# PRESS RELEASE

## G E Shipping registers "highest ever" Net profits for FY 2006-07

# Q4 FY 2006-07 Net profits at Rs. 240.92 crores UP 31%

- **Net Profits for FY 2006-07 at Rs. 883.31 crores, up by 5.3 %.**
- **Final Equity dividend of Rs.4.50 per share.**
- **Total dividend of Rs.11.50 per share for FY 2006-07, outflow of Rs.201.71 crores (incl. tax thereon)**

The Board of Directors of The Great Eastern Shipping Company Ltd. (G E Shipping) today approved the Audited Financial Results for the fourth quarter and for the fiscal year ended on March 31, 2007.

**Financial Performance:**

Q4 FY 2006-07 vs Q4 FY 2005-06:

- Total income of Rs. 592.67 crores, (corresponding Q Rs.549.88 crores) an increase of 7.78%.
- PBIDT of Rs.348.06 crores, (corresponding quarter Rs.292.03 crores) an increase of 19.18%.
- PBIDT (excluding gain on sale of ships) of Rs.329.88 crores, (corresponding quarter Rs. 292.03 crores) an increase of 12.96%.
- Net Profit of Rs.240.92 crores, (corresponding Q Rs. 183.52 crores) an increase of 31.27%.
- EPS of Rs.15.82 (not annualised).

FY 2006-07 vs FY 2005-06:

- Total income of Rs. 2251.11 crores, (previous year Rs. 2342.08 crores) a decrease of 3.88%
- PBIDT of Rs.1282.33 crores, (previous year Rs.1343.07 crores) a decrease of 4.52%.
- PBIDT (excluding gain on sale of ships) of Rs.1146.02 crores, (previous year Rs.1011.71 crores) an increase of 13.27%.
- Net Profit of Rs.883.31 crores, (previous year Rs. 838.60 crores) an increase of 5.33%

- Annualised EPS of Rs.58.01

**Company's Performance during Q4 FY 2006-07:**

For the quarter, revenue days (including inchartered days) were 3925 days as against 3621 days in the corresponding quarter of the previous year.

During the quarter under review, growth in tanker revenue days partly offset the softness in spot tanker rates; while in the case of drybulk carriers the combined effect of an increase in revenue days and a substantial increase in the spot markets helped an overall rise in performance. For the quarter, the operating profit margin rose to 55 % from 51% in the corresponding quarter.

Crude carriers recorded an average TCY of around USD 30,551/day as against USD 37,269/day in Q4 FY 2005-06 while product carriers recorded an average TCY of around USD 21,261/day for the quarter, as against around USD 21,355/day in Q4 FY 2005-06. At an average TCY of USD 21,629/day, dry bulk carriers registered a growth of around 50% in average TCY earnings at around USD 14,295/day in the corresponding quarter last year.

**Company's Performance during FY 2006-07:**

For the financial year, revenue days (including inchartered days) were 14,922 as against 15,327 days in the previous year.

During the financial year ended March 31, 2007, inspite of a 3% decline in revenue days, net profit rose by 5.33%. Excluding profit on sale of ships, the net profit for the year increased from Rs.507.24 crores to Rs.747 crores an increase of 47.26%. This was primarily due to increased dry bulk earnings, lower repairs and maintenance expenses towards dry docking cost and higher treasury income. For the financial year FY 2006-07 year, the operating profit margin rose to 51% from 48% in the previous year.

Crude carriers recorded an average TCY of around USD 29,758/day as against USD 28,200/day in FY 2005-06; while product carriers recorded an average TCY of around USD 20,301/day for the year, as against around USD 19,448/day in FY 2005-06. At an average TCY of USD 17,516/day, dry bulk carriers registered a growth of around 6% in average TCY earnings at around USD 16,500/day for the previous year.

**Sale & Purchase Activities (including agreements executed) during Q4 FY 2006-07:**

The Company took delivery of:

- three new built MR Product tankers “Jag Panna”, “Jag Payal” & “Jag Prakash”
- a 1988 built GP Product tanker renamed “Jag Parwar”
- a 1996 built Capesize Dry bulk carrier renamed “Jag Arjun”
- a 1994 built Geared Panamax Dry bulk carrier renamed “Jag Akshay” .

The Company sold and delivered the 1982 built MR Product tanker “ Jag Padma” during the quarter. The Company also contracted to sell the 1992 built Suezmax “Jag Laadki” which was subsequently delivered during Q1 FY 2007-08.

During Q1 FY 2007-08, the Company took delivery of a new built MR Product tanker “ Jag Pushpa”; while on the dry bulk front, the Company took delivery of a 1997 built Handymax dry bulk carrier, renamed “Jag Riddhi”.

During the FY 2006-07, the Company made a total capex commitment of around USD 318 Mn. The Company’s current new building order book comprises 5 product tankers (aggregating 0.33 mn dwt) with an aggregate committed capex of around USD 239 Mn.

**FLEET PROFILE**

During the financial year, FY 2006-07, 7 ships (5 tankers and 2 dry bulk carriers) joined the fleet while 3 tankers were sold. As on March 31, 2007, the fleet of 45 ships aggregated 3.26 Mn dwt a growth of around 12% from March 31, 2006.

G E Shipping's current fleet of 46 ships comprises 34 tankers (13 crude oil tankers, 19 product tankers and 2 LPG carriers) and 12 dry bulk carriers (1 capesize, 2 panamax, 6 handymax and 3 handysize) with an average age of 12.2 years aggregating 3.22 Mn dwt.

**MARKET SCENARIO**

Continuing high oil prices and an abnormally warm winter restricted the growth in oil demand. OPEC production cuts coupled with draw down of product inventories resulted in relatively soft tanker rates.

The Baltic Clean Tanker Index and the Baltic Dirty Tanker Index, which were at 1185 and 1316 respectively on January 2, 2007, closed at 1096 and 1398 respectively on March 30, 2007. As on May 3, 2007 the Baltic Clean Tanker Index and the Baltic Dirty Tanker Index were at 1038 and 1285 respectively.

Dry bulk earnings continued to rise on the back of strong trade demand for commodities from Asia particularly China. Increasing congestion at Brazilian iron ore ports and Australian coal ports increased ship turnaround time, which resulted in a shortage of vessels available in the 'spot' market. Long haul coal shipments rose with China becoming a net importer leading other Asian economies to source their requirements from Australia and Indonesia. The Baltic Exchange Dry Index (BDI), which was 4421 on January 2, 2007, rose to 5388 on March 30, 2007. As on May 3, 2007 the BDI stood at 6276.

**OUTLOOK**

MARKET

With increasing new building tanker deliveries and low scrapping, overall tanker utilisation may be marginally lower than the previous year. However, for CY 2007, IEA expects average oil demand at around 86.03 mbd, or a 1.8% growth from CY 2006 levels, thereby reinforcing strong demand fundamentals. Post the production cuts in CY 2006; OPEC is expected to remain cautious about increasing supply. Increasing role of Nigeria, Angola and Algeria in oil exports, harsh weather conditions in the Northern hemisphere and potential supply disruptions due to geopolitical unrest in the Middle East could positively influence tanker freight rates.

On the dry bulk front, inspite of a robust growth in fleet, the earnings will be governed by commodity demand momentum and the state of port congestion. China's epic appetite for commodities being driven by industrialisation is expected to continue. Further, its attempts to diversify its sourcing base would result in higher tonne-miles. Port congestion and severe logistic challenges are expected to support spot charter rates. Iron ore production capacity growth and Chinese coal imports are expected to rise while power starved Asia will continue its dependence on thermal coal shipments from Australia.

**COMPANY**

As on the financial year ending March 31, 2007 the revenue visibility is around Rs. 840 crores. Crude tankers and product carriers are covered to the extent of around 65% and 54% of their operating days respectively. In case of dry bulk carriers they are covered to the extent of around 32% of the fleet's operating days.

Place: MUMBAI

Date: May 4, 2007

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Quarter Earnings' Call 4:30 pm onwards- Dial +91 22 67914400/99