# Press Release

## G E Shipping's FY 2004-05 profits at "highest ever" UP 72%

**Fourth quarter Net Profits at Rs.252 crores, up by 36%**

**Final Dividend of Rs. 3 per share**

**Total dividend for the year of Rs. 9 per share**

The Board of Directors of The Great Eastern Shipping Company Ltd. (GE Shipping) today approved the audited Financial Results for the fourth quarter and for the fiscal year ended on March 31, 2005.

### Financial performance:

**Q4 FY 2004-05 vs Q4 FY 2003-04**

- Total income of around Rs 571 crores up by 19%
- Net Profits of around Rs.252 crores up by 36 %

**FY 2004-05 versus FY 2003-04**

- Total income of around Rs 2119 crores increased by 48%
- Net Profits of around Rs.809 crores increased by 72 %

Shipping division's contribution to total revenue and profit before tax and interest stood at 79 % and 82% respectively for the fiscal year while the offshore division contributed around 16% to total revenue and 14% to profit before tax and interest.

The Board of Directors has proposed a Final Equity Dividend of Rs.3 per share resulting in an outflow of Rs.65.11 crores (including tax). The Company earlier declared two interim dividends during the fiscal year 2004-05: Rs. 3.50 per share in October 2004 and Rs. 2.50 per share in January 2005. Thus the total dividend of Rs.9.00 per share will account for an aggregate outflow of Rs 194.24 crores (including tax), a payout ratio of 24.10 %.

**Company's Performance during Q4 FY 2004-05**

SHIPPING DIVISION

The Company's performance during the quarter was attributable primarily due to rise in shipping tonnage by around 22% and an increase of around 8% in revenue days from 3427 days in Q4 FY 2003-04 to 3696 days in Q4 FY 2004-05.

In Q4 FY2004-05, Crude carriers registered a 20% rise at an average TCY earnings of around USD 37,866 / day as against USD 31,400/day during Q4 FY 2003-04. Product tankers recorded a 35% rise in earnings at an average TCY of USD 18,977/day (corresponding quarter USD 14,100/ day). Both the Gas carriers are on period fixtures and averaged a TCY of USD 16,807/ day in Q4 FY 2004-05.

The average TCY of dry bulk carriers in Q4 FY 2004-05 at around USD 23,899/day recorded an increase of 23% as compared to around USD 19,300/day in the corresponding quarter of FY 2003-04.

Below is a table providing category wise earnings breakup for the quarter under review:

| **Ship Category** | **Spot Fixture** | **Structured Fixture** | **Period Fixture** |
|---|---|---|---|
| | **Av. TCY (days)** | **Av. TCY (days)** | **Av. TCY (days)** |
| **TANKERS** | | | |
| VLCC | 87,098 (166) | | |
| Suezmax | 58,363 (142) | | |
| Aframax | 47,098 (158) | | 17,606 (619) |
| Panamax | | 22,558 (91) | 18,651 (89) |
| MR | 28,919 (101) | 22,596 (360) | 16,122 (534) |
| GP | | 23,257 (90) | 15,434 (413) |
| **DRYBULK** | | | |
| Panamax | | | 30,374 (57) |
| Handymax/size | 23,370 (698) | | |

OFFSHORE DIVISION

During the quarter ended March 31, 2005, the OSV fleet and the harbour tugs reported a rise in their utilisation levels while the quarter recorded 100% utilisation in case of its construction barge at improved day rates.

**SALE & PURCHASE ACTIVITIES (including agreements executed) during the quarter**

During the quarter, the Company took delivery of "Jag Labh", a 1988 built Aframax crude carrier and "Jag Lok", a newbuilding Suezmax crude carrier, marking an entry into Ice Class category. The Company also contracted three modern Handymax dry bulk carriers to be delivered in the first quarter of FY 2005-06.

Subsequently, in April 2005, the Company took delivery of an AHTSV "Malaviya Twenty One" and contracted to sell a VLCC 'Vasant J Sheth'.

**FLEET PROFILE**

GE Shipping's current fleet of 73 vessels comprises 42 ships (an aggregate tonnage of 3.02 Mn dwt with an average age of 13.8 years) and 31 offshore vessels (17 Offshore Support Vessels, 2 Drilling Rigs, 1 Construction Barge, 11 Harbour Tugs). The Company's current new building order book comprises 6 tankers (aggregating 0.38 mn dwt) and 7 OSVs with an aggregate committed capex of around USD 299 Mn.

**MARKET**

TANKER

During the quarter, freight rates witnessed high volatility especially in case of the VLCCs. Oil prices continued to climb, moving towards a new price band. This influenced OPEC to increase output by 0.5 mbd towards the later part of the quarter. The Baltic Clean Tanker Index and the Baltic Dirty Tanker Index, which were at 1588 and 1812 respectively on January 4, 2005 settled at 1285 and 1373 respectively on March 31, 2005. As on April 28, 2005 the Baltic Clean Tanker Index and the Baltic Dirty Tanker Index were at 1180 and 1264 respectively.

DRY BULK

During the quarter, the dry bulk market remained strong at best fluctuating within a narrow band. Strong growth in steel production (6.5% higher than the corresponding quarter) and increase in coal trade positively contributed to the dry bulk market .

The Baltic Handymax Index (BHMI) which was at 28547 on January 4, 2005 rose to 30106 on March 31, 2005. As on April 28, 2005 the BHMI stood at 24142.

OFFSHORE

The offshore oil field services sector witnessed increased activity globally. Towards the end of the quarter, the OSV market improved. Even in case of drilling rigs, utilisation levels remained high with Jack ups in the limelight. The level of activities remained fairly healthy in the domestic market as well. With the success of ONGC in deep water exploration “Sagar Samriddhi” and the easing up of eligibility norms for bidding for NELP, Government’s increasing concern on oil security is high on agenda.

**OUTLOOK**

Robust global economic growth is expected to continue this year albeit at a more moderate pace. The major fear of slowing down of world economy was a reduction in the pace of the Chinese economic growth but the Q1 CY 05 numbers indicate the reverse. Chinese economy grew at a rate of 9.5%, more than expected.

**MARKET**

As per estimates of reputed international agencies, growth in oil demand is expected to be above 2%, a level much higher than the five year average, which is likely to be supported by a commensurate increase in supply. With increased movement in oil , tanker earnings are expected to be healthy despite a net fleet growth. A relatively slower pace of economic growth along with higher new building deliveries and minimal scrapping may result in less rapid growth in dry bulk trade albeit at healthy levels.

The prospects for offshore oil field services sector is expected to improve keeping in mind the plans of most of the E&P majors operating in the country and the Government’s stance towards the industry. Government has declared that the fifth round of NELP will be wound up by end May 2005 in a record period of 4 months.

As on April 30, 2005, for the FY 2005-06, crude oil tankers and product tankers (including the gas carriers) and dry bulk carriers are covered to the extent of around 47%, 70% and 22% of the operating days respectively. This has resulted in revenue visibility for the Shipping division of around Rs.705 crores for the balance period of FY 2005-06, covering the operating cost of the entire shipping fleet by 1.4 times.

In the offshore oil filed services division, drilling rigs, offshore support vessels, construction barge and harbour tugs enjoy a period cover of 73%, 45%, 14% and 64% respectively of the operating days. Hence the offshore oil field services division has a revenue visibility aggregating around Rs.292 crores, which covers the operating cost of the entire offshore fleet by 1.2 times.

Place: MUMBAI
Date: April 29, 2005