PRESS RELEASE

GE Shipping Q3FY11 consolidated Net Profit at Rs.117 cr
GE Shipping 9mFY11 consolidated Net Profit at Rs.458 cr

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

KEY HIGHLIGHTS :

Standalone | **Consolidated**

Standalone Q3 FY'11	Standalone Q3 FY'10	Standalone 9M FY'11	(Amount in Rs. crs)	Consolidated Q3 FY'11	Consolidated Q3 FY'10	Consolidated 9M FY'11
			Income Statement			
392	526	1268	Revenue (including other income)	644	796	2088
193	192	652	EBITDA (including other income)	292	252	989
80	75	298	Net Profit	117	94	458
			Balance Sheet			
9308	9476	9308	Total Assets	11775	11869	11775
5674	5360	5674	Equity	6165	5677	6165
3276	3487	3276	Long Term Debt (Gross)	5034	5322	5034
345	273	345	Long Term Debt (Net of Cash)	1573	1714	1573
			Cash Flow			
68	145	437	From operating activities	147	179	630
(117)	(30)	(271)	From investing activities	(247)	(369)	(421)
(152)	249	(691)	From financing activities	(138)	578	(671)
(201)	364	(524)	Net cash inflow/(outflow)	(238)	387	(462)
			Key financial figures			
49.40%	36.44%	51.40%	EBITDA Margin (%)	45.29%	31.70%	47.39%
5.67%	5.68%	7.21%	Return on Equity (ROE) (%)	7.74%	6.72%	10.20%
4.76%	4.90%	5.96%	Return on Capital Employed (ROCE) (%)	5.95%	5.37%	7.56%
0.58	0.65	0.58	Debt/Equity Ratio (x)	0.82	0.94	0.82
44.99	47.13	45.64	Exch rate USD/INR, average (Rs)	44.99	47.13	45.64
44.76	46.54	44.76	Exch rate USD/INR, end of period (Rs)	44.76	46.54	44.76
			Share related figures			
5.22	4.94	19.60	Earnings per share, EPS (Rs)	7.71	6.20	30.07
5.21	4.93	19.55	Diluted earnings per share (Rs)	7.70	6.19	30.00
10.16	10.64	34.52	Cash Profit per share (Rs)	14.67	13.38	50.46
	-	3.50	Dividend (Interim)paid per share (Rs)		-	3.50

Performance Review of Q3 FY 2010-11 :

Break up of Revenue days (Shipping):

Revenue Days	Q3'FY11	Q3'FY10
Owned Tonnage	2,886	3,346
Inchartered Tonnage	88	56
Total Revenue Days	**2974**	**3,402**
Total Owned Tonnage (mn.dwt)	**2.49**	**2.84**

Average TCY's earned in various categories:

Average (TCY $ per day)	Q3'FY11	Q3'FY10	% Chg
Crude Carriers	18,000	17,778	1%
Product Carriers (Incl. Gas)	15,351	19,131	(19)%
Dry Bulk	20,141	20,964	(4)%

Income from Shipping operations was lower by 34% in the quarter as compared to the previous quarter last year. This was mainly due to a decrease in revenue days by 13% and to some extent by the lower rates as well. Offshore revenue days increased by 7%.

Gain on sale of ships contributed Rs.55 cr on account of 3 ships sold during the quarter. In the 9 months of FY11, the Group has sold a total of 10 ships, 7 from the shipping business and 3 from the offshore business. Out of these, 4 ships were non double hull ships and were sold due to mandatory reasons. In comparison, the Group sold 4 ships in the corresponding 9 months of the previous year.

FLEET DEVELOPMENT:

Sale & Purchase Activities during Q3 FY2010-11:

During the quarter:

- The Company delivered its 1987 built Aframax crude tanker "Jag Lamha" to the buyers.
- The Company delivered its 1980 built Handysize dry bulk carrier "Jag Vikram" to the buyers.
- The Company delivered its 1985 built General Purpose product tanker "Jag Pragati" to the buyers.
- The Company took delivery of a 1991 built General Purpose (GP) product tanker "Jag Prachi"

Capital Expansion Plan

The Company currently has a total capex commitment of around USD 573 mn, which translates to approx. Rs.2620 crores at current exchange rates. Out of this, approx USD 260 mn 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	10.2
Product Carriers	16	9.0
Gas Carrier	1	20.0
TANKERS TOTAL	**27**	**9.8**
Capesize	1	15.0
Panamax	1	16.0
Supramax	2	9.0
Handymax	1	14.0
DRY BULK TOTAL	**5**	**13.4**
TOTAL FLEET (2.49 mn dwt)	**32**	**10.4**

MARKET COMMENTARY:

The quarter witnessed an overall softness in the tanker earnings as compared to the previous year. Even though the winter season proved to be very severe, depressed demand for heating oil in US had a negative impact on the product tanker earnings. Return of ships from floating storage added to the pressure on the tanker earnings.

The dry bulk freight rates remained stable in the first half of the quarter but weakened in the second half. Slowdown in Brazilian iron ore exports to Asia was one of the main factors behind softer tonnage demand. To add to this, towards the end of the quarter, floods in Australia resulted in shutting down of coal mines and disrupting transport chain, which impacted the coal exports putting pressure on the dry bulk freight rates.

OUTLOOK:

Tanker Market:

IEA has revised its global oil demand forecast and expects CY11 demand to increase to 88.8 mb/d from 87.4 mb/d in 2010, on stronger demand from OECD North America and non-OECD Asia. This clearly indicates that in the medium term demand from non OECD including the relatively fast-growing China and India, is expected to improve the tanker demand. OPEC supply too, is likely to be higher if oil prices remain well bid at current levels.

In the medium to long term, significant refinery expansions in Middle East and Asia will provide a substantial trigger for product tanker demand due to increase in the ton-mile situation. But on the supply side, strong fleet expansion will keep fleet utilization under pressure resulting in lowering of tanker earnings.

Dry Bulk Market:

Excessive fleet additions is likely to be the dominating theme for the dry bulk sector in the coming few quarters. Though there is likely to be sustained level of steel production, coal movement into China and India and a likely recovery in the developed markets trade, however, it will just not be enough to absorb the extra supply of ships likely to be added. Unusual weather patterns and port congestions could, in the short term, cause some additional demand for dry bulk movement. But unless there is aggressive scrapping and cancellations in the order book, the pressure on freight rates will continue for some time to come.

REVENUE VISIBILITY:

The revenue visibility for the balance part of FY 2010-11 is around Rs.207 crores. Crude tankers and product carriers (incl Gas carrier) are covered to the extent of around 74% and 83% of their operating days respectively. In case of dry bulk carriers, they are covered to the extent of around 62% of the fleet's operating days.

DEVELOPMENTS IN THE SUBSIDIARIES:

Greatship (India) Limited (GIL):

GIL had filed a DRHP with the Securities and Exchange Board of India ("**SEBI**") on May 12, 2010 in relation to the Issue and had subsequently received approval for the same. However, in light of the prevailing market conditions, GIL, in consultation with its Book Running Lead Managers have decided not to proceed with the Issue, and hence have withdrawn the DRHP.

Sale & Purchase Activities during Q2 FY2010-11:

During the quarter:

- Greatship Global Offshore Services Pte. Ltd has contracted to construct 3 Platform/Remotely Operated Vehicle Support Vessels for delivery in the fourth quarter of FY12 and first half of FY13 respectively.
- Greatship (India) Limited took delivery of a Platform/ROV Support Vessel “Greatship Rohini”

Subsequent to the quarter:

- Greatship Global Energy Services Pte. Ltd. has entered into a Memorandum of Agreement for purchase of 350 feet jack up drilling rig “Greatdrill Chetna”, which is currently in chartered on bareboat basis. The delivery is expected in Q4 FY11.

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 1 tanker and 1 dry bulk carrier with remaining average inchartered duration of 0.7 years.

Place: Mumbai
Date: 11 February, 2010

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

Q3 FY11 Earnings Call scheduled at **4:00 pm (IST) on Monday, February 14, 2010**.
To participate, kindly dial **(+91) - 22 - 67934400**