PRESS RELEASE

GE Shipping achieves record profits

Posts highest ever quarterly profits of Rs. 287.50 crores, up by 161 %

Announces 2nd Interim Equity Dividend of Rs. 2.50 per share

The Board of Directors of The Great Eastern Shipping Company Ltd. (GE Shipping) today approved the Unaudited Financial Results (Provisional) for the third quarter and nine months ended on December 31, 2004.

Financial Highlights of the quarter ended December 31, 2004:

- Total income of Rs. 633.24 crores,(corresponding Q Rs.354.49 crores) increase of 78%
- Profit after Tax of Rs.287.50 crores, (corresponding Q Rs.110.01 crores) increase of 161%
- EPS of Rs. 15.10 (not annualised)
- Return on Equity 15.40 % (not annualised)

The Board has declared a 2nd Interim Equity Dividend of Rs.2.50 per share, which would result in an outflow of Rs.53.80 crores (including tax thereon). This along with the first interim dividend declared in October 2004 has resulted in a total outflow of Rs.129.13 crores (including tax thereon).

"The Company recorded its strongest ever quarterly profits on the back of buoyant freight markets and judicious asset deployment. In wake of this exceptional financial performance, the Board of Directors, in line with the Company's philosophy of rewarding its shareholders and acknowledging their support through the years, has declared a 2nd Interim Dividend of Rs.2.50 per share". - Mr. K. M. Sheth, Executive Chairman.

For the nine month period ended December 31, 2004, on a total income of Rs.1,548.07 crores, net profits are Rs. 557.11 crores as against Rs. 947.47 crores and Rs. 286.36 crores respectively in the corresponding period of the previous year.

For the quarter, shipping division contributed around 81% to the operating income and around 82% to the profits before interest and tax whereas the offshore division contributed around 15% to the operating income and 12% to the profits before interest and tax.

COMPANY PERFORMANCE

The main drivers of this quarter's performance were significant higher tanker earnings, strong dry bulk earnings, an increase in shipping revenue days (by around 18% at 3571 days) and profit from sale of assets.

SHIPPING DIVISION

Crude carriers recorded an average TCY of around USD 40,592/day as against USD 22,600/day in Q3 FY 2003-04, an increase of around 80%. Product carriers recorded an average TCY of around USD 17,102/day for the quarter, as against around USD 12,300/day in Q3 FY 2003-04 an increase of around 39%.

The contribution from dry bulk carriers continued to be strong. The average TCY of dry bulk carriers in Q3 FY 2004-05 at around USD 22,196/day recorded an increase of 72 % as compared to around USD 12,900/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	87,328 (167)	-------	-------
Suezmax	74,694 (180)	-------	-------
Aframax	37,857 (395)	-------	17,308 (552)
Panamax	-------	20,345 (77)	15,527 (89)
MR	29,478 (116)	19,696 (364)	13,680 (511)
GP	-------	20,456 (64)	15,028 (460)
DRYBULK :			
Panamax	-------	------	30,455 (89)
Handymax/ Handysize	21,081 (659)	-------	-------

The Killer Tsunami which hit south Asia in December 2004, damaged one of our Handymax dry bulk carriers, the resultant downtime of around 16 days will impact the Q4 FY 2004-05 earnings.

In the month of January 2005, G E Shipping filed two RFQs (Request for Qualification) in response to a tender floated by Petronet LNG Ltd. for its requirement of LNG tankers.

OFFSHORE DIVISION

The quarter witnessed 100% utilisation of both the rigs while utilisation remained virtually flat in case of offshore support vessels and harbour tugs. There was a marginal improvement in the day rates of the construction barge and the offshore support vessels. Profits on sale of two offshore support vessels contributed to the earnings of the division.

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

During the quarter, the Company took delivery of "Jag Pahel" a newbuilding MR product tanker. The Company had placed order for this ship in February 2003. The Company also added a 1991 built LPG carrier "Jag Viraj" to its fleet. Towards the end of the quarter, the Company delivered "Jag Larjish" an Aframax crude carrier which was contracted to be sold in October 2004. Apart from that, the Company sold 2 supply vessels "Malaviya Eleven" and "Malaviya Fourteen" in October 2004.

During the quarter, the Company signed a contract for 2 new building MR Product/ Chemical carriers with "1A Ice Class" notation to be delivered in H1 of calendar 2007 and entered into a contract to buy a 1988 built Aframax crude carrier. The ship is scheduled to be delivered by mid Q4 FY 2004-05.

FLEET PROFILE

GE Shipping's current fleet of 70 vessels comprises 40 ships (an aggregate tonnage of 2.76 Mn dwt with an average age of 14.5 years) and 30 offshore vessels (16 Offshore Supply Vessels, 2 Drilling Rigs, 1 Construction Barge, 11 Harbour Tugs). The Company's current new building order book comprises 7 tankers (aggregating 0.5 mn dwt) and 8 OSVs with an aggregate committed capex of around USD 353 Mn.

MARKET SCENARIO

TANKER:

Global economy witnessed one of the strongest growth years in CY 2004 with a marked increase in both dry and wet sea borne trade. The third quarter of the FY 2004-05 witnessed the most volatile freight rates. Oil demand was strong with tanker rates being buoyant in the first two months of the quarter. After reaching a record WS 350 in November, translating into earnings of more than USD 2,00,000 per day, VLCC earnings plunged by more than three quarters in December. However, on an average the third quarter tanker earnings for all asset classes were more than double the corresponding quarter. In an already prevailing stretched market environment, hurricane Ivan resulted in production loss in US Gulf which coupled with low US crude oil stocks led to a sudden increase in demand for long haul imports contributing to strong freight markets. By mid December, the freight rates plummeted on OPEC's decision to cut production by 1 mbd, a milder than expected winter in the US and bunching of tankers at loading ports.

The Baltic Clean Tanker Index and the Baltic Dirty Tanker Index, which were at 1063 and 2081 respectively on October 1, 2004, went up to 1619 and 2145 respectively on December 23, 2004. As on January 26, 2005 the Baltic Clean Tanker Index and the Baltic Dirty Tanker Index were at 1336 and 1386 respectively.

DRY BULK:

The dry bulk markets continued to be strong. In fact the Baltic Dry Index and Baltic Panamax Index shot to highest level since their inception in 1985 and 1998 respectively. Global steel production continued to grow crossing the 1 billion ton mark in 2004. Chinese iron ore imports averaged 19 million tons per month during the quarter. Hence, robust demand emerging from Asia especially China primarily contributed to the surge in freight rates.

The Baltic Handymax Index (BHMI) which was 27630 on October 1, 2004 rose to 30254 on December 23, 2004. As on January 26, 2005 the BHMI stood at 26757.

OFFSHORE:

On the back of continued high oil prices, global E&P activities have been on the rise. Spot markets for certain class of assets in some parts of the world improved though for a short while before plummeting in December 2004. On the domestic front, 20 blocks under NELP V - 6 blocks in deepwater, 2 shallow water and 12 on land blocks, involving an investment of USD 1 billion have been offered.

OUTLOOK

MARKET

Economic growth is expected to continue through 2005, albeit at levels lower than seen in 2004. It is too early in the year to forecast the resultant demand for oil, with initial estimates from IEA at 1.8% and DoE at 2.5%. The eventual outcome of these demand forecasts will determine the earnings of the tanker market.

On the dry bulk front, although there is a variance in opinion on the strength and sustenance of China's growth, demand for commodities is expected to remain strong. A GDP growth rate of 8% plus will keep demand for raw materials robust leading to healthy freight rates.

Increased actions off the Indian coast in terms of deepwater drilling and Government's increased attention towards the E&P industry is positive for the sector.

COMPANY

For the financial year ended March 31, 2006 the revenue visibility for the shipping division is around Rs. 403 crores. Crude tankers and product carriers are covered to the extent of around 35% and 47% of the operating days respectively. In the dry bulk segment around 16% of the fleet's operating days are covered. The Offshore division has a revenue visibility of around Rs.277 crores. Drilling rigs are fully covered, while offshore support vessels, the construction barge and the harbour tugs are covered to the extent of 39%, 20% and 68% of their operating days respectively.

Place: MUMBAI

Date: January 27, 2005