

PRESS RELEASE

GE Shipping Q2FY11 consolidated Net Profit at Rs. 168.65 cr GE Shipping H1FY11 consolidated Net Profit at Rs. 340.45 cr *Declares interim dividend of Rs 3.50 per share*

The Board of Directors of The Great Eastern Shipping Company Ltd. (G E Shipping) today approved the Unaudited Financial Results (Provisional) for the second quarter of FY 2010-11, ended September 30, 2010.

KEY HIGHLIGHTS:

Standalone				Consolidated		
Q2FY'11	Q2FY'10	H1FY'11	(Amount in Rs. crs)	Q2FY'11	Q2FY'10	H1FY'11
			Income Statement			
423.99	521.08	876.88	Revenue	716.41	801.94	1443.64
199.10	242.97	458.59	EBITDA	312.41	299.96	697.62
112.98	96.77	218.92	Net Profit	168.65	108.47	340.45
			Balance Sheet			
9358.16	9244.32	9358.16	Total Assets	11747.25	11416.95	11747.25
5546.99	5239.22	5546.99	Equity	5973.75	5552.92	5973.75
3367.39	3405.96	3367.39	Long Term Debt (Gross)	5096.15	5022.12	5096.15
236.20	572.42	236.20	Long Term Debt (Net of Cash)	1397.07	1799.52	1397.07
			Cash Flow			
114.66	135.05	362.90	From operating activities	185.06	175.57	476.81
31.11	179.73	(156.96)	From investing activities	(78.07)	34.41	(176.94)
(331.37)	345.46	(529.27)	From financing activities	(280.05)	354.84	(523.56)
(185.60)	660.24	(323.33)	Net cash inflow/(outflow)	(173.06)	564.82	(223.69)
			Key financial figures			
46.96%	46.63%	52.30%	EBITDA Margin (%)	43.61%	37.40%	48.32%
7.98%	7.43%	7.89%	Return on Equity (ROE) (%)	11.19%	7.86%	11.54%
5.49%	6.56%	6.60%	Return on Capital Employed (ROCE) (%)	7.27%	6.95%	8.43%
0.61	0.65	0.61	Debt/Equity Ratio (x)	0.85	0.90	0.85
46.61	48.22	45.97	Exchange rate USD/INR, average (Rs)	46.61	48.22	45.97
44.93	48.10	44.93	Exchange rate USD/INR, end of period (Rs)	44.93	48.10	44.93
			Share related figures			
7.42	6.35	14.38	Earnings per share, EPS (Rs)	11.07	7.12	22.36
7.40	6.34	14.34	Diluted earnings per share (Rs)	11.05	7.11	22.31
12.18	12.39	24.36	Cash Profit per share (Rs)	17.63	14.20	35.79
3.50	-	-	Dividend paid per share (Rs)	3.50	-	-

Performance Review of Q2 FY 2010-11 (standalone basis):

Break up of Revenue days:

Revenue Days	Q2'FY11	Q2'FY10
Owned Tonnage	3,069	3,146
Inchartered Tonnage	-	122
Total Revenue Days	3,069	3,268
Total Owned Tonnage (mn.dwt)	2.61	2.84

Average TCY's earned in various categories:

Average (TCY \$ per day)	Q2'FY11	Q2'FY10	% Chg
Crude Carriers	20,156	18,779	7%
Product Carriers (Incl. Gas)	16,953	18,865	(10)%
Dry Bulk	19,833	17,065	16%

FLEET DEVELOPMENT:

Sale & Purchase Activities during Q2 FY2010-11:

During the quarter:

- The Company delivered its 1984 built Medium Range (MR) product carrier "Jag Pranam" to the buyers.

Subsequent to the quarter:

- The Company delivered its 1987 built Aframax crude carrier "Jag Lamha" to the buyers.

Capital Expansion Plan

The Company currently has a total capex commitment of around USD 573 mn, which translates to approx. Rs.2550crores at current exchange rates. Out of this, approx USD 234mn has already been advanced to the yards as stage payments. This will result in addition to the tonnage of about 1.31 mn dwt (3 VLCC's, 2 Supramaxes & 3 Kamsarmax dry bulk carriers).

FLEET PROFILE: as on date

Categories	No. of ships	Avg age (years)
Crude Carriers	10	9.2
Product Carriers	16	8.2
Gas Carrier	1	19.0
TANKERS TOTAL	27	8.9
Capesize	1	14.0
Panamax	1	15.0
Supramax	2	8.0
Handymax	1	13.0
Handysize	1	30.0
DRY BULK TOTAL	6	13.6
TOTAL FLEET (2.52 mn dwt)	33	9.7

MARKET COMMENTARY:

Strong Chinese demand, a substantial amount of tonnage locked in oil contango contracts and Iran increasing its floating storage contributed to the marginal uptick in crude tanker rates in the first half of the quarter. But from middle of the quarter, steady fleet growth combined with unwinding of floating storage had a detrimental effect on the rates resulting in most asset classes earnings declining substantially. The product market also saw muted demand from the west resulting in lower product cargo movement.

On the dry bulk side, the movement of cargo was subdued due to decline in steel production and pileup of large steel inventories in China. But by mid August, Chinese steel production activities picked up pace, which resulted in strengthening of rates. This was supported by slippages and heavy port congestions in some of the ports worldwide

OUTLOOK:

Tanker Market:

The possibility of a cold winter and demand for heating oil can provide some support for the tanker rates in the short term. But large US inventories of both crude and distillates could cap the possibility of strong movement of oil.

In the medium to long term, the pick-up in product market is expected to boost the need for seaborne transportation. But a prolonged weakness in demand from the western economies coupled with increase in fleet supply will add pressure on the tanker freight rates.

Dry Bulk Market:

Even though the freight rates have recovered, the dry bulk sector still needs to see a stronger pick up in global demand for key commodities such as coal and iron ore. But decline in Chinese imports, global economic uncertainty and rising fleet supply are expected to keep dry bulk shipping rates depressed.

Slippages, cancellations and scrapping activities are expected to provide some support to the freight rates, but the excessive supply which will hit the market will keep a check on any potential upside resulting in freight rate volatility.

REVENUE VISIBILITY:

The revenue visibility for the balance part of FY 2010-11 is around Rs.336crores. Crude tankers and product carriers (incl Gas carrier) are covered to the extent of around 57% and 71% of their operating days respectively. In case of dry bulk carriers, they are covered to the extent of around 54% of the fleet's operating days.

DEVELOPMENTS IN THE SUBSIDIARIES:

Greatship (India) Limited (GIL):

Greatship (India) Limited, a subsidiary of the Company, is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its equity shares and has filed a draft red herring prospectus with the Securities and Exchange Board of India on May 12, 2010.

Sale & Purchase Activities during Q2 FY2010-11:

During the quarter:

- Greatship Global Offshore Services Pte. Ltd, delivered an 80T Anchor Handling Tug cum Supply Vessel “Greatship Abha” to the buyers.
- Greatship Global Offshore Services Pte. Ltd. took delivery of 3 vessels:
 - “Greatship Mamta”, a Multipurpose Platform Supply and Support Vessel (MPSSV)
 - “Greatship Ramya”, a Platform / ROV Support Vessel
 - “Greatship Manisha”, a Multipurpose Platform Supply and Support Vessel (MPSSV)

Subsequent to the quarter:

- Greatship Global Offshore Services Pte. Ltd has contracted to construct 2 Platform/Remotely Operated Vehicle Support Vessels for delivery in the fourth quarter of FY12 and first quarter FY13 respectively.

The Great Eastern Chartering LLC (Sharjah):

This wholly owned subsidiary was set up with the objective of inchartering tankers as well as dry bulk vessels and the commercial operation of such inchartered tonnage. This company currently operates 2 tankers and 1 dry bulk carrier with remaining average inchartered duration of 0.7 years.

Place: Mumbai

Date: October 29, 2010

----- Visit us at www.greatship.com -----

For further details, please email us at corp_comm@greatship.com

Q2 FY11 Earnings Call scheduled at 4:00 pm (IST) on Monday, November 01, 2010.

To participate, kindly dial (+91) - 22 - 67934400