



VARUN SHIPPING COMPANY LIMITED



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Financial Highlights



AUDITED FINANCIAL RESULTS – 31.03.2007

Rs. In lakhs

Particulars	Quarter ended March 31,		Nine month period ended December 31, (Unaudited) 2006	Year ended March 31,		CONSOLIDATED Year ended March 31,	
	(Unaudited) 2007	(Unaudited) 2006		(Audited) 2007	(Audited) 2006	(Audited) 2007	(Audited) 2006
	Income from operations	19,133.54	19,035.22	48,129.13	67,262.67	64,293.15	68,449.56
Net profit/(Loss) on sale of ship(s) and other assets	(0.01)	7.19	4,965.50	4,965.49	10.84	4,965.49	10.84
Other income	65.12	2.43	107.41	172.53	127.16	196.12	154.59
Total Income	19,198.65	19,044.84	53,202.04	72,400.69	64,431.15	73,611.18	66,355.41
Expenditure							
a) Staff cost	2,320.07	1,489.82	5,050.42	7,370.49	4,874.10	7,465.75	4,874.10
b) Bunker cost	1,048.08	844.75	2,732.10	3,780.18	4,224.08	3,780.18	4,677.59
c) Port expenses	267.20	308.41	900.74	1,167.94	1,630.11	1,167.94	1,758.09
d) Stores,Lubes & Victualling	1,164.52	793.64	2,881.60	4,046.12	3,192.38	4,046.12	3,192.38
e) Repairs & Maintenance including cost of Spares and Survey	1,671.78	1,681.13	6,351.37	8,023.15	6,600.07	8,023.15	6,600.07
f) Other expenditure	1,488.89	1,649.56	4,074.95	5,563.84	5,030.47	5,730.06	6,459.94
Total expenditure	7,960.54	6,767.31	21,991.18	29,951.72	25,551.21	30,213.20	27,562.17
Profit before interest, depreciation & taxes	11,238.11	12,277.53	31,210.86	42,448.97	38,879.94	43,397.98	38,793.24
Interest	3,328.45	2,456.93	7,780.40	11,108.85	7,581.71	11,919.25	7,423.90
Profit after interest but before depreciation and taxation	7,909.66	9,820.60	23,430.46	31,340.12	31,298.23	31,478.73	31,369.34
Depreciation	4,624.79	3,925.17	11,946.35	16,571.14	12,961.04	16,290.83	12,680.41
Profit before tax	3,284.87	5,895.43	11,484.11	14,768.98	18,337.19	15,187.90	18,688.93
Provision for taxation							
Current Tax	4.32	65.06	563.68	568.00	132.00	631.39	171.77
Fringe Benefit Tax	19.00	31.37	47.00	66.00	116.00	66.00	116.00
Profit after tax	3,261.55	5,799.00	10,873.43	14,134.98	18,089.19	14,490.51	18,401.16
Paid-up equity share capital (face value Rs.10/-)	14,275.78	11,730.78	14,150.78	14,275.78	11,730.78	14,275.78	11,730.78
Reserves excluding revaluation reserves				58,106.29	35,757.19	60,921.83	37,986.99
Earnings per share for the period (in Rs.) adjusted for proportionate preference share dividend and tax thereon for previous year ended 31.03.2006							
EPS -Basic (weighted average)	2.60	5.07	9.04	11.26	15.82	11.54	16.09
EPS -Diluted (weighted average)	2.41	5.02	8.41	10.45	15.65	10.71	15.92
(Not annualised for the quarterly & nine months results)							
Aggregate of Non-promoter shareholding							
Number of shares	85,495,126	66,140,626	85,781,626	85,495,126	66,140,626		
Percentage of shareholding	59.89	56.38	60.62	59.89	56.38		

FINANCIAL RATIOS

Rupees (Crores)

	Quarter ended 31 st March		Year ended 31 st March	
	2007	2006	2007	2006
Turnover	191.99	190.45	724.01	644.31
EBDIT /Turnover Ratio	58.53%	64.47%	58.63%	60.34%
PBT /Turnover Ratio	17.11%	30.95%	20.40%	28.46%
PAT / Turnover Ratio	16.99%	30.45%	19.52%	28.07%
Floating Staff Cost /Turnover Ratio	8.72%	6.77%	7.84%	6.37%
Interest Cost / Turnover Ratio	17.33%	12.90%	15.34%	11.77%
Depreciation / Turnover Ratio	24.09%	20.61%	22.89%	20.12%
EPS (for the year/period) (Rs.)	2.60	5.07	11.26	15.82
Dividend			45%	45%

Business



BUSINESS

- Varun currently owns 19 vessels in four sectors
- Varun has contracted to acquire 2 vessels due for delivery in May/June, 2007

		<u>No. of ships</u> (As on <u>31/03/07</u>)		
		Owned	To be delivered (1 st Qtr 07-08)	Total
1.	LPG	12	1	13
2.	Crude Tanker	3	--	3
3.	Oil & Petroleum Products/Easy Chemicals	1	--	1
4.	Offshore	3	1	4
Total		19	2	21

FLEET PROFILE

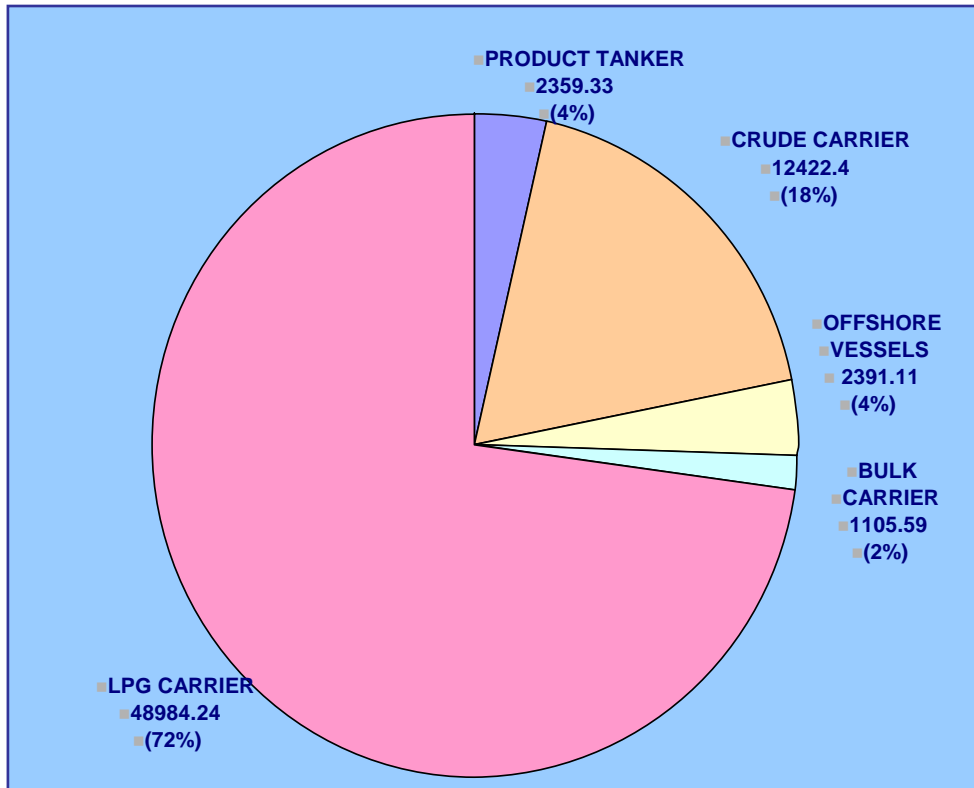
Sr.No.	As on 31st March 06	Sr.No.	As on 31 March 07		Hull	Cargo Capabilities	
LPG CARRIERS				Cu.M			
1	Maharshi Vyas	1	Maharshi Vyas	22110	D/H	LPG & AMMONIA	
2	Maharshi Vasishth	2	Maharshi Vasishth	22256	D/H		
3	Maharshi Vishwamitra	3	Maharshi Vishwamitra	51552	D/H		
4	Maharshi Dattatreya	4	Maharshi Dattatreya	24130	D/H		
5	Maharshi Shivatreya	5	Maharshi Shivatreya	24050	D/H		
6	Mahrshi Shubhatreya	6	Mahrshi Shubhatreya	43670	D/H		
7	Maharshi Labhatreya	7	Maharshi Labhatreya	24046	D/H		
8	Maharshi Devatreya	8	Maharshi Devatreya	35559	D/H		
9	Maharshi Mahatreya	9	Maharshi Mahatreya	35639	D/H		
10	Maharshi Krishnatreya	10	Maharshi Krishnatreya	35639	D/H		
11	Maharshi Bhavatreya (BBCD)	11	Maharshi Bhavatreya	35639	354290		D/H
		12	Maharshi Vamadeva (Dec-06)	57206		D/H	
		13	TBRN Maharshi Bhardwaj (June-07)	76644	133850	D/H	
					488140		
CRUDE TANKERS				DWT			
12	Amba Bhavaneer	14	Amba Bhavaneer	107081	D/H	CRUDE OIL	
13	Amba Bhakti	15	Amba Bhakti	106597	213678		D/H
		16	Amba Bhargavi (Jan-07)	106004	106004		D/H
					319682		
OIL & PETROLEUM PRODUCTS/EASY CHEMICAL CARRIERS				DWT			
14	Jaladoot	17	Vijaydoot		7313	S/H	PETROLEUM PRODUCTS
15	Vijaydoot						
16	Hansdoot						
BULK CARRIERS				DWT			
17	Suryakripa					--	
AHTS**				BHP			
18	Neel Kamal	18	Neel Kamal	5200		N.A.	OFFSHORE SERVICES
19	Neel Akash	19	Neel Akash	5200	10400	N.A.	
		20	Subhiksha (Jan-07)	16000		N.A.	
		21	TBRN Sudaksha (May-07)	16000	32000	N.A.	
					42400		

** Anchor Handling Towing and Supply Vessel

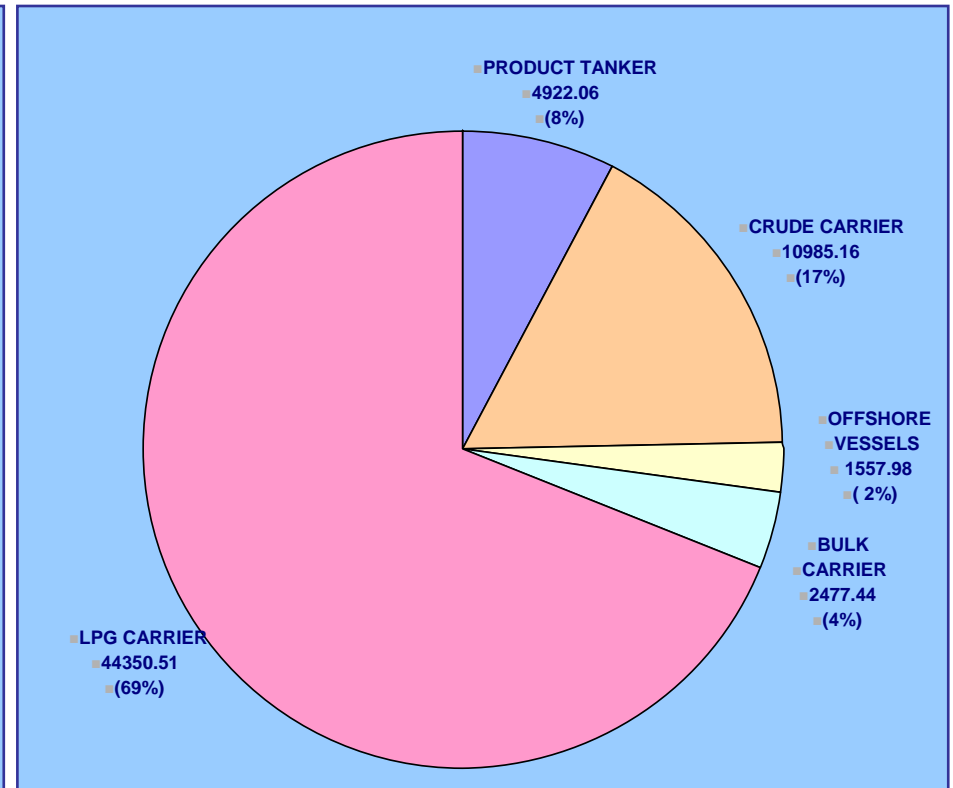
SECTOR WISE REVENUE

Rs. in lakhs

FY 2006-07



FY 2005-06

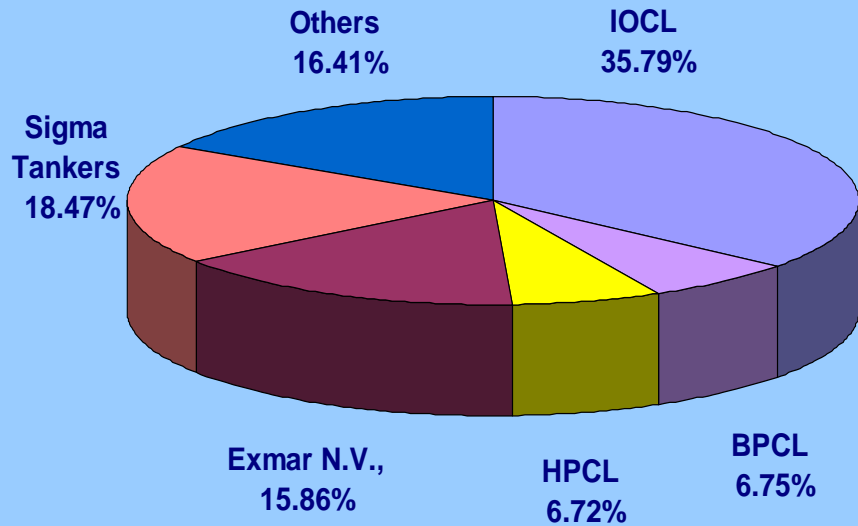


BUSINESS STRATEGY - SHIPPING & MARINE SERVICE TO THE HYDROCARBON SECTOR

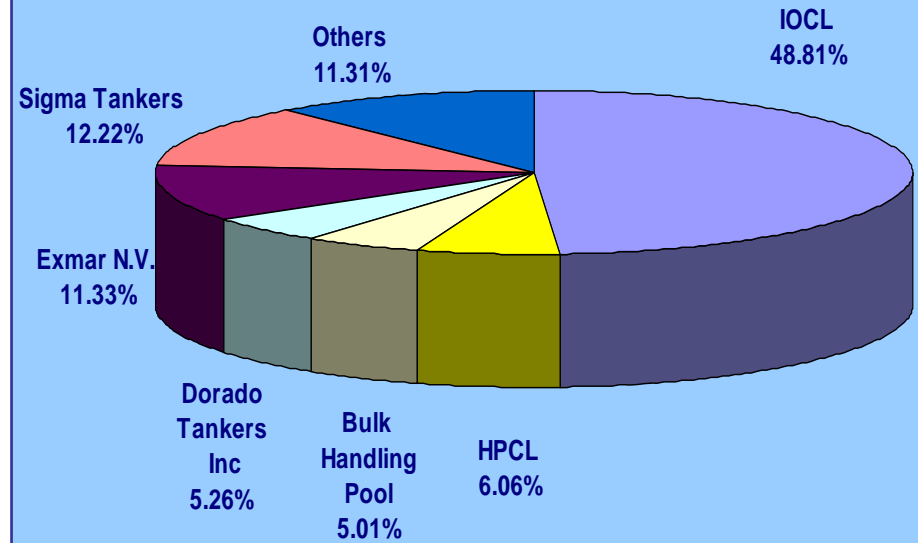
- Objective – Consistent Profitability & High yields
- Well diversified shipping fleet – With an overall focus on Hydrocarbons (Oil, Gas & Offshore)
- LPG Carriers – Niche Market / Relatively low volatility
- Modern Aframax Crude Tankers – Relatively low volatility / High end U.S./Caribbean market – yielding higher Time Charter Earning (TCE) Rates
- Product Tankers - Relatively low volatility / Stability due to Time Charters
- Offshore Supply Vessels – Niche Market / High end deep water market – yielding higher TCE rates.

IMPORTANT CHARTERERS (International & Domestic)

FY 2006-07 (%)



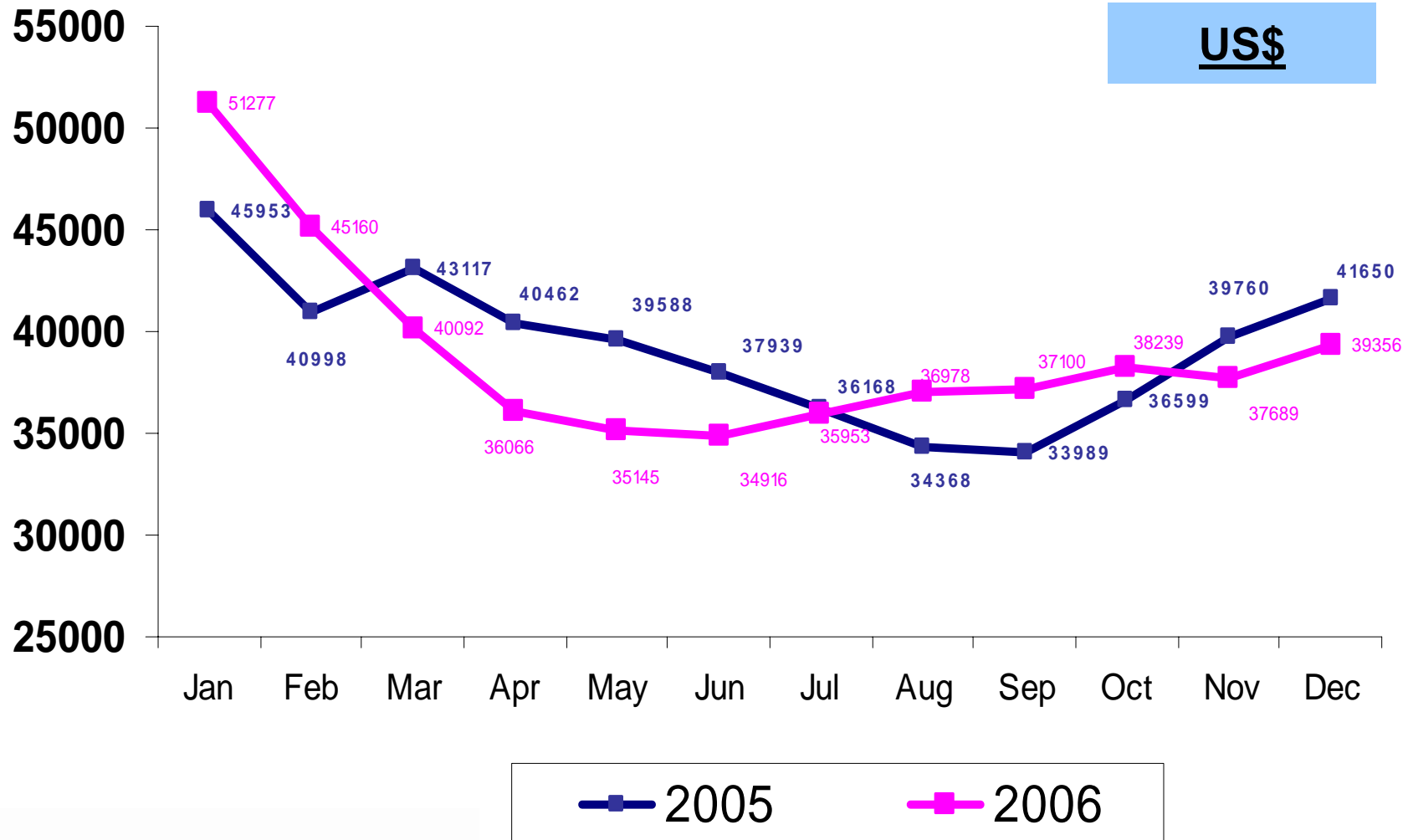
FY 2005-06 (%)



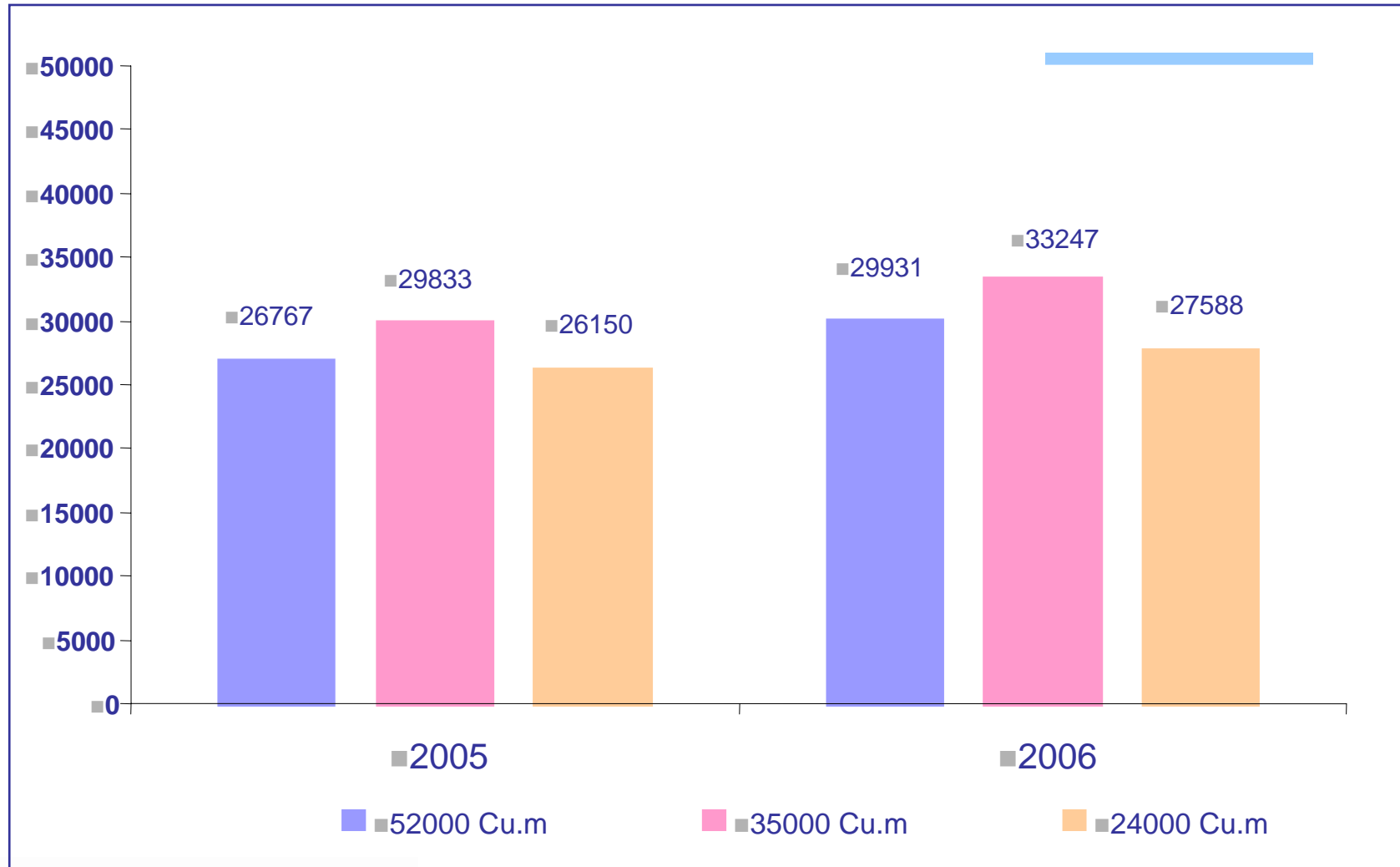
	%
International	44.13%
Domestic	55.87%

	%
International	43.98%
Domestic	56.02%

AVERAGE T/C YIELD PER DAY – AFRAMAX TANKER MARKET

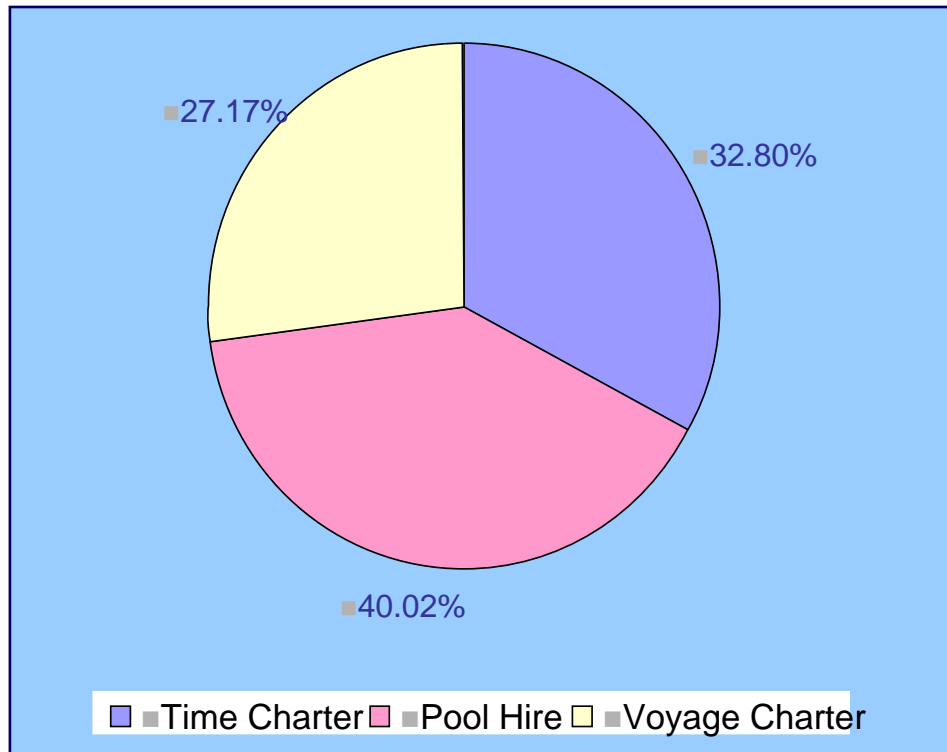


AVERAGE T/C YIELD PER DAY – LPG CARRIER MARKET

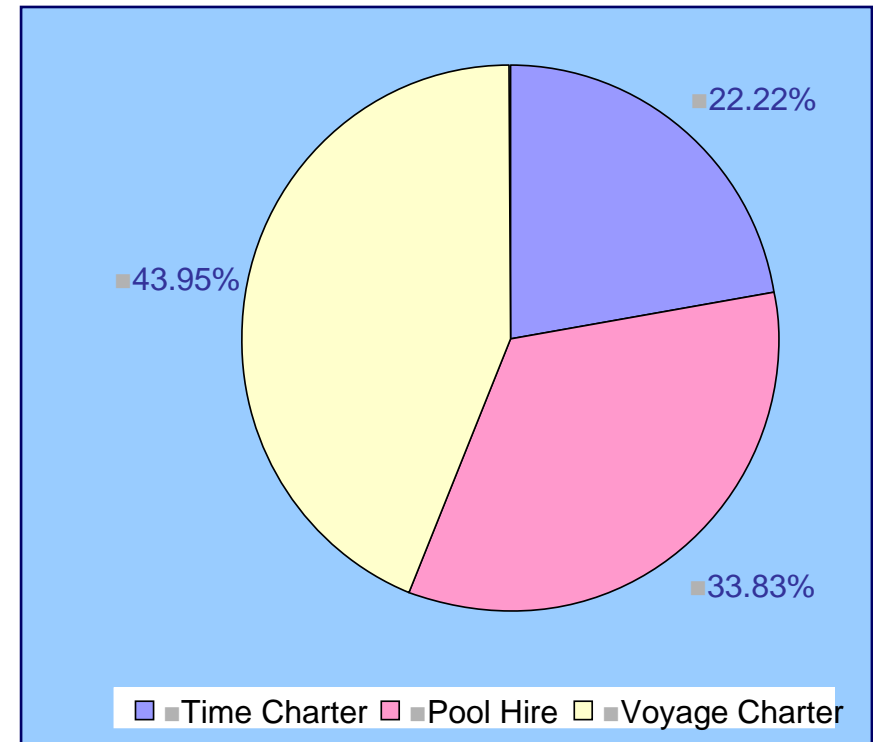


BREAK-UP OF CHARTER HIRE INCOME

2006-07



2005-06

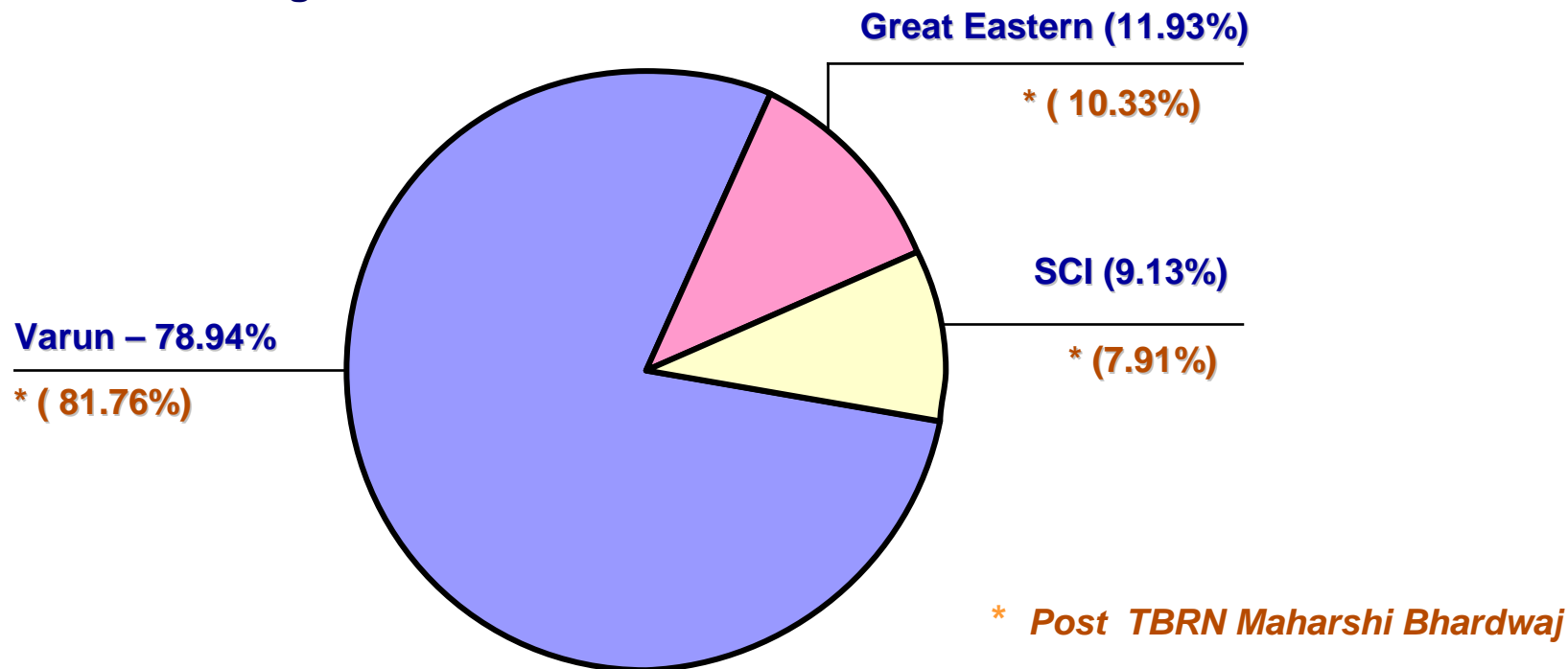


LPG Position



DOMESTIC PLAYERS - LPG FLEET

Leader in the Indian market owning approx. 79%* of the total LPG tonnage (on DWT basis) under Indian flag.

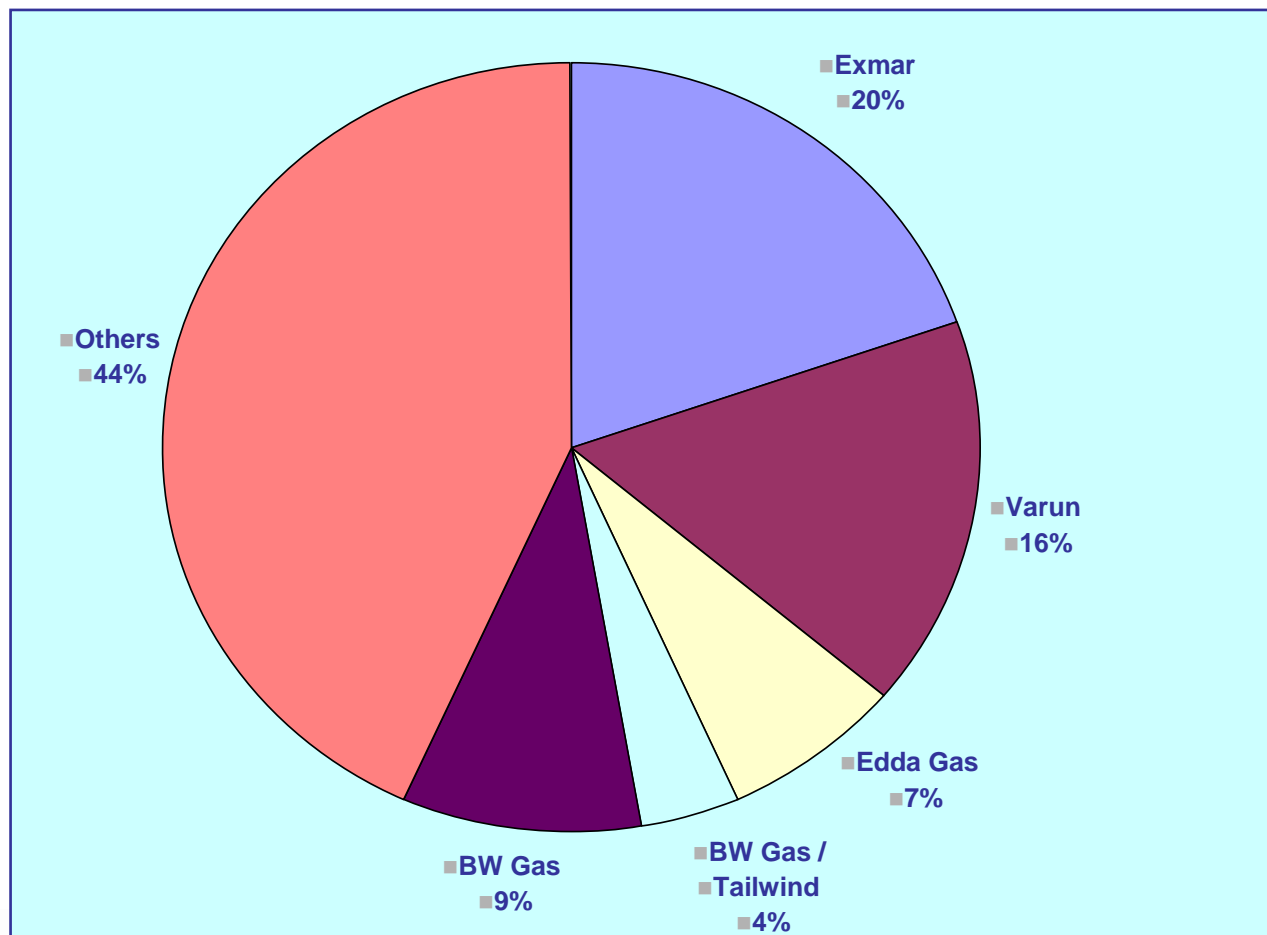


Of the total of LPG imported by PSU during the year 2006-07 Varun transported 77% LPG as against 73% in 2005-06

* As at 31st March, 2007, Source: INSA

GLOBAL PLAYERS – MID SIZE FLEET

2nd largest owner globally of the midsize fully refrigerated LPG Carriers fleet owning approx. 16% of the fleet (on Cu.m basis) in this category



Offshore Sector



Offshore Sector

- VARUN had announced plans to expand in the Offshore Sector in January, 2006.
- VARUN has committed approx. US\$ 120 million into two modern Anchor Handling Towing & Supply Vessels (AHTS)
- Vessels Subhiksha and sister TBRN Sudaksha – Technical Specifications:
 - Bollard Pull - >180 tons
 - BHP - >16000
- Most powerful vessels registered under the Indian Flag.
- Freight rates :

Average YTD **	
2005	2006
STG 26,602	STG 54,878

**** Source: Offshore Shipbrokers Ltd – 2006 (rates for North Sea)**

Corporate Expansion Plans



Corporate Expansion Plans

VARUN had announced an expansion plan of US\$ 400 million of which the company has committed US\$ 320 million in the following manner:

A) Vessels acquired:

- 1) **Amba Bhargavi** - Aframax Crude Carrier
- 2) **Maharshi Vamadeva** – Large size Gas Carrier (LGC)
- 3) **Subhiksha** – Anchor Handling Towing & Supply Vessel (AHTS)

B) Vessels to be delivered:

- 1) **Sudaksha** - Anchor Handling Towing & Supply Vessel (AHTS)
- 2) **Maharshi Bhardwaj** – Very Large size Gas Carrier (VLGC)

VARUN is already on the lookout for suitable ships to complete the balance plan for investment of US\$ 80 million.

Subhiksha



Mr.Yudhishtir D.Khatau , Managing Director of the Company was awarded the “**PERSONALITY OF THE YEAR**” award at the Lloyds List Middle East/Indian Subcontinent Awards 2006 ceremony.



This award is given to the person whose performance and business conduct in the eyes of the judges has stood head and shoulders above all other in Middle East/Indian Subcontinent maritime circles. The said award was presented to Mr.Yudhishtir D.Khatau on 8th November, 2006 by Mr.Mohammed Muallem, Sr.Vice President and Managing Director of DP World at a glittering function held in Dubai



Thank you