Q4 FY03 Net Profit zooms 285%

The Board of Directors of The Great Eastern Shipping Company Ltd. (GE Shipping) today approved the audited Financial Results for the fourth quarter and the fiscal year ended on March 31, 2003. The Board has recommended an equity dividend of Rs.4.00 per share for FY 03.The dividend accounts for an overall outflow of Rs.85.88 crores including tax on dividend.

Financial performance for:

Fourth quarter FY 03 as compared to Q4 FY 02

- Total revenue of Rs.281.85 Crores, rose by around 9 %
- Net Profits of Rs. 94.62 Crores, jumped by 291 %

Financial year ended March 31, 2003 as compared to FY 02

- Total revenue of Rs. 1015.64 Crores, fell by around 15 %
- Net Profits of Rs. 228.80 Crores, rose by around 16 %

For the year, shipping division contributed around 72% to the operating income and 68% to the profit before tax and interest whereas offshore division contributed around 25 % to the operating income and 23% to the profit before tax and interest.

Company's Quarterly Highlights

- Crude carriers earned an average TCY of USD 23,321/day, a gain of around 10% from Q4 FY02 level (USD 21,127/day). As compared to the previous quarter of FY03, the average TCY was higher by around 6%.

- The average earnings (TCYs) on the MR at USD 14,008/ day rose by a modest 4% (USD 13, 372/ day) as compared to Q4 FY02.
- The average TCY earnings on GPs at USD 10,345/day fell by 22% (USD 13,403/day) as compared to Q4 FY02. When compared to the previous quarter of FY03, the average TCY increased by 2%.
- At an average TCY of USD 8,788/ day, the drybulk segment saw an increase of around 78% (USD 4,941/day) as compared to Q4 FY02. The increase was 10% when compared to the previous quarter of FY03.

- During the quarter the Company took delivery of a 45,500-dwt new building MR product tanker 'Jag Prakash' and bought a 66,183-dwt second hand Panamax product carrier. This resulted in a marginal increase in the operating days.

- During the quarter the offshore division recorded significant increase in revenues and has been the best quarter by far. Increased utilisation in case of the Gal Constructor and improved average day rates in case of both the OSVs and the Harbour tugs impacted the earnings. Further one of the rigs continued to operate at healthy market rate with the other rig being awarded a 3 year firm contract. Reduction in technical expenses also contributed positively. Write back of customs duty was to the extent of around Rs.16.5 crores.

Market scenario

➢ **Tanker:**

During the quarter, tanker freight rates witnessed significant rise mainly as a consequence of

- Winter demand
- Uncertainty over Iraq
- Delays in Black Sea
- Increased product demand in Japan due to nuclear plant shut down.

➢ **Dry Bulk:**

The northward movement in dry bulk freight rates continued. Strong steel demand in China influenced the iron ore and coal trade. Japan's nuclear plant shut down made way for the short haul coal trade from China.

➢ **Offshore:**

As part of continued thrust to reduce the oil and gas demand and production gap, Government initiated the NELP. Currently NELP IV is due for offer wherein 18 out of the 32 blocks are offshore. Besides NELP, Government has also initiated fiscal incentives to bring existing acreage with national oil companies on par with NELP. These initiatives are expected to give impetus to E&P activities and consequently to the offshore support services.

Market outlook:

Tanker freight rates have come off the recent highs, but are expected to stay at healthy levels. The dry bulk segment would continue to be driven by increased trade in the Asian region.
Opportunities in the offshore market especially in developmental activities are expected to increase. This will result in increased deployment for the company's assets.

Operating Capacity

GE Shipping currently owns and operates a fleet of 30 ships aggregating 1.39 mn dwt and 30 offshore units. During the year the Company sold 2 drybulk carriers, a product carrier and a new building Aframax on delivery. The company acquired a second hand Panamax product carrier and took delivery of a product tanker.

In the month of April 2003, the Company acquired a second hand Panamax product carrier and sold a 1975-built Anchor Handling Tug.

The company has on order five new building tankers aggregating 450,000 dwt at a total cost of USD $ 175 mn and is further evaluating investment proposals.

Company Outlook

The crude carriers have a period cover (time charter) to the extent of around 46% of the operating days in FY04. 60% of product carriers' operating days of FY04 is covered. In the dry bulk segment, only 5% of the operating days in FY04 is covered. This aggregates to covered revenue of Rs 267 crores for the shipping division. The offshore division has a period cover to the extent of Rs. 223 crores with its drilling rigs fully covered while the OSVs, harbour tugs and a construction barge are covered to the extent of 50%, 72% and 70% respectively.

Place: MUMBAI
Date: May 2, 2003

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