly to ensure adherence to the policy framework. Apart from liquidity in the form of cash/bank balances, ships are liquid assets, with GESCOs fleet valued at ~₹9,000 crore, providing 5x cover against outstanding debt (on standalone basis).

**Assumptions/Covenants:** Not applicable

### Environmental, social, and governance (ESG) risks

The company is fully compliant with regulations set by International Maritime Organisation (IMO) and is taking measures to reduce emissions and fuel consumptions. Few measures include hull coatings in dry dock, installation of emission control devices, and LED lights, among others. Towards reduction in sulphur emissions, five out of 38 vessels are fitted with exhaust gas cleaning system (scrubbers). In FY25, GESCO was able to achieve 7.8% reduction in SOx emissions compared to FY24. The board comprises adequate mix of executive and non-executive/independent directors (nine out of 13 directors are Non-Executive - Independent Director), reflecting prudent corporate governance practice.

### Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Nonfinancial Sector
Service Sector Companies
Short Term Instruments
Shipping Companies
Consolidation

### About the company and industry

### Industry classification

| Macroeconomic Indicator | Sector | Industry | Basic Industry |
|---|---|---|---|
| Services | Services | Transport Services | Shipping |

Established on August 03, 1948, GESCO is the largest private shipping company in India on tonnage basis. The company also has presence in offshore oilfield services through its 100% owned subsidiary, Greatship (India) Limited. GESCO was founded by two families, Sheths and the Bhiwandiwallas, and promoters hold 30.07% shareholding as on March 31, 2025

| Brief Financials (₹ crore) (Consolidated) | March 31, 2024, (A) | March 31, 2025 (Abridged) |
|---|---|---|
| Total operating income | 5,432 | 5,395 |
| PBILDT | 3,009 | 2,738 |
| PAT | 2,614 | 2,344 |
| Overall gearing (times) | 0.25 | 0.15 |
| Interest coverage (times) | 11.37 | 11.58 |

A: Audited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated**: Annexure-4

**Lender details**: Annexure-5

**Annexure-1: Details of instruments/facilities**

| Name of the Instrument | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned along with Rating Outlook |
|---|---|---|---|---|---|---|
| Debentures-Non-Convertible Debentures | INE017A08235 | 6-May-16 | 8.70% | 6-May-26 | 250 | CARE AAA; Stable |
| Debentures-Non-Convertible Debentures | INE017A08243 | 31-May-16 | 8.70% | 31-May-25 | 0.00 | Withdrawn |
| Debentures-Non-Convertible Debentures | INE017A08250 | 10-Nov-16 | 8.24% | 10-Nov-25 | 200 | CARE AAA; Stable |
| Debentures-Non-Convertible Debentures | INE017A08268 | 10-Nov-16 | 8.24% | 10-Nov-26 | 200 | CARE AAA; Stable |
| Debentures-Non-Convertible Debentures | INE017A08292 | 25-May-17 | 8.25% | 25-May-27 | 150 | CARE AAA; Stable |
| Debentures-Non-Convertible Debentures | INE017A07559 | 12-Apr-18 | 8.85% | 12-Apr-28 | 300 | CARE AAA; Stable |
| Debentures-Non-Convertible Debentures | INE017A07567 | 02-Nov-20 | 8.05% | 02-Nov-28 | 150 | CARE AAA; Stable |
| Non-fund-based - LT/ ST-Bank Guarantee | - | - | - | - | 50.00 | CARE AAA; Stable / CARE A1+ |

**Annexure-2: Rating history for last three years**

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating History | | | |
|---|---|---|---|---|---|---|---|---|
| | | Type | Amount Outstanding (₹ crore) | Rating | Date(s) and Rating(s) assigned in 2025-2026 | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 |
| 1 | Debentures-Non-Convertible Debentures | LT | - | - | - | - | 1)Withdrawn (27-Jun-23) | 1)CARE AA+; Stable (04-Jul-22) |
| 2 | Non-fund-based - LT/ ST-Bank Guarantee | LT/ST | 50.00 | CARE AAA; Stable / CARE A1+ | - | 1)CARE AAA; Stable / CARE A1+ (26-Jun-24) | 1)CARE AAA; Stable / CARE A1+ (27-Jun-23) | 1)CARE AA+; Stable / CARE A1+ (04-Jul-22) |
| 3 | Debentures-Non-Convertible Debentures | LT | 250.00 | CARE AAA; Stable | - | 1)CARE AAA; Stable (26-Jun-24) | 1)CARE AAA; Stable (27-Jun-23) | 1)CARE AA+; Stable (04-Jul-22) |
| 4 | Debentures-Non-Convertible Debentures | LT | 300.00 | CARE AAA; Stable | - | 1)CARE AAA; Stable (26-Jun-24) | 1)CARE AAA; Stable (27-Jun-23) | 1)CARE AA+; Stable (04-Jul-22) |
| 5 | Debentures-Non-Convertible Debentures | LT | - | - | - | 1)CARE AAA; Stable (26-Jun-24) | 1)CARE AAA; Stable (27-Jun-23) | 1)CARE AA+; Stable (04-Jul-22) |
| 6 | Debentures-Non-Convertible Debentures | LT | 100.00 | CARE AAA; Stable | - | 1)CARE AAA; Stable (26-Jun-24) | 1)CARE AAA; Stable (27-Jun-23) | 1)CARE AA+; Stable (04-Jul-22) |
| 7 | Debentures-Non-Convertible Debentures | LT | 150.00 | CARE AAA; Stable | - | 1)CARE AAA; Stable (26-Jun-24) | 1)CARE AAA; Stable (27-Jun-23) | 1)CARE AA+; Stable (04-Jul-22) |
| 8 | Debentures-Non-Convertible Debentures | LT | 300.00 | CARE AAA; Stable | - | 1)CARE AAA; Stable (26-Jun-24) | 1)CARE AAA; Stable (27-Jun-23) | 1)CARE AA+; Stable (04-Jul-22) |
| 9 | Debentures-Non-Convertible Debentures | LT | 150.00 | CARE AAA; Stable | - | 1)CARE AAA; Stable | 1)CARE AAA; Stable (27-Jun-23) | 1)CARE AA+; Stable |

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating History | | | |
|---|---|---|---|---|---|---|---|---|
| | | Type | Amount Outstanding (₹ crore) | Rating | Date(s) and Rating(s) assigned in 2025-2026 | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 |
| | | | | | | (26-Jun-24) | | (04-Jul-22) |

LT: Long term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

| Sr. No. | Name of the Instrument | Complexity Level |
|---|---|---|
| 1 | Debentures-Non-Convertible Debentures | Simple |
| 2 | Non-fund-based - LT/ ST-Bank Guarantee | Simple |

**Annexure-5: Lender details**

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| To view lender-wise details of bank facilities please click here |

**Annexure-6: List of entities consolidated**

| Sr No | Name of the entity | Extent of consolidation | Rationale for consolidation |
|---|---|---|---|
| 1 | The Greatship (Singapore) Pte. Ltd., Singapore | Full | Wholly owned subsidiary |
| 2 | The Great Eastern Chartering L.L.C. (FZC), U.A.E. | Full | Wholly owned subsidiary |
| 3 | The Great Eastern Chartering (Singapore) Pte. Ltd., Singapore | Full | Step-down subsidiary |
| 4 | Great Eastern CSR Foundation, India | Full | Wholly owned subsidiary |
| 5 | Greatship India Ltd | Full | Wholly owned subsidiary |
| 6 | Greatship Global Offshore Services Pte. Ltd., Singapore | Full | Step-down subsidiary |
| 7 | Greatship Global Energy Services Pte. Ltd., Singapore | Full | Step-down subsidiary |
| 8 | Greatship (UK) Ltd., UK | Full | Step-down subsidiary |
| 9 | Greatship Oilfield Services Ltd., India | Full | Step-down subsidiary |
| 10 | GEShipping (IFSC) Ltd. | Full | Wholly owned subsidiary |

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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**About us:**
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