

PRESS RELEASE

GE Shipping Q1FY09 results

- **Net profit at Rs.521.02 cr, up 64%** (excluding exceptional item of non cash charge under AS11)
- **Net profit at Rs.387.59 cr, down 8%** (inclusive of exceptional item of non cash charge under AS11)

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 2008-09, ended June 30,2008.

FINANCIAL PERFORMANCE* (stand alone basis):

(All figures in Rs. cr.)

FY 2007-08		Q1FY09	Q1FY08	% change
3056.54	Total Income	992.49	754.32	32%
1746.27	PBDIT	673.29	429.88	57%
1456.85	PBDIT (excl gain on sale of ships)	419.37	351.01	19%
146.97	Exceptional item-AS11	-138.57	115.37	-220%
1356.81	Net Profit	387.59	421.04	-8%
1224.22	Net Profit (excluding AS11)	521.02	317.87	64%
88.37	Diluted EPS (in Rs.) not annualized (incl AS11)	25.18	27.65	

PERFORMANCE REVIEW OF Q1 FY 2008-09:

The Company has shown a strong increase in operating income. Operating profit was higher by 57% on a q-o-q basis. Freight and charter hire income is higher by 10%. This has been achieved despite the fact that the operating revenue days for the quarter were

down by 15% due to the delivery of 5 older vessels from the fleet as well as additional drydock days in the quarter. Crude carrier average earnings showed a smart upmove of 38% q-o-q whilst the dry bulk average earnings increased by 78% q-o-q. Profit booked from sales of some of our older ships was also significantly higher at Rs.253.92 cr.

REVENUE DAYS	Q1FY09	Q1 FY08
Owned tonnage	3,502	3,978
Inchartered tonnage	178	349
Total Revenue days	3,680	4,327
Total owned tonnage (in dwt)	2.85	3.22
Average age (in years)	10.6	12.2

The Average Time Charter Yields (TCY) earned by the Company's fleet in various categories are as follows:

(all figures in US\$ per day)

AVERAGE TCY	Q1 FY09	Q1 FY08	% change
Crude Carriers	40,737	29,488	38%
Product Carrier	22,146	22,182	-0.2%
Gas Carriers	17,460	16,564	5%
Dry Bulk	50,619	28,446	78%

FLEET DEVELOPMENT:

Sale & Purchase Activities during Q1 FY 2008-09:

The Company delivered to buyers:

- Its 1986 built non double hull Panamax product carrier "Jag Arpan"
- Its 1982 built single hull General Purpose (GP) product carrier "Jag Praja"
- Its 1982 built single hull General Purpose (GP) product carrier "Jag Prayog"
- Its 1994 built Panamax dry bulk carrier "Jag Akshay"
- Its 1977 built Handysize dry bulk carrier "Jag Vikas"

Contracts entered subsequent to the end of the quarter (Sale & Purchases):

After the end of Q1 FY 09, the Company has contracted to buy the following:

- 2 new building (NB) Suezmax crude carriers-likely delivery Aug 2011 & Oct 2011

With this, the Company has a total capex commitment of around USD 779 mn which translates to approx. Rs.3350 crores at current exchange rates. This will result in addition to the tonnage of about 1.17 mn dwt.

FLEET PROFILE: as on date

Categories	No. of ships	Avg age (years)
Crude Carriers	12	8.5
Product Carriers	16	11.7
Gas Carriers	2	25.0
TANKERS TOTAL (78% double hull)	30	9.77
Capesize	1	12.0
Panamax	1	13.0
Supramax	2	6.0
Handymax	5	15.2
Handysize	2	29.5
DRY BULK TOTAL	11	13.8
TOTAL FLEET	41	10.6

MARKET COMMENTARY:

The tanker market surprised everyone with a sharp upswing in rates. Crude carriers saw a much greater move while the product tanker market, which had been relatively flat and quiet has started showing signs of inching up.

The dry bulk market, which had a significant correction in the last quarter, has once gain resumed its march upwards. The first quarter of FY09 in fact, witnessed the Baltic Dry Index touching an all time high of 11,793 on 20th of May 2008.

The movement of the freight indices in the last 12 months is highlighted below.

	29-Jun-07	24-Dec-07	31-Mar-08	30-Jun-08	17-Jul-08
Baltic Clean Tanker Index	949	1086	883	1465	1319
Baltic Dirty Tanker Index	1029	2143	1510	1902	2142
Baltic Dry Index	6278	9143	8081	9589	9059

OUTLOOK

TANKER MARKET

The key reasons for the high tanker rates in Q1 FY09 were the demand from Chinese imports, the floating storage demand as well as negligible fleet growth in the last 6 months. This is expected to ease slightly in Q2. We have, so far, witnessed a delinking between slowing oil demand growth, rising oil prices and tanker freight rates. However, slowing oil demand could start causing oil prices to fall, though this need not reflect in crude freight rates as the supply is restricted by conversions, demolition and the IMO regulation. It is expected that the second quarter will still average significantly higher than the corresponding quarter last year.

On the product markets, there is an increase in long haul trades for distillates (mainly jetfuel, diesel, gasoil) as the western markets are getting into a net deficit. There is also a significant demand from the Far East for petrochemicals.

DRY BULK MARKET

The markets have been characterized by huge volatility with the overall demand for bulk commodities being strong, principally led by China. Port congestions and other logistical disruptions along with improved tonne mile demand is likely to keep rates well bid.

REVENUE VISIBILITY

As on July 17, 2008, the revenue visibility is around Rs.873 crores for the balance part of FY2008-09. Crude tankers and product carriers are covered to the extent of around 50% and 54% of their operating days respectively. In case of dry bulk carriers they are covered to the extent of around 33% of the fleet's operating days. Gas Carriers are covered to the extent of 100% of their operating days for the balance part of FY 09.

DEVELOPMENTS IN THE SUBSIDIARIES:

The wholly owned subsidiary Greatship (India) Limited along with its subsidiaries currently has a fleet of 3 Platform Supply Vessels (PSV) and 2 Anchor Handling Tug cum Supply Vessels (AHTSV). These vessels are fixed on period charter with an average duration of 2.1 years.

In addition, it has a committed capital expenditure of USD 740 Mn (approx Rs.3182 cr) for 19 more assets. These include 2 PSV's, 8 Multipurpose Platform Supply & Support Vessels, 2 MSVs, 6 AHTSV's and a 350 ft Jack up Rig. These assets are likely to be delivered between FY09 and FY11.

The Great Eastern Chartering LLC (Sharjah):

This company is currently operating 3 tankers and 4 dry bulk carriers with varying durations.

Place: MUMBAI

Date: July 18, 2008

----- www.greatship.com -----

For further details, please call the Corporate Communication cell at +91-22-6661-3104.

Q1 FY09 Earnings Call scheduled at 4:00 pm (IST) on Monday, July 21, 2008.

To participate, kindly dial (+91) 22 67914400/4499. No pass code required.