PRESS RELEASE

G E Shipping's 3rd quarter FY 2005-06 profits at Rs. 185.21 crores
Announces 2nd Interim Equity Dividend of Rs.2.50 per share

The Board of Directors of The Great Eastern Shipping Company Ltd. (G E Shipping) today approved the Unaudited Financial Results (Provisional) for the third quarter and nine months ended on December 31, 2005.

Financial Highlights of the quarter ended December 31, 2005:

- Total income of Rs. 708.60 crores, (corresponding Q Rs. 633.24 crores) increase of 12%
- Profit after Tax of Rs.185.21 crores, (corresponding Q Rs. 287.50 crores) decrease of 35.6%
- EPS of Rs. 9.73 (not annualised)

For the quarter, shipping division contributed around 85% to the operating income and around 81% to the profits before interest and tax whereas the offshore division contributed around 12% to the operating income and 11% to the profits before interest and tax.

Financial Highlights for the nine months ended December 31, 2005:

- Total income of Rs. 2030.17 crores, (corresponding period Rs.1548.07 crores) increase of 31%
- Profit after Tax of Rs.716.08 crores, (corresponding period Rs.557.11 crores) increase of 28%
- EPS of Rs. 37.62 (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.54.26 crores (including tax thereon). This along with the 1st interim dividend of Rs. 4 per share, declared in October 2005 has resulted in a total outflow of Rs.141.08 crores (including tax thereon).

COMPANY PERFORMANCE

SHIPPING

The quarter witnessed a sharp increase in tanker rates compared to the previous quarter but well off the "highs" seen in Q3 FY 2004-05. This, more subdued increase, could be a direct outcome of net additional fleet supply. Net average tanker earnings during the quarter were 35 to 40% lower than Q3 FY 2004-05 but well above historical averages.

The dry bulk spot rates, in contrast, continued to remain weak despite strong fundamental demand. The company's older dry bulk fleet was the worst hit and average earnings were "half" of that achieved in Q3 FY 2004-05. During the quarter, the Company undertook 6 dry dockings, mainly of older vessels resulting in an increase in lay-up expenses as compared to Q3 FY 2004-05. On a more positive note, the Company was quick to monetise on strong values for modern tankers and firm values for older dry bulk vessels by selling 4 ships (1 Medium Range Product Carrier and 3 Handysize Dry Bulk Carriers). The full impact of the profit on sale of ships has however been subdued due to impairment in the value of certain assets to the extent of Rs. 87.55 crores. This “impairment” is being provided in lines with AS (28) and reflects management’s commitment to highest governance standards.

Crude carriers recorded an average TCY of around USD 28,490/day as against USD 40,592/day in Q3 FY 2004-05. Product carriers recorded an average TCY of around USD 19,896/day for the quarter, as against around USD 17,102/day in Q3 FY 2004-05.

The contribution from dry bulk carriers dropped significantly. The average TCY of dry bulk carriers in Q3 FY 2005-06 at around USD 14,617/day as compared to around USD 22,196/day in the corresponding quarter last year.

OFFSHORE DIVISION

Average utilization of offshore vessels across various asset classes reduced. The rigs suffered technical set back resulting in a downtime, which prolonged due to poor weather conditions.

FLEET PROFILE

GE Shipping's current fleet of 72 vessels comprises 40 ships (an aggregate tonnage of 2.80 Mn dwt with an average age of 13.1 years) and 32 offshore vessels (18 Offshore Support Vessels, 2 Drilling Rigs, 1 Construction Barge, 11 Harbour Tugs). The Company’s current new building order book comprises 5 tankers (aggregating 0.22 mn dwt) and 6 OSVs with an aggregate committed capex of around USD 240 Mn.

DEMERGER STATUS: The Hon’ble Court of Bombay has on January 27, 2006 approved the Scheme of Arrangement for demerger of the offshore services business of the Company into a separate Company “Great Offshore Limited.” In accordance with the Scheme, the Company has to comply with the conditions precedent and upon fulfillment of those conditions precedents the Board of Directors shall announce the Effective Date of Demerger.

MARKET SCENARIO

TANKER: By the mid of the quarter, crude tanker rates firmed up from previous quarter’s lows before tapering down towards the end of the quarter. The rise in crude tanker freight rates was primarily due to increased Chinese oil imports and also due to US refineries resuming production post the hurricanes. Product tanker freight rates softened compared to the previous quarter, but continued to be at healthy levels.

The Baltic Clean Tanker Index and the Baltic Dirty Tanker Index, which were at 1815 and 1532 respectively on October 3, 2005, closed at 1589 and 2154 respectively on December 22, 2005. As on January 27, 2006 the Baltic Clean Tanker Index and the Baltic Dirty Tanker Index were at 1456 and 1715 respectively.

DRY BULK: The dry bulk earnings witnessed significant decline, predominantly due to demand supply mismatch. Despite robust iron ore demand emanating from China, rapid fleet growth digested the demand and prevented the surge in freight rates.

The Baltic Exchange Dry Index (BDI), which was 2944 on October 3, 2005, dropped to 2417 on December 22, 2005. As on January 27, 2006 the BDI stood at 2057.

OFFSHORE: Offshore oil field activities remained buoyant during the quarter, with day rates registering an improvement. Even the domestic market trend was better as compared to the previous quarter when activity levels were relatively subdued due to monsoon.

OUTLOOK

MARKET

The resilience of world economy despite high oil prices in 2005 was remarkable. Even in the coming year, economic growth is expected to remain strong.

As per IEA report, after increasing by about 1.3% in CY 2005, global oil demand is expected to grow by 2.2% in 2006 as demand may rebound in the US and China. However due to high fleet supply during the year, freight rates are expected to remain soft but above their historic averages.

On the dry bulk front, robust fleet growth expected during the year may outpace the commodity trade, thereby putting downward pressure on freight rates.

The current active market of offshore may continue in the coming months, especially due to increased allocation of funds towards exploration and production globally. On the domestic front, developments like the ONGC-Shell decision to collaborate for the entire energy chain, including upstream, would present an array of opportunities for E&P contractors.

COMPANY

For the financial year ending March 31, 2006 the revenue visibility for the shipping division is around Rs. 290 crores. Crude tankers and product carriers are covered to the extent of around 75%

and 95% of the operating days respectively, at a higher rate than the third quarter of FY 2005-06. In the dry bulk segment around 56% of the fleet's operating days are covered. The Offshore division has a revenue visibility of around Rs.79 crores. Drilling rigs are fully covered, while offshore support vessels and the harbour tugs are covered to the extent of 73%, and 76% of their operating days respectively.

Place: MUMBAI

Date: January 30, 2006

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For further details feel free to call: Mr. Rajat Dutta 022-56613104

Quarter Earnings' Call 4:00 pm onwards- Dial +91 22 55914400/99