PRESS RELEASE

G E Shipping's Q2 FY 07 Net Profits at Rs. 235 crores UP by 50%
Declares an interim equity dividend of Rs. 4 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 and half-year ended on September 30, 2006.

Financial performance:
Q2 FY 2006-07 vs Q2 FY 2005-06

- Total Income at Rs. 593 crores, up by 26%
- Total Income from Operations at Rs. 522 crores, up by 25%
- PBIDT (including gain on sale of ships) of around Rs.334 crores up by 30 %
- PBIDT (excluding gain on sale of ships) of around Rs.295 crores up by 33 %
- Profit before tax of Rs.243.54 crores up by 50%

The Board has declared an Interim Dividend of Rs. 4 per equity share on the reduced equity share capital (post demerger of the offshore business) which would result in an outflow of Rs.69.45 crores (including tax on dividend).

Demerger of the offshore services business

On August 9, 2006 the Board of Directors unanimously decided to apply to the Hon'ble Bombay High Court seeking extension of timeline for the Effective Date of the demerger scheme, which had automatically lapsed in terms of the High Court Order on August 2, 2006. On August 31, 2006, the Hon'ble Bombay High Court after considering the Company's request for extension of time for completing the balance demerger process approved extension of the Scheme of Arrangement (Demerger) by a period of 3 months together with other modifications to the Scheme.

With the conditions stipulated under the Scheme of Arrangement being demerger (Scheme) of the offshore services business having complied with, October 16, 2006 was announced as the effective date of the Scheme. Consequently, all the assets and liabilities of the Offshore business of G E Shipping have been duly vested with effect from the Appointed Date i.e. April 1, 2005 in the residual Company - Great Offshore Ltd.

Company's Performance

For the quarter, revenue days (including inchartering days) at 3744 were lower by around 4% as compared to corresponding quarter of previous year (at 3896 days) while owned tonnage at 2.77 Mn dwt decreased by 6.41 %. Despite a fall in revenue days, the Q2 FY 2006-07 reported higher net profit by around 50% primarily driven by increased tanker earnings, higher profits from inchartered tonnage and lower dry docking and repair costs. Improved tanker earnings were a result of renewals for term contracts at improved rates as well as higher "spot" fixtures. Average earnings on dry bulk vessels were more or less in line with the corresponding quarter last year. However, decrease in revenue days during the quarter under review resulted in lower dry bulk revenues as compared to the corresponding period last year.

Crude tankers earned an average TCY of around USD 32,015 /day an increase of 61% as against USD 19,847/day in Q2 FY 2005-06. Product tankers were virtually flat and recorded an average TCY of USD 20,834 /day (corresponding quarter USD 20,293/day); while the two LPG gas carriers registered an average TCY of USD 16,386/ day during the quarter under review. During the second quarter of FY 2006-07, the dry bulk carriers recorded an average TCY of USD 15,231/day as compared to around USD 15,545/ day in Q2 FY 2005-06.

Sale & Purchase Activities (including agreements executed)

The Company delivered its single hull Aframax crude carrier, "Jag Leena" to the buyers in August 2006. The Company also contracted to buy a 1996 built double hull Suezmax crude carrier and a 1996 built Capesize drybulk carrier scheduled to be delivered during Q3 and Q4 of FY 2006-07 respectively.

Fleet Profile

GE Shipping's current fleet of 39 vessels comprises 30 tankers (13 crude oil carriers, 15 product carriers, and 2 LPG carriers) and 9 drybulk carriers (1 panamax, 5 handymax and 3 handysize) with an average age of 12.4 years aggregating 2.77 Mn dwt. The Company's current new building order book comprises 9 Product tankers (5 Medium Range and 4 LR1 Product tankers aggregating 0.51 Mn dwt) and including the secondhand acquisitions i.e. one Suezmax and one Capesize the aggregate committed capex is around USD 505 Mn. The new building deliveries are spread over the next 3 financial years commencing February 2007.

Market Scenario

Tankers

The quarter under review witnessed unseasonally strong freight rates. The strength of the tanker market was derived partly from capacity diverted for storage purposes which muted the impact of new building deliveries. BP's announcement of trimming production in Prudhoe Bay provided support to market sentiments. While the crude tanker market demonstrated healthy earnings, the product tanker market could not sustain the firm trend through the quarter and corrected towards the end of the quarter. The Baltic Clean Tanker Index and the Baltic Dirty Tanker Index, which were at 1076 and 1377 respectively on July 3, 2006 moved to 1116 and 1275 respectively on September 29, 2006. As on October 26, 2006, the Baltic Clean Tanker Index and the Baltic Dirty Tanker Index were at 903 and 1300 respectively.

Drybulk

Rise in global steel output continued to impress the drybulk sport earnings with Asia playing a lead role duly supported by EU and the US. While the demand for iron ore imports into China climbed new highs, strong shipments of grain trade to Asia from the US provided support. Minor bulk trade continued to grow in volume and influence the overall drybulk cargo movement. The Baltic Capesize Index, which was at 3675 on July 3, 2006 rose to 5120 on September 29, 2006. As on October 26, 2006, the Baltic Capesize Index stood at 5433.

Asset Prices

Prevailing strong freight markets as compared to the corresponding quarter continued to influence asset prices. While the new building prices for tankers and drybulk carriers firmed up during the quarter, prices of 5 year old modern ships scaled up impressing strong industry fundamentals.

Business Outlook

The crude tanker freight rates are expected to soften basis OPEC's decision to curb production, slowdown in the US, probable mild winter coupled with comfortable inventory of heating oil in the US. Product tankers are expected to continue to remain relatively weak. The drybulk market on the contrary is expected to be firm based on sustained growth in China. Shift in trade pattern towards BRIC countries is expected to positively influence ton-mile demand.

Company

As on October 27, 2006, for the balance part of FY 2006-07, crude oil tankers, product tankers and dry bulk carriers are covered to the extent of around 54%, 72% and 48% of the operating days respectively. The two LPG carriers continue to be on time charters. This has resulted in revenue visibility of around Rs.452 crores.

Place: MUMBAI

Date: October 27, 2006

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Quarter 2 FY 2006-07 Earnings Call 4.30 (IST) onwards – Dial +91 22 228213311