

PRESS RELEASE

GE SHIPPING ANNOUNCES DEMERGER DETAILS

The Board of Directors of The Great Eastern Shipping Company Limited (“GE Shipping”), at its meeting held on September 15, 2005 has approved the details of the Scheme for demerger of the Offshore services business into a separate company.

The scheme of demerger approved by the Board envisages the demerger of the Offshore business consisting of drilling services, marine logistics, marine construction and port/terminal services, into a separate new company, Great Offshore Limited with effect from April 1, 2005 through a High Court approved process.

In consideration of the demerger, shareholders of GE Shipping will be issued, at no cost, 1 fully paid share of Rs. 10 each in Great Offshore Limited for every 5 shares of GE Shipping held, consequent to which and simultaneously, the shares held in GE Shipping will stand re-organised to 4 shares of Rs. 10 each for every 5 shares currently held. The demerger share entitlement ratio approved by the Board is on the basis of the recommendations of two leading firms of Chartered Accountants and independent valuers, namely, Deloitte Haskins & Sells and Kalyaniwalla & Mistry. Since all shareholders will be issued shares in Great Offshore Limited on a proportionate basis, there will be no change in the overall shareholding pattern on the date demerger becomes effective. Post the demerger, shares of Great Offshore Limited will be listed on the exchanges where GE Shipping is currently listed (i.e. The Stock Exchange, Mumbai (“BSE”) and the National Stock Exchange (“NSE”).

Upon the demerger becoming effective, the paid-up share capital of Great Offshore Limited will be Rs. 38.07 crores, and that of GE Shipping will be Rs. 152.27 crores, against the existing Rs. 190.34 crores. The networth of Great Offshore Limited as on April 1, 2005 would stand at Rs. 446.12 crores and that of GE Shipping will stand re-organised at Rs 1,741.00 crores, against the existing Rs 2,187.12 crores.

The demerger, will be in compliance with the provisions of section 2(19AA) of the Income Tax Act, and is considered the most efficient, tax neutral and shareholder friendly mechanism to restructure the businesses.

In order to achieve the objectives of the restructuring most effectively, Mr. Vijay K. Sheth who has been managing the Offshore Business will be the Managing Director of Great Offshore Limited. Mr. Bharat K. Sheth, who has been managing the Shipping Business, will continue to manage this business in GE Shipping as Dy. Chairman & Managing Director.

The above restructuring will be subject to relevant approvals and confirmation of the demerger scheme by the High Court of Mumbai.

Place: Mumbai

Date: September 15, 2005