THE GREAT EASTERN SHIPPING CO. LTD.

## PRESS RELEASE

# G E Shipping registers net profit of Rs. 167.18 crs., up by 109%

### Posts highest ever " second quarter" profits

### Declares an interim dividend of Rs. 3.50 per equity share

The Board of Directors of The Great Eastern Shipping Company Ltd. (GE Shipping) today approved the Unaudited Financial Results (Provisional) for the second quarter and the half-year ended on September 30, 2004

In Q2 FY 2004-05, GE Shipping reported a total income of Rs. 497.78 crores (corresponding quarter Rs. 291.6 crores) an increase of 71% while net profits at Rs.167.18 crores (corresponding quarter Rs. 80.12 crores) registered a rise of 109%.

For the quarter, the shipping division contributed around 77% to the total revenue and 79% to the profit before tax and interest whereas the offshore division contributed around 17% to the total revenue and 19% to the profit before tax and interest.

The first half of the financial year 2004-05 saw a total income of Rs. 914.83 crores, a rise of 54% when compared to the H1 2003-04. Net profits increased by 53% over the corresponding period and stood at Rs.269.61 crores.

**Business developments during the quarter**

SHIPPING BUSINESS:

During the quarter, revenue days at 3475 were higher by around 29 % as compared to Q2 FY 2003-04 (2685 days) primarily due to tonnage addition of 1.16 mn dwt. Crude carriers earned an average TCY of USD 26,539/day (corresponding quarter USD 18,440/day). The product tankers earned an average TCY of USD 14,466/day, an increase of 13% when compared to Q2 FY 2003-04 (USD 12,756 /day).

The divisions' 9 dry bulk carriers earned an average TCY of USD 17,914 / day as compared to USD 10,376/ day in Q2 FY 2003-04.

Below is a table providing category wise earnings breakup for the quarter under review:

| **Ship Category** | **Spot Fixture** | | **Structured Fixture** | | **Period Fixture** | |
|---|---|---|---|---|---|---|
| | **Av. TCY** | **(days)** | **Av. TCY** | **(days)** | **Av. TCY** | **(days)** |
| VLCC | 48,865 | (162) | | | | |
| Suezmax | 33,923 | (192) | | | | |
| Aframax | 26,091 | (365) | | | 17,399 | (552) |
| Panamax | | | 16,776 | (74) | 15,466 | (77) |
| MR | 21,648 | (110) | 17,972 | (276) | 12,834 | (378) |
| GP | | | | | 13,100 | (552) |
| Gas | | | | | 16,579 | (91) |

OFFSHORE OIL FIELD SERVICES BUSINESS:

There was marked improvement in the utilisation of all offshore assets with marine construction activities contributing significantly recording an utilisation of 94%. The rig "Badrinath" was non operational for a significant part of the quarter as a consequence of unexpected bad weather damage.

**Sale & Purchase activities during the quarter**

During the quarter the Company took delivery of "Malaviya Twenty" a new built Platform Supply Vessel apart from contracted two Anchor Handling Tug Supply Vessels and 2 Platform Supply Vessels.

Soon after the close of the quarter, the Company took delivery of a new built MR product tanker "Jag Pahel" and a 1991 built second hand LPG carrier "Jag Viraj". In addition the Company placed orders for 2 MR product carriers with *"1A Ice Class"* notation. On the sale front, the Company also sold 2 OSVs "Malaviya Eleven" and "Malaviya Fourteen" and contracted to sell an Aframax Crude Carrier "Jag Larjish" scheduled to be delivered in the third next quarter.

GE Shipping's current fleet of 71 vessels comprises 41 ships (an aggregate tonnage of 2.87 mn dwt with an average age of 13.7 years) and 30 offshore units. Currently, the Company has a new building order book comprising 7 tankers (aggregating 0.5 mn dwt) and 8 OSVs with an aggregate committed capex of around USD 353 mn. The delivery schedule of these 15 vessels is as under:

| Sr. No | Asset Details | Month Contracted | Scheduled Delivery |
|---|---|---|---|
| 1 | AHTSV | June 2003 | January 2005 |
| 2 | Suezmax "1 B Ice Class" | March 2003 | March 2005 |
| 3 | Suezmax "1 B Ice Class" | May 2003 | June 2005 |
| 4 | AHTSV | September 2003 | July 2005 |
| 5 | AHTSV | September 2003 | September 2005 |
| 6 | AHTSV | June 2003 | January 2006 |
| 7 | AHTSV | August 2004 | March 2006 |
| 8 | AHTSV | August 2004 | June 2006 |
| 9 | PSV | September 2004 | Mid / End 2006 |
| 10 | MR Product Carrier | March 2004 | February 2007 |
| 11 | MR Product Carrier | March 2004 | March 2007 |
| 12 | MR Product Carrier | April 2004 | August 2007 |
| 13 | MR Product Carrier "1 A Ice Class" | October 2004 | February 2007 |
| 14 | MR Product Carrier " 1 A Ice Class" | October 2004 | April 2007 |
| 15 | PSV | September 2004 | Mid/ End 2007 |

**Market Scenario:**

Continuing high levels of oil demand commensurate with increasing oil supply from Middle Eastern OPEC members aided to the share of long haul trade. Tight tonnage availability in light of increased volumes enabled the tanker freight rates to stay at high levels. The Baltic Clean Tanker Index, which was at 1113 on July 1, 2004 closed at 1052 on September 29, 2004. The Baltic Dirty Tanker Index, which was at 1450 on July 1, 2004, scaled up by 35% to 1962 on

September 29, 2004. As on October 28, 2004 the Baltic Clean Tanker Index and the Baltic Dirty Tanker Index were at 1753 and 3028 respectively.
Global steel production was higher than the corresponding quarter leading to increased dry bulk trade. Steel production in China moved up by 20% as compared to the corresponding quarter, resulting in a rebound in the iron ore trade. The Baltic Handymax Index (BHMI), which was 18751 on July 1, 2004, scaled up by 47% to 27567 on September 29, 2004. As on October 28, 2004 the BHMI stood at 29707.

Oil field services Sector: Globally, markets remained more or less lackluster resulting into subdued day rates. In fact, against the trend, E&P spending did not rise with the increasing oil prices. This was mainly due to the uncertainty prevailing about the sustainability of the levels of oil and gas prices. However production and redevelopment activities continued on the coast of India.

**Outlook:**

***Market***

With winter setting in, and with low oil inventories, particularly in the US, demand for oil is expected to stay strong. OPEC has announced a further increase in oil production by 1 mbd effective November 1, 2004. With anticipated weather delays and tight demand /supply situation, tanker freight markets are expected to remain volatile with a firm undertone.

Ongoing demand for dry bulk commodities from Asia is expected to keep dry bulk freight rates at strong levels over the next couple of quarters.

Government of India is intending to float NELP V. Also, ONGC will be inviting bids for developing 19 offshore marginal fields.

***Company***

As on October 30, 2004, for the balance period of FY 2004-05, crude carrier tonnage has a period cover of around 55% of the operating days. Product carriers have a period cover of 68% While the gas carrier is covered to the extent of 78% of their operating days respectively. In the dry bulk segment 34% of the fleet's operating days are covered. This aggregates to a revenue visibility of around Rs. 569 crores for the shipping division. For the balance period of FY 2004-05, the offshore division has a revenue visibility aggregating Rs.104.52 crores with the drilling rigs covered to the extent of 73%. The offshore support vessels, the construction barge and the harbour tugs are covered to the extent of 52%, 19% and 69% of their operating days respectively.

Place: Mumbai

Date: October 29, 2004