PRESS RELEASE

G E Shipping's Q3 FY 2006-07- Net Profits at Rs. 165.85 crores Declares 2nd interim equity dividend of Rs. 3.00 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 third quarter and nine months ended on December 31, 2006.

Financial performance:

Q3 FY 2006-07 vs Q3 FY 2005-06

- Total Income of Rs.519.85 crores, (corresponding Q Rs. 621.94 crores) decrease of 16.4%.
- Operating Profit (excluding gain on sale of ships) at Rs.252.95 crores, (corresponding Q Rs. 226.64 crores) an increase of 11.6%.
- Net Profit of Rs. 165.85 crores, (corresponding Q Rs. 162.88 crores) an increase of 1.8 %.

The Board has declared a 2nd Interim Dividend of Rs.3.00 per share on a paid-up equity share capital of Rs.152.27 crores which would result in an outflow of Rs.52.09 crores (including tax on dividend). This along with the 1st interim equity dividend of Rs.4 per share, declared in October 2006 has resulted in a total outflow of Rs. 121.54 crores (including tax thereon).

Company's Performance

For the quarter, revenue days (including inchartering days) at 3683 days were lower by around 4.4 % as compared to the corresponding quarter of the previous year (at 3851 days); while owned tonnage at 2.92 Mn dwt was higher by around 4%. The increase in quarter's profits were a result of a combination of factors – continuing period contracts, increased dry bulk earnings and higher treasury yields. On the expenditure side, lower repairs & maintenance costs on account of dry docking, lower interest and depreciation expenses provided support.

Crude tankers earned an average TCY of around USD 29,768 /day as against USD 28,490/day in Q3 FY 2005-06. Product tankers recorded an average TCY of USD 19,221/day (corresponding quarter USD 19,896/day). Dry bulk carriers recorded an average

TCY of USD 17,735/day an increase of around 21 % as compared to around USD 14,617/ day in Q3 FY 2005-06.

Sale & Purchase Activities (including agreements executed)

During the quarter, the Company took delivery of a 1996 built Suezmax crude carrier, “Jag Layak”. The Company also contracted to buy a 1994 built Geared Panamax drybulk carrier and a 1988 built Product tanker both scheduled to be delivered during Q4 of FY 2006-07.

During January 2007, the Company took delivery of a new built Medium Range (MR) Product tanker “Jag Panna” and also contracted to sell “Jag Padma” a 1982 built MR Product tanker scheduled to be delivered during the current quarter – Q4 FY 2006-07.

Fleet Profile

GE Shipping's current fleet of 41 vessels comprises 32 tankers (14 crude oil carriers, 16 product carriers, and 2 LPG carriers) and 9 drybulk carriers (1 panamax, 5 handymax and 3 handysize) with an average age of 13.1 years aggregating 2.96 Mn dwt. The Company’s committed capex at around USD 450 Mn. includes a new building order book of 8 Product tankers (4 Medium Range and 4 LR1 Product tankers aggregating around 0.47 Mn dwt) with deliveries spread over the next 3 financial years commencing from Q4 of this fiscal 2006-07 and three secondhand ships - one Capesize, one Geared Panamax and one Product tanker all to be delivered during Q4 FY 2006-07.

Market Scenario

Tankers

During the quarter, the freight market was unseasonably soft. Build up of inventories during the previous quarter in anticipation of a hurricane season and an unusual warmer winter combined with OPEC production cuts resulted in sluggish OECD imports thereby impacting the trade. The Baltic Clean Tanker Index and the Baltic Dirty Tanker Index, which were at 1095 and 1281 respectively on October 2, 2006 moved to 1185 and 1316 respectively on January 2, 2007. As on January 24, 2007, the Baltic Clean Tanker Index and the Baltic Dirty Tanker Index were at 946 and 1255 respectively.

Drybulk

Continued strong trade demand for steel and iron-ore along with rise in Australian port delays kept the dry bulk markets firm. Long haul US grain exports to Asia provided a seasonal boost to the freight market. The strength in the market was uniform across all asset classes. The Baltic Dry Index, which was at 3956 on October 2, 2006 rose to 4421 on January 2, 2007. As on January 24, 2007, the Baltic Dry Index stood at 4381.

Asset Prices

New building assets prices continued to remain firm throughout the quarter. An appreciating Won, firm steel prices and comfortable order book position continued to dissuade shipyards from reducing ship prices.

Business Outlook

The next round of OPEC cuts on the back of new building deliveries and low scrapping levels are expected to put further pressure on the tanker markets. However, change in weather in US and Europe and increase in tone-mile demand driven by non-OECD countries could further tighten the demand supply equation. Contrary to the above, the drybulk market is expected to remain steady and no major downward pressure is expected. The dry bulk market is driven by continued commodity demand due to early settlement of iron-ore price negotiations and long haul trade.

Company

As on January 25, 2007, for the balance part of FY 2006-07, crude oil tankers, product tankers and dry bulk carriers are covered to the extent of around 65%, 80% and 50% of the operating days respectively. This has resulted in revenue visibility of around Rs.250 crores.

Place: The Great Eastern Institute of Maritime Studies , Lonavala, Maharashtra
Date: January 25, 2007