PRESS RELEASE

G E Shipping Q1 FY 2006-07 posts Net Profits of Rs. 275 crores

The Board of Directors of The Great Eastern Shipping Company Ltd. (G E Shipping) today approved the unaudited Financial Results (Provisional) for the first quarter of FY 2006-07 ended on June 30, 2006.

Financial performance:

Q1 FY 2006-07 vs Q1 FY 2005-06

- Operating Profit of around Rs.329.58 crores up by 9.7%.

- Net Profit of Rs.275.93 crores down by 21.9 %.

Shipping division's contribution to total revenue and profit before tax and interest stood at around 79 % and 78% respectively for the quarter while the offshore division contributed around 17% to the total revenue and 15% to the profit before tax and interest.

Company's Performance

SHIPPING DIVISION

During the quarter, revenue days at 3612 were lower by around 4.5% as compared to Q1FY 2005-06 (3783 days) while tonnage at 2.87 Mn dwt decreased by 6.21%.

Crude carriers earned an average TCY of around USD 26,582 /day as against USD 26,922/day in Q1 FY 2005-06. Product tankers recorded an average TCY of USD 19,908/day (corresponding quarter USD 19,437/day). Gas carriers registered a TCY of USD 16,386/ day in Q1 FY 2006-07. The average TCY of dry bulk carriers in Q1 FY 2006-07 at around USD 15,487/day recorded a decline of 31.44% as compared to around USD 22,590/day in the corresponding quarter of FY 2005-06.

OFFSHORE DIVISION

A rise in utilisation levels, particularly in drilling services and growth in the OSV fleet resulted in higher earnings. The rig "Kedarnath" which was undergoing refurbishment and was non operational during the first quarter of FY 2005-06 was operational during the first quarter of fiscal 2007.

SALE & PURCHASE ACTIVITIES (including agreements executed)

The Company took delivery of "Malaviya Twenty Nine" a new built Platform Supply Vessel.

An MR Product carrier, “Jag Prachi”, was delivered to the buyers in May 2006. The Company also contracted to sell an Aframax Crude carrier “Jag Leena” scheduled to be delivered to the buyers during the current quarter of FY 2006-07.

The Company placed an order for construction of 2 Long Range One (LR1) Product Tankers from STX Shipbuilding Company Limited, Korea scheduled to be delivered during Q3 FY 2008-09.

FLEET PROFILE

GE Shipping's current fleet of 74 vessels comprises 40 ships (an aggregate tonnage of 2.87 Mn dwt) and 34 offshore vessels (20 Offshore Support Vessels, 2 Drilling Rigs, 1 Construction Barge, 11 Harbour Tugs). The Company’s current new building order book comprises 5 Medium Range and 4 LR1 Product Tankers (aggregating 0.51 mn dwt) and 5 OSVs (4 AHTSVs and 1 PSV) with an aggregate committed capex of around USD 452 Mn.

MARKET

TANKER

A weak market at the beginning of the quarter saw a steady rise in freight rates subsequently. Recovery of refineries post seasonal maintenance and expected robust demand for gasoline and jet fuel pushed refiners to increase throughput thereby resulting in rise in imports creating demand for tonnage. With vessels being used as floating storages by some producing countries, a reduction in available tonnage resulted in rise in freight rates. The Baltic Clean Tanker Index and the Baltic Dirty Tanker Index, which were at 818 and 985 respectively on April 3, 2006 increased to 1076 and 1375 respectively on June 30, 2006. As on July 28, 2006 the Baltic Clean Tanker Index and the Baltic Dirty Tanker Index were at 1226 and 1436 respectively.

DRY BULK

Dry bulk rates saw a steady rise during the quarter. The key factors being a rise in minor bulk trades. There has been a surge in US steel and cement imports due to rebuilding activity in US Gulf following the devastating hurricanes. Grain trade especially Brazilian soybean exports have been on a rise backed by US grain exports. With India reducing iron ore exports to China there has been a shift in the trade route from Brazil resulting in higher tonne mile demand. This was further supported by delay in Australian load ports. The Baltic Superamax Index, which was at 1768 on April 3, 2006 rose to 2227 on June 30, 2006. As on July 28, 2006 the Baltic Superamax Index stood at 2326.

Asset prices plateaued for tankers, albeit at high levels, whereas there was a significant improvement in case of the bulk carriers.

OFFSHORE OIL FIELD SERVICES

Offshore activities continue to remain firm worldwide. Demand for offshore support vessels is driven by continued strength of rigs and the offshore construction market. This is leading to higher utilisation rates. Concerns for vessel availability are starting to emerge prompting the oil companies to enter into long-term contracts.

OUTLOOK

MARKET

Tanker freight rates in the subsequent quarters are expected to remain healthy on the back of expected change in trade patterns. The dry bulk sector is expected to be firm for the balance part of the year, driven by continued growth in Asia leading to firm steel and energy demand. However, the growth momentum in light of the rising oil prices and interest rates could dampen the freight markets in both the tanker and the dry bulk markets.

Globally, drilling activities remain strong. Continuously rising oil prices and increasing concern over depleting reserves are resulting in increased allocation to expenditure budgets of all the major International operators. However, insufficient capacities in the immediate to short term for offshore assets, shortages on the manning front and escalating costs are putting further pressure on demand supply balance.

COMPANY

As on July 31, 2006, for the balance part of FY 2006-07, crude oil carriers, product carriers and dry bulk carriers are covered to the extent of around 51%, 43% and 30% of the operating days respectively. The two LPG carriers continue to be on time charters. This has resulted in revenue visibility for the shipping division of around Rs. 546 crores for the balance period of FY 2006-07.

In the offshore oil filed services division, drilling rigs, offshore support vessels, construction barge and harbour tugs enjoy a period cover of around 80%, 57%, 22% and 76% respectively of the operating days. Hence the offshore oil field services division has a revenue visibility aggregating around Rs.316 crores for the balance period of FY 2006-07.

Place: MUMBAI

Date: July 31, 2006