



**VARUN SHIPPING COMPANY LIMITED**

**PRESS RELEASE**

**Varun Shipping's Growth in the Hydrocarbon Sector yields strong results**

Varun Shippings net profit after tax for the quarter ended 30th June, 2007 was Rs.126.82 crores as compared to Rs.23.58 crores for the corresponding quarter in the previous year.

EPS (basic not annualized) for the quarter ended 30th June, 2007 was Rs.8.75 as compared to Rs.2.01 for the corresponding quarter in the previous year.

Revised Accounting Standard 11 has been made applicable with effect from 1st April, 2007, as a result of which exchange rate differences arising on account of revaluation of foreign currency loans taken for acquisition of ships from abroad are required to be recognized as income through profit and loss account statement in the period in which they arise. This has resulted in an increase in profit for the quarter ended 30th June, 2007 by Rs.97.11 crores on account of exchange gain on outstanding foreign currency loans and resulted in increase in the depreciation charge by Rs.1.59 crores. Until 31st March, 2007, such differences in exchange rate on revaluation of such foreign currency loans were required to be adjusted to carrying cost of the ships and amortised by way of depreciation. The amount of exchange difference is likely to fluctuate on quarter to quarter basis based on the future movement in exchange rate of Rupees vis-à-vis foreign currencies.

Increase in income from operations was due to acquisition of additional vessels in the offshore sector. With a view to expand its asset base in the oil and gas exploration and production industry, the company has during the first half of the current calendar year acquired two modern highly sophisticated 2001 built Anchor Handling Towing and Supply vessels, viz Subhiksha and Sudaksha, having highest Bollard Pull under Indian flag. These vessels are presently on time charter to Reliance Industries Limited (RIL) for its offshore exploration activities in Krishna Godavari basin.

The company acquired its twelfth LPG Carrier, Maharshi Bhardwaj during the quarter ended 30th June, 2007. This is the largest LPG carrier in the Indian fleet with cubic capacity of 76,644 cbm.

With the acquisition of above vessels, the company presently has a diversified fleet of 20 vessels operating in LPG, crude oil/product and offshore support services sectors.

24th July, 2007

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