PRESS RELEASE

G E Shipping FY 2005-06 profits soar to Rs 939 Crs.

- **Net Profits at Rs. 939.14 crores, a rise of around 16%**
- **Third Interim Dividend of Rs. 3.50 per share**
- **Total Equity Dividend for the year Rs. 10 per share (payout of 23%)**

The Board of Directors of The Great Eastern Shipping Company Ltd. (GE Shipping) today approved the Unaudited Financial Results (Provisional) for the fourth quarter and for the fiscal year ended on March 31, 2006.

Financial performance:

Q4 FY 2005-06 vs Q4 FY 2004-05

- Total income of around Rs. 660 crores, (corresponding quarter Rs.571.16 crores) increase of 16%
- Operating profit (excluding gain on sale of ships) of around Rs.350 crores, (corresponding quarter Rs. 312.50 crores) an increase of 12%.
- EPS of Rs.11.72 (not annualised)

During the quarter under review Shipping division's contribution to total revenue and profit before tax and interest stood at 79 % and 77% respectively; while the offshore division contributed around 17% to the total revenue and 14% to the profit before tax and interest.

FY 2005-06 versus FY 2004-05

- Total income of around Rs. 2691 crores, (previous year Rs. 2119.23 crores) up by around 27%.
- Operating profit (excluding gain on sale of ships) of around Rs.1172 crores, (previous year Rs. 1134.30 crores) an increase of 3%.
- EPS of Rs.49.34 (annualised)

The Board of Directors has proposed a third Interim Equity Dividend of Rs.3.50 per share. The Board of Directors has decided that there will be no further dividend for the Financial Year ended March 31, 2006. The Company had declared and paid two interim dividends during the year, aggregating Rs. 6.50 per share with an outgo of Rs. 141.08 crores including tax thereon. Thus the total dividend for the FY 2005-06 of Rs.10 per share will account for a total outflow of Rs.217.04 crores (including tax thereon).

Company Performance

During the year, ship prices continued to remain at healthy levels despite substantial correction in freight rates. The Company unlocked the value by selling ships, which constituted around 12% of the total income.

SHIPPING DIVISION

During the quarter, the operating tonnage did not see a significant change, resulting in marginal increase in revenue days (3442 in Q4 FY 2005-06 vs 3424 in Q4 FY 2004-05).

In Q4 FY 2005-06, Crude carriers earned an average TCY of around USD 37,269 /day as against USD 37,866/day in Q4 FY 2004-05. At an average TCY of USD 21,355/day in Q4 FY 2005-06 (corresponding quarter USD 18,977/day) product carriers registered a growth of 12.5% in average TCY.

Both the gas carriers fixed on period contracts registered an average TCY of USD 16,138/day in Q4 FY 2005-06.

The average TCY of dry bulk carriers in Q4 FY 2005-06 was around USD 14,295/day as compared to around USD 23,899/day in the corresponding quarter of FY 2004-05.

OFFSHORE DIVISION

Higher utilisation coupled with an increase in day rates of vessels operating in the spot market reflected in improved earnings during the quarter.

Purchase Activities During The Quarter

Towards the end of the quarter, the Company took delivery of "Jag Lyall", a 2006 built Aframax crude carrier and an OSV "Malaviya Twenty Five". The Company also ordered two

LR1 Product tankers to be delivered by mid 2009 and an AHTSV to be delivered by mid 2007.

Fleet Profile

GE Shipping's current fleet of 74 vessels comprises 41 ships (an aggregate tonnage of 2.92 Mn dwt with an average age of 12.6 years) and 33 offshore vessels (19 Offshore Support Vessels, 2 Drilling Rigs, 1 Construction Barge, 11 Harbour Tugs). The Company’s current new building order book comprises 7 tankers (5 MR and 2 LR1 product tankers aggregating 0.37 mn dwt) and 6 OSVs with an aggregate committed capex of around USD 355 Mn.

Market

TANKER

Tanker freight rates fell sharply across various asset classes due to a combination of factors like lower oil demand in northern hemisphere, loss of production due to Nigerian unrest and increased fleet supply. The Baltic Clean Tanker Index and the Baltic Dirty Tanker Index, which were at 1574 and 1900 respectively on January 4, 2006 settled at 816 and 1019 respectively on March 31, 2006. As on April 27, 2006 the Baltic Clean Tanker Index and the Baltic Dirty Tanker Index were at 1124 and 1116 respectively.

DRY BULK

Dry bulk freight rates experienced a mixed trend during the quarter. Even though the market started on a weak note, there was a strong rebound mid of the quarter and it held up better than expectations. The Baltic Superamax Index which was at 1820 on January 4, 2006 fell to 1766 on March 31, 2006. As on April 27, 2006 the Baltic Superamax Index stood at 1905.

OFFSHORE OIL FIELD SERVICES

Exploration and production activities off the coast of India took centre stage as price of oil continued to rise through the quarter. Declaration of NELP VI received positive response. With 55 blocks on offer, of which 32 blocks being offshore, growing significance of offshore oil fields is clearly highlighted.

Outlook

Sustained rise in oil price is a matter of serious concern and is playing a crucial role in shaping the future economic growth.

MARKET

Fleet supply is on the rise and with low scrapping, the tanker markets are expected to be weaker than the previous year. However, weather conditions may create temporary spikes.

China would continue to remain a strong influencer with reference to iron ore imports and steel production. Inspite of increased fleet supply, the overhang of older tonnage which may be uneconomical to run in a depressed market, may provide some respite to freight rates.
Offshore oil field services business is expected to present host of opportunities across the world including India.

COMPANY

As on April 28, 2006, for the balance period of FY 2006-07, crude oil carriers, product carriers and dry bulk carriers are covered to the extent of around 43%, 42% and 25% of the operating days respectively. The two LPG Carriers continue to be on period charter. This has resulted in revenue visibility for the Shipping division of around Rs. 499 crores for the balance period of FY 2006-07.

In the offshore oil field services division, drilling rigs, offshore support vessels, construction barge and harbour tugs enjoy a period cover of 83%, 43%, 12% and 73% respectively. Hence the offshore oil field services division has a revenue visibility aggregating around Rs.256 crores.

Place: MUMBAI
Date: April 28, 2006