PRESS RELEASE

GE Shipping posts highest ever quarterly net profit of Rs. 96.23 crores, up by 227 %.

The Board of Directors of The Great Eastern Shipping Company Ltd. (GE Shipping) today approved the Unaudited Financial Results (Provisional) for the first quarter ended on June 30, 2003.

In Q1 FY 2003-04, GE Shipping reported a total income of Rs. 304.10 crores (corresponding quarter Rs. 231.33 crores) an increase of 31.45% while net profit at Rs. 96.23 crores (corresponding quarter Rs.29.37 crores) registered a rise of 227%.

For the quarter, the shipping division contributed around 68.42% to the total revenue and 57.47% to the profit before tax and interest whereas the offshore division contributed around 25.03% to the total revenue and 30.96% to the profit before tax and interest.

Business developments during the quarter

Increase in Company's net profit can be attributed to the following:

SHIPPING BUSINESS:

During the quarter, revenue days at 1838 days for tankers were higher by around 27% as compared to Q1 FY 2002-03 due to fleet addition of around 0.3 mn dwt as well as reduced layup days. For the quarter under reference, only 1 tanker was laidup as against 2 tankers in the corresponding quarter of FY 2002-03. Thus, ship repair and maintenance expenses were disproportionately lower in the quarter under reference. Crude carriers earned an average TCY of USD 22,109/day (corresponding quarter USD 26,165/ day). On the other hand, at an average TCY of USD 13,361 /day, the product tankers reported an increase of 8% in TCY when compared to Q1 FY 2002-03.

Strong growth in trade demand drove the dry bulk freight rates to new highs. During the quarter, most of the company's dry bulk fleet traded on spot and hence were able to capitalise on this boom. The average TCY of dry bulk carriers in Q1 FY 2003-04 at USD

10,424/day recorded a significant increase of 65% (USD 6,301 /day) as compared to the corresponding quarter of FY 2002-03.

OFFSHORE BUSINESS:

The utilisation level of rigs remained unchanged when compared to the corresponding quarter last year. However, higher day rates for the rig under charter coupled with lower operating expenses led to improved performance.

Higher utilisation rates and increased day rates for other offshore assets led to higher earnings.

Sale &Purchase activities during the quarter

Acquired a 1986 built , 66,203 dwt second hand Panamax product carrier and took delivery of a new building 1,05,716 dwt Aframax crude carrier & a 46,273 dwt MR product carrier.

Sold a 1975 built (8,000 BHP) Anchor Handling Tug.

Placed a new building order for a 1,59,000 dwt Suezmax crude carrier.

Placed a new building order for two 10,000 BHP Anchor Handling Tug Supply Vessels.

Subsequent Developments

In the month of July 2003, the Company sold a 1985 built , 45,345 dwt Handymax dry bulk carrier and purchased a 1985 built, 95,007 dwt second hand Aframax crude carrier. The Company placed an order for a new building Platform Supply Vessel.

GE Shipping's current fleet of 62 vessels comprises 32 ships (an aggregate tonnage of 1.59 mn dwt with an average age of 12.6 years) and 30 offshore units (17 Offshore Supply Vessels, 2 Drilling Rigs, 1 Construction Barge, 10 Harbour Tugs).

The Company has 4 tankers (aggregating 0.47 mn dwt), 2 AHTSVs and a Platform Supply Vessel on order, aggregating a capex of around $ 190 mn. These vessels are scheduled to be delivered between January 2004 to July 2005.

Market Scenario:

Tankers: During the quarter the tanker market remained volatile. As most of the factors responsible for bringing the earlier surge are settling down, tanker freight rates have come off the peaks. The Baltic Clean Tanker Index and the Baltic Dirty Tanker Index which were at 1419 and 1504 respectively on April 1, 2003 scaled down to 874 and 957 respectively on June 30, 2003.As on July 23, 2003 the Baltic Clean Tanker Index and the Baltic Dirty Tanker Index are at 1054 and 913 respectively.

Dry bulk: This sector continued the upward trend, with the Panamax segment outperforming the drybulk market. Increasing demand from China boosted the Iron ore and steam coal trade.

In the Oil field services sector, opportunities are emerging for increased utilisation of the drilling rigs particularly for development drilling due to increased interest and participation of E&P operators (both domestic and foreign). The day rates for rigs and offshore support vessels have moved upwards reflecting a firm market.

Outlook:

Market

The crude tanker market is expected to continue at current levels through the summer with an upturn likely in the later part of the year primarily on account of low global oil inventory levels. A strong product tanker market would be subject to seasonal impacts. The dry bulk freight rates are expected to stay at healthy levels for the balance part of the year.

With Government's continuous emphasis on the growth of the Exploration & Production (E&P) sector and with increased number of discoveries, India is being talked about as a destination for many international E & P operators. Hence, Indian oil field sector is expected to witness increased activities.

Company

Significant portion of Company's fleet is under period covers ensuring secured cash flows. For the balance quarters of FY 2003-04, crude carriers have a period cover of around 62% of the operating days. 63% of product carriers' operating days are covered while it is 68% for the gas carrier. In the dry bulk segment only 11% of the fleet's operating days are covered. This aggregates to a revenue coverage of around Rs. 234 crores for the shipping division.

For the balance quarters of FY 2003-04, the offshore division has a revenue cover aggregating Rs.171 crores with its drilling rigs fully covered. The offshore support vessels, the construction barge and the harbour tugs are covered to the extent of 41%, 62% and 72% respectively of their operating days.

The rupee appreciation is unlikely to impact the earnings of the company in a significant manner. This is being made possible by actively managing the rupee dollar movements through simple hedging mechanisms.

Place: Mumbai
Date: July 24, 2003

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