

PRESS RELEASE

G E Shipping Q1 FY 02-03 , Revenue at Rs. 2313.3 mn. dips by 32.5%.

The Board of Directors of The Great Eastern Shipping Company Limited (GE Shipping) at its meeting held on July 30, 2002 approved the Unaudited Financial Results (Provisional) for the quarter ended June 30, 2002.

During the first quarter of FY 02-03, GE Shipping registered a total income of Rs. 2313.3 mn. down by 32.5 % as compared to Rs. 3,428.3 mn. for the quarter ended June 30, 2001. Net profit at Rs. 295.4 mn. Slipped by 53.4 % as against Rs. 634.4 mn. in the corresponding quarter of the previous year, while interest cost as a percentage of total income reduced to 4.05 % as compared to 4.18% for the Q1 FY 2001-02. However, the performance needs to be viewed in context of the earnings of leading global and domestic shipping companies.

The Shipping division contributed to around 73.6 % of the revenues and 81.5 % of the profits before tax and interest for the quarter ended June 30, 2002. During this quarter earnings in both sectors of the shipping division came under pressure with major setback being felt by the drybulk segment. Tanker spot earnings moved southwards even though there was a marginal drop in global tanker supply. Tanker demand fell primarily due to continuing cut in oil supply and a fall in the tonne-mile demand. The drybulk segment also witnessed a sharp downturn in freight rates primarily due to increased supply of tonnage in the market.

The Offshore division contributed to around 23.2 % of the revenues and 10.7 % of the profits before tax and interest for the quarter ended June 30, 2002. The earnings of the division have fallen due to a combination of various factors including poor utilisation

of certain class of assets and lower average day rates as compared to Q1 FY 2001-02. This was partially hard felt in case of one of the two drilling units of the Company. However, the offshore support and logistics services showed an improved performance. During the quarter, the division took delivery of MALAVIYA EIGHTEEN a Platform Supply Vessel and successfully deployed it on a long-term charter with ONGC. In case of the port support and terminal services, earnings suffered mainly due to reduction in port activities on account of imbalance between trade and availability of tugs.

The Company owns and operates a fleet of 28 ships and 31 offshore vessels aggregating 1.33 mn. Dwt. , additionally it has in chartered 2 crude tankers for a period ranging from 3 months to 12 months. During the quarter, a 1983 built dry bulk carrier - Handymax "Jag Radhika" and a 1985 built product tanker "Jag Pankhi " which were contracted to be sold in the previous year were delivered. The loss and profit respectively on account of the above sale have been reflected in the current quarter's financials.

Continuing uncertainties in the global economic scenario have significantly impacted the overall business sentiment. During the later part of the year, the tanker and the dry bulk markets may stabilise as some of the leading economies like the US are expected to strengthen. As regards the offshore division, all efforts are being made to improve the utilisation in the subsequent quarters. Whilst the role of energy security continues to play a vital role in determining India's E&P strategy, seismic efforts for acreage accretion and initiating the booster redevelopment plan will play a crucial role in the future of the offshore business.

Place: MUMBAI

Date: July 30, 2002

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