

## PRESS RELEASE

### **GE Shipping Q1FY11 consolidated Net Profit at Rs.171.8cr GE Shipping Q1FY11 standalone Net Profit at Rs.105.94cr**

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

#### KEY HIGHLIGHTS:

Standalone		Consolidated		
Q1FY'11	Q1FY'10	(Amount in Rs. crs)	Q1FY'11	Q1FY'10
<b>Income Statement</b>				
453.24	629.02	Revenue	727.58	885.61
259.49	264.59	EBITDA	385.21	318.98
105.94	126.28	Net Profit	171.80	154.17
<b>Balance Sheet</b>				
9020.02	8196.02	Total Assets	11127.34	10066.41
5429.07	5185.15	Equity	5827.73	5491.4
3590.95	3010.87	Long Term Debt (Gross)	5299.61	4575.01
274.15	820.81	Long Term Debt (Net of Cash)	1428.04	2071.72
<b>Cash Flow</b>				
217.12	128.90	From operating activities	291.75	111.91
(156.95)	57.88	From investing activities	(98.87)	(343.54)
(197.90)	20.69	From financing activities	(243.51)	377.63
(137.73)	207.47	Net cash inflow/(outflow)	(50.63)	146.00
<b>Key financial figures</b>				
57.25%	42.06%	EBITDA Margin (%)	52.94%	36.02%
7.90%	10%	Return on Equity (ROE) (%)	11.91%	11.50%
7.70%	7.80%	Return on Capital Employed (ROCE) (%)	9.54%	8.13%
0.66	0.58	Debt/Equity Ratio (x)	0.91	0.82
45.33	49.00	Exchange rate USD/INR, average (Rs)	45.33	49.00
46.44	47.90	Exchange rate USD/INR, end of period (Rs)	46.44	47.90
<b>Share related figures</b>				
6.96	8.29	Earnings per share, EPS (Rs)	11.28	10.12
6.94	8.28	Diluted earnings per share (Rs)	11.26	10.10
12.18	13.75	Cash Profit per share (Rs)	18.16	16.44

**Performance Review of Q1 FY 2010-11 (standalone basis):**

**Break up of Revenue days:**

<b>Revenue Days</b>	<b>Q1'FY11</b>	<b>Q1'FY10</b>
Owned Tonnage	3315	3,393
Inchartered Tonnage	0	88
<b>Total Revenue Days</b>	<b>3315</b>	<b>3,481</b>
Total Owned Tonnage (mn.dwt)	<b>2.66</b>	<b>2.88</b>

**Average TCY's earned in various categories:**

<b>Average (TCY \$ per day)</b>	<b>Q1'FY11</b>	<b>Q1'FY10</b>	<b>% Chg</b>
Crude Carriers	20,444	23,819	(14)%
Product Carriers (Incl. Gas)	15,485	17,088	(9)%
Dry Bulk	24,484	19,489	25%

**FLEET DEVELOPMENT:**

**Sale & Purchase Activities during Q1 FY2010-11:**

During the quarter:

- The Company and Hyundai Heavy Industries Ltd (the yard) mutually agreed to modify the contract of building 2 Suezmax tankers to 3 Very Large Crude Carriers (VLCCs). These vessels will be delivered in H1CY'12.
- The Company delivered its 1996 built Suezmax crude carrier "Jag Layak" to the buyers.
- The Company delivered its 1985 built General Purpose (GP) product carrier "Jag Palak" to the buyers.
- The Company delivered its 1985 built Medium Range (MR) product carrier "Jag Pavitra" to the buyers.

## Capital Expansion Plan

The Company currently has a total capex commitment of around USD 573 mn, which translates to approx. Rs. 2,634 crores at current exchange rates. This will result in addition to the tonnage of about 1.31 mn dwt (3 tankers & 5 dry bulk carriers).

### FLEET PROFILE: as on date

Categories	No. of ships	Avg age (years)
Crude Carriers	11	10.1
Product Carriers	17	9.3
Gas Carrier	1	19.0
<b>TANKERS TOTAL</b>	<b>29</b>	<b>9.9</b>
Capesize	1	14.0
Panamax	1	15.0
Supramax	2	8.0
Handymax	1	13.0
Handysize	1	30.0
<b>DRY BULK TOTAL</b>	<b>6</b>	<b>13.6</b>
<b>TOTAL FLEET (2.66 mn dwt)</b>	<b>35</b>	<b>10.5</b>

### MARKET COMMENTARY:

Crude tanker rates remained steady on account of continued import demand from Asia. On the product tankers side too, strong demand from China helped keep rates upbeat. The US driving season led to US demand showing some signs of improvement, however, it was largely met by inventories and US refining throughput itself.

The dry bulk trade remained strong in the first part of the quarter, supported by steady Chinese imports. To support this, port congestions and large slippages in new deliveries kept a check on supply. However, the month of June saw a substantial drop in rates on the back of lower Chinese Iron Ore demand.

## **OUTLOOK:**

### **Tanker Market:**

Early signs of a return to growth in US oil demand and better fortunes for US refiners has meant refinery throughput in the US has rapidly bounced back to mid 2007 levels and that crude imports are up by a staggering 1.6 million b/d over the past 6 months. In addition to this, single hull phase out and the orderbook slippages will provide a support to the crude tanker market. However, the pace of recovery in the tanker market will largely depend on how US & European economies perform. On the product tanker space, the strongest growth region remains Asia, where product imports are expected to witness 6% annual growth compared to 2009. US gasoline demand is also likely to show some improvement in the months ahead.

### **Dry Bulk Market:**

In the last few weeks, there has been a considerable slowdown in Chinese imports. The dry bulk market is likely to struggle to absorb the high supply of new deliveries that are expected to hit the market in next one and half year. As per some estimates, 16% fleet growth is expected this year after factoring in slippages. Whether demand for commodities match up to this, remains the key question for this sector.

## **REVENUE VISIBILITY:**

The revenue visibility for the balance part of FY 2010-11 is around Rs.467 crores. Crude tankers and product carriers (incl Gas carrier) are covered to the extent of around 43% and 72% of their operating days respectively. In case of dry bulk carriers, they are covered to the extent of around 46% 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 Q1 FY2010-11:**

During the quarter:

- Greatship Global Offshore Services Pte. Ltd, took delivery of 'Greatship Rekha', a Platform/ROV Support Vessel and simultaneously delivered it to the buyers.
- Greatship (India) Limited delivered the Platform Supply Vessel 'Greatship Diya' to the buyers.

Subsequent to 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 "Greatship Mamta", a Multipurpose Platform Supply and Support Vessel (MPSSV).

## **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 2 dry bulk carriers with remaining average inchartered duration of 1 year.

Place: Mumbai

Date: July 29, 2010

----- Visit us at [www.greatship.com](http://www.greatship.com) -----

For further details, please email us at [corp\\_comm@greatship.com](mailto:corp_comm@greatship.com)

**Q1 FY11 Earnings Call scheduled at 4:30 pm (IST) on Friday, July 30, 2010.**

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