

PRESS RELEASE

GE Shipping Q1FY10 standalone Net Profit at Rs.126.28 cr GE Shipping Q1FY10 consolidated Net Profit at Rs.154.17 cr

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 2009-10, ended June 30, 2009.

FINANCIAL PERFORMANCE (standalone basis):

(All figures in Rs.cr)

FY 2008-09		Q1FY10	Q1FY09	% change
3083.47	Total Income	587.65	956.36	(38.6)
1806.97	PBDIT	223.22	499.6	(55.3)
1552.50	PBDIT (excl gain on sale of ships)	103.73	245.68	(57.8)
1384.82	Net Profit	126.28	387.59	(67.4)
91.73	Diluted EPS (in Rs.)	8.28	25.18	

FINANCIAL PERFORMANCE (consolidated):

(All figures in Rs.cr)

FY 2008-09		Q1FY10	Q1FY09	% change
4046.03	Total Income	840.31	1151.28	(27.0)
1878.39	PBDIT	273.68	540.77	(49.4)
1623.92	PBDIT (excl gain on sale of ships)	154.19	286.85	(46.2)
1417.83	Net Profit	154.17	427.93	(64.0)
93.89	Diluted EPS (in Rs.)	10.10	27.80	

Performance Review of Q1 FY 2009-10:

The operating profit (PBDIT) of the company was down 55% for the quarter. This was largely on account of lower freight earnings on all segments.

Break up of Revenue days :

Revenue Days	Q1FY10	Q1FY09	% change
Owned Tonnage	3393	3502	(3)%
Inchartered Tonnage	88	178	(50)%
Total Revenue Days	3481	3680	(5)%
Total Owned Tonnage (mn.dwt)	2.88	2.85	

Average TCY's earned in various categories:

Average (TCY \$ per day)	Q1FY10	Q1FY09	% Change
Crude Carriers	23,819	40,737	(42)%
Product Carriers (Incl. Gas)	17,088	21,541	(21)%
Dry Bulk	19,489	50,619	(61)%

FLEET DEVELOPMENT:

Sale & Purchase Activities during Q1 FY2009-10:

- During the quarter, the Company took delivery of 2 new building Long Range One (LR1) Product Tankers – “Jag Amisha” and “Jag Aparna”.
- The Company delivered to buyers:
 - Its 2000 built Handymax dry bulk carrier “Jag Reena”
 - Its 1984 built Handymax dry bulk carrier “Jag Rani”
 - Its 2007 built Medium Range (MR) product tanker “Jag Payal”
- Subsequent to the quarter:
 - The Company delivered its 2007 built Medium Range (MR) product tanker “Jag Panna” to the buyers.

- The Company entered into an agreement with the shipyard to cancel one of the newbuilding Kamsarmax bulk carrier scheduled for delivery in Q1 FY2012.

Capital Expansion Plan

The Company currently has a total capex commitment of around USD 437 mn, which translates to approx. Rs. 2,141 crores at current exchange rates. This will result in addition to the tonnage of about 0.68 mn dwt (2 tankers & 5 dry bulk carriers).

FLEET PROFILE: as on date

Categories	No. of ships	Avg age (years)
Crude Carriers	12	9.5
Product Carriers	18	9.4
Gas Carrier	1	18.0
TANKERS TOTAL (81% double hull)	31	9.5
Capesize	1	13.0
Panamax	1	14.0
Supramax	2	7.0
Handymax	1	12.0
Handysize	1	29.0
DRY BULK TOTAL	6	12.6
TOTAL FLEET	37	10.0

DEVELOPMENTS IN THE SUBSIDIARIES:

Greatship (India) Limited:

The wholly owned subsidiary Greatship (India) Limited along with its subsidiaries currently owns 5 Platform Supply Vessels (PSV) and 7 Anchor Handling Tug Supply Vessels (AHTSV). It has currently on incharter one Jack up Rig and one PSV.

In Q1 FY2009-10, Greatship (India) Limited & its subsidiary took delivery of three 80T Anchor Handling Tug cum Supply Vessels (AHTSVs) namely “Greatship Asmi”, “Greatship Aditi” (financed via a Sale & Leaseback Agreement) and “Greatship Ahalya”.

It has a committed capital expenditure of USD 686 mn (approx Rs.3,361 crores at current exchange rates) for 14 more assets. These include 8 Multipurpose Platform Supply & Support Vessels, 2 MSVs, 3 AHTSV's and a 350 ft Jack up Rig. These assets are likely to be delivered in FY10 and FY11.

The Great Eastern Chartering LLC (Sharjah):

This wholly owned subsidiary was set up in November 2004 with the objective of inchartering tankers as well as dry bulk vessels and the commercial operation of such inchartered tonnage. This company currently operates 2 tankers and 2 dry bulk carriers with varying durations.

OUTLOOK:

Tanker Market:

During the quarter, the weak global oil demand impacted the tanker earnings significantly. OPEC cutbacks and refinery maintenance shutdowns added pressure on the tanker rates. According to IEA, global oil demand is expected to increase in 2010, but balance 2009 still remains a worry. Huge US oil inventories coupled with large new building deliveries will continue to keep crude and product tanker rates under pressure for the balance of 2009.

Dry Bulk Market:

Iron ore and Coal imports from China substantially increased in the H1 CY2009. Port congestions in some parts of the world also helped in strengthening the rates. This was clearly visible from the increase in the BDI to 4,000 levels in June'09. However, the developed nations have seen depletion in absolute demand for dry commodities. Therefore, Chinese demand is key to sustaining the flow of trade in the coming months. Apart from this a considerable amount of tonnage is expected to get added, which can further add pressure to the dry bulk market.

Offshore Market:

The weakness in the price of crude oil seen in the last few months has resulted in a reduction of activity in offshore drilling and development activity, especially in marginal fields and with smaller independent E & P companies. This has resulted in lower day-rates for offshore drilling and supply assets. It is expected that if the price of oil stabilises at USD 60 or more, activity will pick up, and this will help these assets earn better rates. In the medium to long term, most industry organisations are expecting the price of oil to trend higher.

REVENUE VISIBILITY:

As on July 30, 2009, the revenue visibility for the balance part of FY 2009-10 for the shipping business is around Rs.640 crores and around Rs.539 crs for offshore business. Crude tankers and product carriers (including gas carriers) are covered to the extent of around 41% and 70% of their operating days respectively. In case of dry bulk carriers they are covered to the extent of around 37% of the fleet's operating days. In offshore business, the asset revenue visibility is around 58% for remaining part of FY10.

Place: MUMBAI

Date: July 31, 2009

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