PRESS RELEASE

GE Shipping Q2 FY 08 Net profit at Rs.342.79 crores, up 46%

(inclusive of Rs.48.70 crores due to foreign exchange gains as per AS-11)*

- Declares an interim dividend of Rs.4.00 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 of FY 2007-08, ended September 30,2007.

The Board has declared an interim dividend of Rs. 4.00 per equity share which would result in an outflow of Rs.71.26 crores (including tax on dividend).

Financial Performance:

(All figures in Rs.cr.)

Q2 FY08	Q2 FY07	% change		H1 FY08	H1 FY07	% change
806.16	591.19	36%	**Total Income**	**1675.85**	1138.59	47%
482.71	334.56	44%	**PBDIT**	**1027.96**	681.25	51%
342.79	235.48	46%	**Net Profit**	**763.83**	476.54	60%
22.51	15.46		**EPS (Rs.) not annualised**	**50.16**	31.30	

*** NOTE :**

The Company has adopted revised Accounting Standard AS11 as issued by the Ministry of Company Affairs vide Notification dated December 7, 2006. Pursuant to this, the effects of changes in foreign exchange rates in respect of loan repayments and revaluation of outstanding foreign currency loans relating to ships acquired from a country outside India amounting to Rs. 48.70 cr for the quarter and Rs. 164.07 cr for the half year have been credited to the profit and loss account and included under Income- others, as against the earlier practice of adjusting against the carrying cost of ships. But for this revision, the depreciation charge for the current quarter would have been lower by Rs 1.19 cr and for the half year by Rs 13.39 cr. The net impact of this revised accounting standard is therefore Rs. 47.51 cr for the quarter and Rs. 150.68 cr for the half year.

Performance review of Q2 FY 2007-08 :

REVENUE DAYS	Q2 FY08	Q2 FY07	% change
Owned Tonnage	4024	3582	12%
Inchartered tonnage	279	162	72%
Total Revenue days	**4303**	3744	15%
Total tonnage owned (in million dwt)	**3.24**	2.77	17%

Despite a sharp correction in the tanker freight rates during the quarter, the Company has delivered a strong growth in operating profits. The key factors responsible for this growth has been an increase in the revenue days, the doubling of dry bulk rates and the fact that the Company had a large part of its fleet on period charters. The latter helped in minimizing the impact of the sharp drop in tanker freight rates on its earnings.

It may be noted that the Company incurred a higher expense on account of dry docking in this quarter of Rs.42 cr vs Rs 12 cr in Q2 FY07. Subsequently, the number of lay up days were also higher at 181 days as compared to 95 days in Q2 FY07. The USD INR exchange rate also remains a challenge as the average exchange rate for Q2 FY08 was Rs.40.70 as compared to Rs.46.38 for Q2 FY07. However, despite these challenges, the Company has managed to post strong earnings.

The Average TCY's earned in various categories are as follows :

AVERAGE TCY ($ per day)	Q2 FY08	Q2 FY07	% change
Crude Carriers	31,836	32,015	-1%
Product Carriers	19,337	20,834	-7%
Gas Carriers	15,018	16,386	-8%
Dry Bulk Carriers	31,173	15,231	105%

Sale & Purchase Activities (including agreements executed) during Q2 FY 2007-08 :

The Company took delivery of:

- a 2000 built double hull Suezmax tanker “Jag Lateef”
- a 2000 built double hull Suezmax tanker “Jag Lakshita”

The Company delivered to buyers :

- Its 1992 built single hull VLCC “Ardeshir H Bhiwandiwala”

Contracts entered into during the quarter (Sale & Purchases):

During the quarter, the Company also contracted to buy a 2001 built modern Supramax Dry bulk carrier (52,179 dwt). This is likely to be delivered to us during Q3 FY 2007-08.

During the quarter, the Company contracted to sell its 1988 built single hull Aframax tanker “Jag Labh” and its 1986 built Aframax tanker “Jag Leher”. Both are likely to be delivered to buyers in Q3 FY08.

Contracts entered subsequent to the end of the quarter (Sale & Purchases):

After the end of Q2 FY 08, the Company has taken delivery of its New Building MR Product tanker named “Jag Prerna” (47,400 dwt). It has also contracted to build 2 Kamsarmax Dry Bulk carriers (approx 80,700 dwt) at STX Shipbuilding, Korea.

With this, the Company has a total capex commitment of around USD 375 Mn which translates to approx. Rs.1500 crores at current exchange rates. This will result in addition to the tonnage of about 0.47 mn dwt and includes the following :-

- 4 New Building Product Tankers to be delivered between Q3 FY09 & FY10
- 1 Supramax dry bulk carrier (2001 built) to be delivered in Q3 of FY2007-08
- 2 New building Kamsarmax dry bulk carriers to be delivered between Q4 FY2011 & Q1 FY2012

FLEET PROFILE : as on date

Categories	No. of ships	Avg age (years)
Crude Carriers	14	8.9
Product Carriers	20	13.3
Gas Carriers	2	24
TANKERS TOTAL (64% double hull)	**36**	**10.6**
Capesize	1	11
Panamax	2	12
Handymax	6	12
Handysize	3	29
DRY BULK TOTAL	**12**	**14**
TOTAL FLEET	**48**	**11.3**

MARKET COMMENTARY :

The tanker freight markets have been in a continuous downtrend since middle of this year. The general summer depression in the rates got aggravated by the warm winter last year which resulted in drawdown of the unutilized winter stocks. With oil prices moving into backwardation since July 2007, refineries prefer to draw on inventories rather than import oil. Another impact of backwardation in oil prices is that traders liquidate stocks because it does not pay to keep oil in storage, thereby freeing additional ship capacity. On the product freight markets too, we saw a major softness, though the q-on-q percentage drop was somewhat lower than that seen in the crude segment.

The dry bulk rates continued their extraordinary northward journey during the quarter on the back of strong demand for iron ore, coal and other minor trades. Supply side constraints led to significant port congestions in some major loading areas and this further fuelled the already buoyant markets.

The movement of the freight indices in the last 7 months is highlighted below.

	30-Mar-07	29-Jun-07	28-Sep-07	18-Oct-07
Baltic Clean Tanker Index	**1096**	**949**	**771**	**780**
Baltic Dirty Tanker Index	**1398**	**1029**	**920**	**1000**
Baltic Dry Index	**5388**	**6278**	**9474**	**10732**

OUTLOOK

TANKER MARKET

Growth in global oil demand and increased OPEC and non-OPEC production will be key drivers for the tanker rates. With inventory levels currently at their lows, refineries will need to replenish their stocks before the winter heating season begins and this clearly points to some reversal in the tanker freight rates. In this connection, OPEC has announced an increase of approx 500,000 bbl/day starting November 2007 and this should help the sentiment in the crude market.

DRY BULK MARKET

The strength in the dry bulk segment is likely to continue in the medium term on the back of strong global GDP growth. Demand for commodities from China and India is likely to keep rates well bid in the foreseeable future.

REVENUE VISIBILTY

As on October 19, 2007 the revenue visibility is around Rs.440 crores for the balance part of FY2007-08. Crude tankers and product carriers are covered to the extent of around 63% and 47% of their operating days respectively. In case of dry bulk carriers they are covered to the extent of around 41% of the fleet's operating days. Gas Carriers are covered to the extent of 100% of their operating days.

Place: MUMBAI
Date: October 19, 2007