BOARD OF DIRECTORS

Executive Chairman	K.M.Sheth
Executive Deputy Chairman	S.J.Mulji
Managing Directors	Vijay K.Sheth Bharat K.Sheth
Directors	R.N.Sethna K.P.Byramjee A.K.Parikh Asha V.Sheth Manu Shroff T.N.Pandey
Company Secretary	P.R.Naware
Auditors	Kalyaniwalla & Mistry Chandabhoy & Jassoobhoy
Registered Office	Ocean House, 134/A, Dr. Annie Besant Road, Worli, Mumbai 400 018.

CONTENTS

CHAIRMAN'S STATEMENT

Dear Shareholder's

The shipping industry seems to have welcomed the new millennium with a degree of robustness not seen in many a year. This is reflected in the quarterly results declared by your Company for the period ended 30th June, 2000. Every operating division showed a significant improvement in performance based on a quarter-on-quarter comparison. A detailed discussion on the operating divisions has already been provided on the pages 12 to 18 and I shall not dwell into this in my statement.

The decade that brought down the curtains on the previous Millenium saw a liberation wave in India like never before. In response, companies have had to re-look at their risk strategy and your Company has been no different. First and foremost, your Company has reduced its overall dependence on 'India-centric' trades. This is particularly so in shipping, where the flexibility of the assets and the trade permit a quick change. In the last 10 years, from being a 100 percent dependent on Indian business, today less than 70 percent of the fleet is trading with Indian Cargoes. In the Offshore Division, where various trade constraints make the process more difficult, marketing strategies are being put in place to secure more business in international markets. Secondly, neither in shipping nor in offshore is the Company dependent on any one customer. More and more customers, international as well as domestic, are being serviced by your Company's assets. This again is broad-basing the risk profile of the Company. Thirdly, the Company has begun adopting international parameters in bench marking all its operating and overhead costs. Towards this, an international management consultant has been appointed and their recommendations will be implemented by March 2001. This will bring a substantial cost reduction in the Company's expenditure.

In the midst of this transition from a highly protected environment to one in which global competition embraces us, your management has done its utmost to ensure a steady, sustainable base of operating earnings. In the five years from 1995-96 to 1999-2000, your Company's operating earnings have averaged about Rs. 3.7 billion on an average net worth of Rs. 11 billion, with a variance of less than 15 percent in any particular year. Cyclicality has been the bane of the shipping and offshore industry. Within this, your management has demonstrated an ability to successfully dilute and withstand this volatility.

As we move ahead, what are the Company's focus areas? Presently, we have decided to expand within shipping and offshore, but with a greater emphasis towards modernisation, investment in assets optimal for both Indian and international trades and with a greater exposure to the global petroleum industry. There are a number of exciting opportunities ahead, which if seized timely and implemented efficiently, will bring the rewards. I remain confident that your management team will be able to deliver these rewards.

Thank you

K. M. Sheth
Executive Chairman

July 7, 2000

MANAGEMENT DISCUSSION AND ANALYSIS

SHIPPING DIVISION

The Division's overall operating profits increased by 2.2% over the previous year.

OPERATING PROFIT
Rs. in million

CAPITAL EMPLOYED
Rs. in million

The year starkly brought forth the inherent cyclical and volatile nature of the shipping industry. Dry Bulk markets, which had been at low levels since the Asian crisis in late '97, witnessed a gradual upturn during the year, accelerating towards the end of it. By the end of FY99-00, dry bulk spot market earnings had improved by more than 50% across all segments as compared to the start of the year. Tanker markets on the other hand, looked extremely gloomy as market earnings dropped to one of their lowest levels in the decade during the first half of the year. However, this trend was reversed in the new millennium. The increase was marked especially for crude carriers with fixtures in March '00 reported at almost twice the earning levels existing six months earlier. Overall, since April '99, tanker market earnings increased by 15%-30% across all categories.

FINANCIAL RESULT OF OPERATIONS

Shipping revenues are generally measured in terms of Time-Charter Equivalent (TCE) earnings, which are defined as gross voyage revenues less direct operating voyage expenses. For a vessel on voyage charter or on servicing of a contract, freight ($/ton x quantity of cargo carried) represents gross voyage revenues. Direct voyage expenses are incurred in the form of bunker consumption (fuel oil), port charges, commissions etc. For vessels on timecharter, charter hire ($/day x number of voyage days) represents gross revenues with commission being the only chargeable direct expense.

The yield for a vessel is defined by TCE earnings per operating day for a given period. Average Year-On-Year (YOY) change is given by percentage change in average TCE yield for current year 1999-00 over average yield for previous year 1998-99.

Dry Bulk TCE earnings for the year were around Rs.1,420 million (Rs.1,533 million) giving an yield of $5,100 per day ($5,270) over 6,392 operating days (6,881 days). With average YOY increase in spot Handy/Handymax market earning levels of 10%, the yield performance suffered in comparison to an adverse market movement on the covered positions. Moreover, bunker prices rose dramatically during the year, which had an adverse impact on the dry bulk term contracts which were concluded in relatively weak markets of early '99. The bunker prices, while servicing these term contracts, were twice as of those prevailing at the time of contracting, thereby dragging down TCE yields. However, the previous year's earnings included yields from long-term time charters fixed in better markets, thereby

Note : Amount in brackets indicates last years figures pushing up average yields compared to spot market levels prevailing in 1998-99. During the year, the shifting of tonnage from India-based trade to international trade required physical repositioning of vessels. These intermediate repositioning voyages required non-optimal trading which yielded lower earnings. This shift in trading pattern was driven by a conscious reduction in exposure to pure Indian trade in order to find a better balance and distribution of earnings over domestic and international trades.

During the year, tanker TCE earnings were around Rs.3,059 million (Rs.3,458 million) giving a yield of $11,360 per day ($13,560) over 6,119 operating days (6,034 days). Crude carriers contributed almost 20% of the year's TCE earnings with the remaining 80% coming from the product tanker fleet and the lone gas carrier. Globally, market earning levels for all tanker segments dropped on an average YOY basis, with a fall in product tanker levels by 10-15% and crude carrier levels by 15-20%. Moreover, increased Indian refining capacity led to reduced demand for product tankers. This reduced the competitiveness of Indian product tanker companies in their India-based business. The above factors led to significantly lower negotiated rates for product tankers employed in the Indian oil industry. Moreover, increased efficiency of Indian ports also aided the substantial downward correction in yields of other India-based product tankers. However, timely downsizing of product tankers employed in the Indian trade in the early part of the year and efficient international trading of the balance product tankers limited the downside to a certain extent. Overall the product tanker yields at $10,780 per day was lower by 18% in 1999-00 as compared to previous year.

The crude carrier market went through a lean phase at the start of the year as Organisation of Petroleum Exporting Countries (OPEC) production cut-backs has taken crude prices to nine year highs and reduced crude oil trade significantly. An easing of crude oil supply subsequently spurred the market earnings of crude carriers, but this increase was too late in the year to wipe out earlier deficits, as compared to last year's levels, in average earnings. As a result, on an average YOY basis, market yields for crude carriers dropped by 15-20%. With *Jag Laadki's* yield (the only crude carrier for most part of 1998-99) dropping similarly, crude tanker portfolio yielded around $13,000 per day for the year; which included full year's earnings from two newly built Aframaxes, *Jag Leela* and *Jag Laxmi*. The LPG gas carrier, *Jag Vayu*, had similar yield to that of last year in its India-based trade due to limited market movement.

Indirect operating costs (including division-specific administration expenses) at Rs.2,272 million for 1999-00 were lower by about 4% as compared to the last year. During the year, with increased focus on cost consciousness, the Division undertook a cost reduction exercise in partnership with *Andersen Consulting*. The Division expects to make substantial cost savings in the near future as a result of these efforts.

The year saw a considerable increase in profit on sale of assets at Rs.480 million (Rs.5 million), primarily as a result of an exercise to reallocate capital into strategically viable assets. Two older Handysize vessels (*Jag Vijay-'77* built and *Jag Vasant-'77 built*) were sold in early '99 and delivered to the buyers in the first half of 1999-00. This was a step towards reconfiguration of the dry bulk portfolio such that a higher proportion of vessels are capable of trading internationally. Anticipating reduced demand for India-specific product tankers, two product tankers (*Jag Prabhat-'85 built* and *Jag Puja-'83 built*) were sold for delivery first half 1999-00 at relatively strong values generating significant profit on sale. The smaller-sized product tanker portfolio was further downsized with the scrapping of *Jag Priya-'75* built in the last quarter of the year.

Note : Amount in brackets indicates last years figures

Revised Depreciation Policy

The Company has revised the useful life of its bulk carriers (other than those that have completed 23 years) from 25 years to 23 years and of mini-bulk carriers from 20 to 12 years. Consequent to the change in useful life, the depreciation charge for the year is higher by about Rs. 80 million, with corresponding reduction in the net profit for the year.

Capital Investment

During the year, dry bulk tonnage was augmented by acquisition of two relatively younger Handymaxes (*Jag Rani-'84 built* and *Jag Roopa-'85 built*) which are currently employed on international trades. These acquisitions look promising with the international dry bulk markets forecast to rise in the coming year. Dry bulk asset values have already gone up by more than 10% since these vessels were bought. After considering the sale of two older vessels during the year, the Company made a net investment of $13m in the dry bulk segment.

Following the sale of two of the smaller product tankers in the early part of '99, the tanker market saw a decline in asset values for most part of the year. The Company took advantage of this opportunity to augment its larger product tanker fleet with the acquisition of *Jag Pankhi-'85 built*, in weak asset markets late into the year. On a net basis though, $11m was divested out of the product tanker portfolio. No other investments were made in the tanker segment.

As of the end of this year, realisable market value of the shipping portfolio stood at around $300m, with tankers accounting for the lion's share of 77% and dry bulk accounting for the remaining 23%.

Risks and Concerns

With increasing Indian refining capacity, requirement of product tankers for Indian product imports is expected to go down further. Pipelines, proposed as well as commissioned, further limit the product tankers utility for Indian coastal trade. This scenario represents a risk to the earnings of the vessels currently involved in this trade, though a restructured portfolio and increased international trading could limit this downside.

Outlook

The global short-term outlook for dry bulk shipping is extremely positive. With optimism about the Indian economy in the coming year, the Division does not foresee any slackness in the domestic dry bulk trade either. It would continue to maintain a certain proportion of the fleet in Indian waters to service this business.

On the international front, tanker rates are also expected to be firm across all categories. The Division has an increased presence in the international markets which could benefit us in this scenario. Crude carrier rates, which flared up at the fag end of the last quarter, are expected to stay firm in the coming year with OPEC expected to maintain current increased level of production. The Company is exploring the possibility of crude carrier investment to support its strategic thinking, with due consideration given to the attractive returns on investments in this sector.

On the domestic front, increased Indian refining capacity and pipelines will continue to adversely impact product tanker demand but will also lead to a concurrent increase in Indian crude oil imports. Oil companies though, would have an option to select between Indian and foreign-flagged vessels and there exists a possibility of increasing crude imports in foreign bottoms. The Company will target an optimal fleet mix and trading strategy to account for this changing scenario on the tankers' side, though it would be a gradual movement towards this objective that would be achieved only over the medium term.

With LNG requirement in India expected to double in the next five years, LNG shipping represents an area of opportunity, as this increase would be almost exclusively met by imports. We are exploring investment possibilities in this area, which would be much clearer once Government of India policy for LNG shipment is in place. This business area is at a nascent stage and any investments would possibly be made over next 2-3 years while revenues will crystallise only by 2003-04.

The first quarter of 2000-01 has seen a marked improvement in earnings for most segments and consequent healthy operational performance. Two dry bulk vessels, *Jag Manek-81 built* and *Jag Ravi-'77 built*, were sold and delivered to the buyers during this quarter. In its bid towards building up crude carrier tonnage, the Company has recently concluded a newbuilding Aframax crude carrier contract with Samho Heavy Industries, South Korea. The vessel is expected to be delivered in the second quarter of calendar year 2002.

The management continues to maintain its philosophy of investing and divesting, within the overall strategic framework, to take advantage of movement in asset values when seen to be diverging from fundamental long-term earnings potential.

Offshore Division

The Division's operating profits increased by 21.7 % over the previous year.

OPERATING PROFIT
Rs. in million

CAPITAL EMPLOYED
Rs. in million

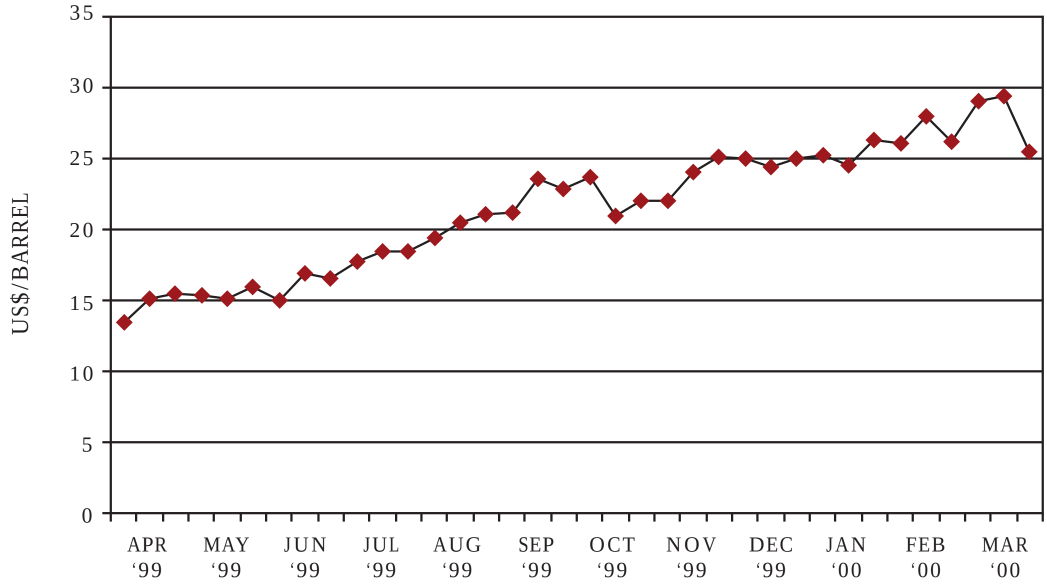
The Division continued its activities in the oil field sector and the port services Sector, with conditions remaining difficult. Globally, the year was characterized by a sharp, upward trend in crude oil prices caused by oil quota limits imposed by OPEC and Non-OPEC producers.

Crude oil and gas prices are the chief determinants that drive Exploration and Production (E&P) budgets. The demand for crude oil is growing again. Asia is back in business and will account for half of all new crude oil demand this year. On the other hand, future supply is dependent not only upon geo-technical factors, cash and profit motivation, but also the basic task of drilling wells and building production and processing systems to secure supply of crude oil in the market.

Given the above, should a sustainable equilibrium crude oil price within the early-twenties be maintained, it would give a fillip to an increase in budgets of oil company for exploration. This, together with the recovery in world economics resulting in an increased demand for oil and gas portends a steadier industry.

During the year, the Government of India has awarded 25 out of the 48 blocks under the New Exploration Licensing Policy (NELP). The major thrust in the recently awarded NELP blocks is the emphasis on deepwater blocks and the expected development over the next 2 to 3 years in all areas of seismic, exploration and production, subject to commercial viability. With this, the number of operators (oil companies) in India will increase significantly from the limited number (only four) that are operating within the country.

BRENT CRUDE PRICES (BBL)
(APRIL 1999-MARCH 2000)



The Division is the country's largest private operator of Offshore Support Vessels and Harbour Tugs. Further efforts are being made to augment the fleet, so as to widen the range and scope of services that can be provided.

Marine Construction activities also continued at a steady pace. The oil drilling rigs operated by the Division are presently employed on long term contracts.

On the domestic front there have not been any fresh entrants into the Oilfield services sector. However, several major international contractors continue to evaluate an entry into this market.

The local Offshore Support Vessel (OSVs) and rig market is affected by global trends, albeit the violent fluctuations experienced internationally are absent. Since all the contractors are required to respond to a bid tendering process, there is a lag between bid submission and actual award of the contract. This results in idling of assets between contracts, which creates a differential between the prevalent charter rate and the actual charter rate received by the bidder. However, the Division believes that over a long period this evens out.

It is expected that the international OSV and rig market has bottomed out and will remain steady for the balance part of the financial year.

The Division regularly monitors and evaluates the market scenario for changes in the types of services required. This is not only done at a domestic level, but also internationally through overseas associations, collaborators and brokers. Thus the Division is able to ascertain indicative trends and charter levels, and react proactively.

The Government of India is a significant employer of the Division's assets, especially Harbour Tugs. Therefore, the performance of the Division is bound to be influenced by changes in governmental policies. The Division continuously monitors such changes and is quick to respond to the same.

The performance of the various sub-sectors of the Division during the year coupled with a brief outlook for the immediate future is given below :-

OFFSHORE SUPPORT VESSELS - (OSVs)

The Division retains its paramount position as the largest OSV operator within India. However, in the absence of major development on the exploratory and production front in the Indian oil sector, there was no fresh demand for vessels. The highlight of the year was the delivery of *Malaviya Ten* - India's largest Anchor Handling Tug Supply. The vessel went on charter with Oil and Natural Gas Corporation Ltd. (ONGCL) on arrival from Japan, in December 1999.

The Division is gearing itself to meet ONGCL's requirements of OSVs over the coming years. This would be in keeping with the Division's ethos of steady growth coupled with the broadening of its support services.

The dedicated fleet acquired to meet ONGCL's specific requirements in 1980s has completed its long term contracts with the corporation, and has been offered against ONGCL's fresh term requirements for support vessels.

The Division has bagged the distinction of being the first Indian offshore operator to receive ISO 9002. The offshore vessels are being subject to regular annual Safety and Environment Protection (SEP) audits conducted by Det Norske Veritas (DNV) and regular contract reviews are undertaken to optimize operations and ensure client satisfaction.

The annual utilization rate of support vessels was 77%, which is reasonable - given the recessionary global trends. Market conditions have remained subdued during the year-both locally, and globally. This has been a concomitant to what were until recently, depressed crude oil prices.

The Division is in the process of consolidating its position to meet the long-term requirements of the various operators.

PORT SERVICES -

During the year, two out of the three vessels delivered have been gainfully employed. The existing harbour tugs have been operating for various ports within the country, lending continuous support, particularly during the port strike in February 2000, thereby ensuring normal operations at the ports.

At the domestic level, competition is relatively fragmented and localized. However, in what could be a precursor of the future one leading international operator has established a joint venture in India.

The annual vessel utilization rate was 95% requirements.

In order to meet the burgeoning marine services requirements, the Division is making attempts to gear itself up by homing in on suitable opportunities at different minor ports/dedicated jetties/terminals. Moreover, the west coast of India, which has several upcoming LNG projects presents promising opportunities for development of Marine services.

OIL DRILLING RIGS -

Rig *Kedarnath's* performance during the year has been commendable. On completion of her two-year contract in end January, the rig underwent its fourth special survey and Under Water Inspection in Lieu of Drydock (UWILD) inspection. During the lay-up, the rig was upgraded and additional equipment installed on her to meet with the revised ONGCL charter requirements. The rig, after completing her statutory and third party inspections, commenced her two-year long-term charter in March, albeit at a significantly lower charter rate.

During cyclonic conditions in the monsoon, rig *Badrinath* suffered major damage and hence was required to undergo extensive repairs. On completion of the repairs the rigs resumed its operations under the long-term contract satisfactorily.

The Division has submitted a bid for *Badrinath* in response to ONGCL's tender requirement. The objective is to deploy *Badrinath* for a firm period of two years, starting in the first quarter of 2001, after refurbishment of the rig as per tender requirements.

The Division's oil drilling rigs are in the process of obtaining ISO certification.

During the year, the utilization rate for both the rigs was around 82%.

The oilfield service industry is cyclical in nature. The drilling business is no exception, given that contracts with the Division's principal client, ONGCL have a longer term duration, which mitigates the peaks and troughs that are prevalent internationally. The number of drilling contractors operating foreign rigs in Indian waters has remained constant at five.

MARINE CONSTRUCTION -

The Hook-up cum Accommodation Barge *Gal Constructor*–was deployed during the monsoon in 1999-00 for the first time and helped it achieved its highest ever annual utilization of 88%.

Within the country, there is no barge operated by any Indian company, which matches Gal Constructor's capabilities. However, major international marine contractors pose a continuous threat for the continual employment of the asset.

Marine Construction is in the process of obtaining ISO certification.

Several new and some incomplete projects of the last season will resume in the last quarter of 2000, which would keep the barge employed. The Division is bidding, on a turnkey basis, with a view to provide value added services to overcome the low rates quoted by foreign competition.

AIR LOGISTICS - HELICOPTERS -

The Company's three leased Bell-212 helicopters continue to operate satisfactorily on a long term Charter. The average utilization rate at 85% is noteworthy.

Given that the industry holds promise, many new entrants have tried to enter this field with limited success. The Division would continue its efforts to provide reputable services to the Industry.

COMPANY FINANCES

During the year, the Company incurred a capital expenditure of Rs. 2420 miillion, financed 33% out of equity and 67% out of debt. The Company took delivery of three bulk carriers, one product tanker, one anchor handling tug supply vessel and three harbor tugs. The Company placed Non-convertible Debentures worth Rs. 1830 million with institutional investors to part-finance capital expenditure.

The Company retained its 'AAA' (pronounced Triple A) rating by CRISIL for its Non-Convertible Debenture programme.

Directors' Report

The Directors have pleasure in presenting their report and statement of accounts for year ended March 31, 2000.

Dividend and Appropriations

Your Company posted a net profit before tax of Rs.1264 million for the year under review, as against Rs. 1544 million in the previous year. The Board of Directors of the Company has declared and paid an interim dividend of Rs. 1.50 per share for the year 1999-2000. With a view to conserve resources the Board has not recommended any further dividend as final dividend for the year. The appropriations out of the profit are as under :-

		1999-2000	1998-1999
		Rs.	Rs.
Profit before tax		**1,264,502,659**	1,544,332,849
Less: Provision for Tax		**160,000,000**	280,000,000
Profit for the year after tax		**1,104,502,659**	1,264,332,849
Add: Prior years Adjustments (Net) [Note 8 (f)]		**9,483,921**	12,494,401
		1,113,986,580	1,276,827,250
Less: Transfer to Reserve under Section 33AC of the Income-Tax Act,1961		—	230,000,000
		1,113,986,580	1,046,827,250
Add: Transferred from Export Profit Reserve		—	1,000,000
		1,113,986,580	1,047,827,250
Add: Surplus brought forward from previous year		**3,427,046,062**	3,865,114,337
		4,541,032,642	4,912,941,587
Less:			
- Transfer to Debenture Redemption Reserve	**202,500,000**		17,500,000
- Transfer to Fleet Contingency Reserve	—		750,000,000
- Transfer to General Reserve	**55,893,057**		80,000,000
- Interim Dividend	**388,261,809**		—
- Tax on Interim Dividend	**42,708,799**		—
- Proposed Dividend	—		575,131,104
- Tax on Proposed Dividend	—		63,264,421
		689,363,665	1,485,895,525
Balance Carried Forward		**3,851,668,977**	3,427,046,062

Business & Operations of the Company

During the year under review the demerger of certain business activities of Property Division was completed and in accordance with the Scheme of Arrangement approved by the shareholders and Hon'ble High Court of Mumbai the assets and liabilities of the demerged business were transferred to GESCO Corporation Limited from the appointed date i.e. April 01,1999. As a part of the Scheme, during the year, the Company's issued and subscribed capital was reduced from Rs. 2,882,312,720 to Rs. 2,594,081,450 and Rs. 2,876,048,380 to Rs. 2,588,443,540 respectively.

The year 1999-2000 witnessed firming up of dry bulk earnings after months of dismal markets since late '97 following the Asian crisis. This market rally accelerated towards the end of the year and spot earnings ended the year almost 50% higher than the start of the year. Though the earnings on certain vessels improved accordingly, the Shipping division could not take full advantage of the rally on account of positions covered earlier in lower markets and the negative impact of the astronomical bunker price rise on some of these fixed rate contracts. The year also saw strategic restructuring of the dry bulk portfolio into a larger, younger fleet with two '77 built Handysizes sold during the year replaced by two mid-80's built Handymaxes bought at average prices. Some of these more modern vessels were also employed in international trade with a strategic view to reduce the Company's over exposure to India-based trade where the Company had a reduction in its certain niche trades. This distribution of market risk required a certain number of repositioning voyages that produced non-optimal yields. On an overall basis though, a neutral year with slightly disappointing earnings performance countered with a better portfolio restructuring performance and investments that have generated decent returns till date.

During most of 1999-2000, the tanker market experienced a significant downturn, correcting itself only in the final quarter of the year. As a result, this 4th quarter rally resulted in tanker market earnings ending the year at significantly higher levels.

The year 1999 saw the tanker market in complete disarray with earnings sinking to some of the lowest levels seen in the decade. In the first quarter of this new millennium, the combination of various factors such as, environmental concerns, increased OPEC production, a significant turnaround in the Asian economies, etc., helped bring about a significant rally. This rally has continued gaining in momentum which will reflect in the earnings for the fiscal year 2000-2001. The events of the last 12 months only goes to signify the volatility that we experience in this industry. The fundamentals currently point to a strong sustained rally in this segment of the industry.

The Shipping Division has taken help of external consultants for aggressive cost reduction exercise by improving upon the operational efficiency. Your directors are happy to report that as a result of this exercise the Company has been able to lower its operating costs to a large extent.

During the year under review the Company sold 2 older handysize vessels, m.v.Jag Vijay and m.v.Jag Vasant and 2 product tankers, m.t.Jag Prabhat and m.t.Jag Puja. Another tanker namely m.t. Jag Priya was scrapped after she completed her economic life. The Company acquired 2 secondhand handymax bulk carriers and 1 product tanker.

Offshore Division increased its operating profit during the year under review. The Company was able to ensure reasonable utilisation rate for the Company's vessels. During the year the Company acquired India's largest Anchor Handling Tug Supply Vessel, Malaviya Ten. This vessel was ordered as new building from Japan.

Another market segment in which Offshore Division operates is port services. The Company has taken delivery of 3 harbour tugs during the year augmenting its harbour tug fleet. The annual utilization of harbour tug fleet was satisfactory. The Company's other Offshore related assets namely Oil Drilling Rigs and Marine Construction-cum-Accommodation Barge also performed satisfactorily.

The Division is intending to undertake a restructuring of its fleet composition to enable it to take advantage of the changed requirement of vessels by the various operators (Oil Companies).

During the year under review, the Government of India signed 25 NELP (National Exploration and Licensing Policy) contracts, which, if successful, should augment the Division's client base.

As mentioned above, with a view to diversifying its offshore fleet, the Company is also looking at the prospects of acquiring Offshore Support Vessels.

Your Directors continue to remain optimistic about the overall performance of the Company over the next year.

LNG Transportation Project

Your Company is exploring the possibility of investing into Liquified Natural Gas (LNG) transportation business. Considering the capital intensive nature of the business, requirement of requisite technical know-how and importance of LNG transportation in the overall LNG Project, the Charterers prefer experienced operators of LNG vessels for time charter. Keeping these aspects in view, your Company proposes to form a joint venture with renowned international LNG vessel owner/operator and others in pursuing the LNG transportation project. Currently the discussions about the joint venture arrangement are in the advanced stage and the arrangements will be finalised very soon.

Notes To The Annual Accounts

Your attention is invited to Note 5(b) to the Annual Accounts which refers to a dispute with a bank. This dispute has since been fully settled and the amounts set off by the said bank as well as invocation of margin money, have been fully restored.

During the year under review certain accounting policies have been changed which have been more particularly explained in Note 9 of the Notes to the Annual Accounts, which note has also been referred to by the Auditors in their report.

Subsidiary companies

As required by the Companies Act, accounts of the Company's subsidiaries are annexed to the Annual Report. In September 1999 your Company incorporated another wholly owned subsidiary namely The Great Eastern (Fujairah) LLC-FZC to own and operate ships. This Company has been incorporated in free zone area of Fujairah (U.A.E.). The first set of annual accounts of this subsidiary will be prepared for the year ended March 31, 2001.

Directors

Upon the Scheme of Arrangement of Demerger referred to above coming into effect Mr. Ghanshyam S. Sheth ceased to be Managing Director of the Company. He later resigned as a Director of the Company with effect from April 28, 2000. The Board records their appreciation of the valuable services rendered by Mr. Ghanshyam S. Sheth as Director of the Company.

Mr. B.K. Sheth, Mr. R.N. Sethna and Mrs. Asha V. Sheth Directors, retire by rotation and being eligible, offer themselves for re-appointment.

Proposals for members approval

The following resolutions are being placed for the approval of the members at the ensuing Annual General Meeting :

(a) Payment of commission on net profit to the Non-whole time Directors.

(b) Increase of borrowing limits of the Company from Rs. 1500 Crores to Rs. 2500 Crores.

(c) Creation of Preference Shares by reclassification of equity shares and consequent alteration of the Memorandum and Articles of Association.

(d) Issue of Preference Shares by way of private placement or on preferential allotment basis, to persons other than members.

(e) Amendment to Articles of Association of the Company to incorporate certain enabling provisions of the Depository Act, 1996.

(f) Participation in LNG transportation project, as referred to above.

PERSONNEL

The Directors would like to place on record their appreciation of services rendered by the floating and shore staff during the year.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

Under Notification No. GSR 1029 dated 31.12.1988 the Company is required to furnish prescribed information regarding conservation of energy and technology absorption. This, however, does not apply to the Company as the Shipping Industry is not included in the Schedule to the relevant rules. With regard to Foreign Exchange earnings and outgo, the position is as under:

		Rs. in millions
(a)	Foreign Exchange earned and saved (on account of freight, charter hire earnings, export of commodities etc. and includes Foreign Exchange savings of Rs.5065.8 million).	8715.7
(b)	Foreign Exchange used including operating expenses, capital repayment, down payments for acquisition of ships, interest payment and import of commodities.	5018.7

COMPLIANCE Y2K

Your Directors are pleased to inform you that with various initiatives taken to address Y2K Compliance your Company managed flawless transition to the new millennium without any disruption to its business operations.

CORPORATE GOVERNANCE

The Stock Exchanges have amended the Listing Agreement by incorporating a new clause 49 covering Corporate Governance, which is an important instrument of investor protection. As per the amendment, existing Companies which are in Group "A" of the BSE are required to comply with the requirements within the year 2000-2001. Your Company has already commenced the process of implementation of the required provisions of Corporate Governance and will ensure that all mandatory provisions are fully complied with well before the last date prescribed by the Stock Exchange.

PARTICULARS OF EMPLOYEES

Information about the particulars of the employees under Section 217 (2-A) of the Companies Act, 1956 is given as Annexure to the Directors' Report.

AUDITORS

The Members are required to appoint the Auditors and fix their remuneration.

GENERAL

The Board wishes to thank the Ministry of Surface Transport, the Directorate General of Shipping, Ministry of Finance, Chief Controller of Chartering, Oil Coordination Committee, Ministry of Petroleum, Oil India Limited, Oil and Natural Gas Corporation Ltd., Directorate General of Hydrocarbons, Indian Coastal Conference, INSA, Ministry of Petroleum & Natural Gas, Major Port Trusts/Indian Port Association and DGCA for extending support to the Company during its operations.

For and on behalf of the Board of Directors

K.M. SHETH

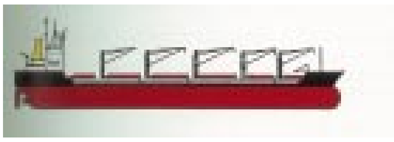
Mumbai, July 7, 2000

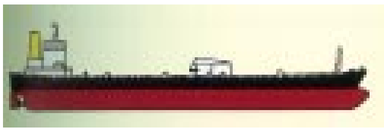
Executive Chairman

INVESTORS' GUIDE

Asset Profile

Details of Shipping & Offshore Fleet as on 7th July, 2000

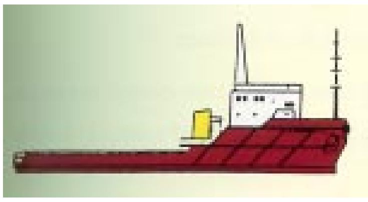


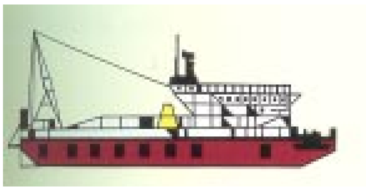


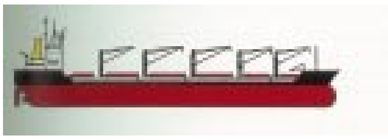
	SR. NO.	NAME OF VESSEL	YEAR BUILT	DWT (MT)
BULK CARRIERS	1	m.v. JAG KANTI	1976	37,946
	2	m.v. JAG RATNA	1977	35,662
	3	m.v. JAG VIKAS	1977	26,781
	4	m.v. JAG VIDYA	1977	27,451
	5	m.v. JAG VIKRAM	1980	27,463
	6	m.v. JAG RASHMI	1981	40,507
	7	m.v. JAG RADHIKA	1983	41,502
	8	m.v. JAG RAHUL	1984	37,609
	9	m.v. JAG REKHA	1984	37,586
	10	m.v. JAG RISHI	1984	41,093
	11	m.v. JAG RAKSHA	1985	45,345
	12	m.v. JAG RANI	1984	41,545
	13	m.v. JAG ROOPA	1985	37,710
	MINI BULK CARRIERS			
	14	GE1	1997	2,183
	15	GE2	1997	2,169
	16	GE3	1998	2,137
	17	GE4	1998	2,137
		Sub Total		486,826
TANKERS	PRODUCT TANKERS			
	18	m.t. JAG PRAKASH	1974	25,482
	19	m.t. JAG PREETI	1981	29,139
	20	m.t. JAG PARI	1982	29,139
	21	m.t. JAG PADMA	1982	47,803
	22	m.t. JAG PRAYOG	1982	29,990
	23	m.t. JAG PRAJA	1982	29,990
	24	m.t. JAG PRANAM	1984	50,600
	25	m.t. JAG PALAK	1985	27,402
	26	m.t. JAG PRAGATI	1985	27,400
	27	m.t. JAG PAVITRA	1985	50,600
	28	m.t. JAG PRATAP	1995	45,693
	29	m.t. JAG PRADIP	1996	45,684
	30	m.t. JAG PANKHI	1985	50,600
	CRUDE OIL TANKERS			
	31	m.t. JAG LAADKI	1992	145,242
	32	m.t. JAG LAXMI	1999	105,051
	33	m.t. JAG LEELA	1999	105,148
	LPG CARRIER			
	34	m.t. JAG VAYU*	1978	28,400
		Sub Total		873,363

* 31,243 Cubic Metres

	SR. NO.	NAME OF VESSEL	YEAR BUILT	DWT (MT)
OFFSHORE VESSELS	ANCHOR HANDLING TUG SUPPLY VESSELS			
	35	m.v. MALAVIYA ONE	1983	1,073
	36	m.v. MALAVIYA TWO	1983	1,084
	37	m.v. MALAVIYA THREE	1984	1,251
	38	m.v. MALAVIYA FOUR	1984	1,242
	39	m.v. MALAVIYA FIVE	1982	1,162
	40	m.v. MALAVIYA SIX	1981	1,149
	41	m.v. MALAVIYA NINE	1983	1,175
	42	m.v. MALAVIYA TEN	1999	2,500
	SUPPLY VESSELS			
	43	m.v. MALAVIYA ELEVEN	1989	1,000
	44	m.v. MALAVIYA TWELVE	1989	1,000
	45	m.v. MALAVIYA FOURTEEN	1989	1,000
	ANCHOR HANDLING TUGS			
	46	m.v. SHARDA M	1975	493
	47	m.v. GAL BEAUFORT SEA	1982	520
	48	m.v. GAL ROSS SEA	1982	520
	49	m.v. SANGITA	1993	125
	HARBOUR TUGS			
	50	m.v. RISHABH	1985	101
	51	m.v. MALINI	1987	229
	52	m.v. ANASUYA	1997	125
	53	m.v. KUMARI TARINI	1998	125
	54	m.v. KANTI	1998	125
	55	m.v. SUDHIRMULJI	1998	125
	56	m.v. VAHBIZ	1999	125
	57	m.v. ANANYA	2000	125
	BARGE			
	58	m.v. GAL CONSTRUCTOR	1978	4,801
	DRILLING UNITS			
	59	BADRINATH	1973	6,000
	60	KEDARNATH	1975	1,600
		Sub Total		28,775
GESCO LONDON FLEET	BULK CARRIERS			
	61	SHARDA*	1976	77,826
	62	LILY	1978	63,970
	63	POOJA	1976	34,081
	64	NISHA	1977	27,481
		Sub Total		203,358
		Total DWT		1,592,322







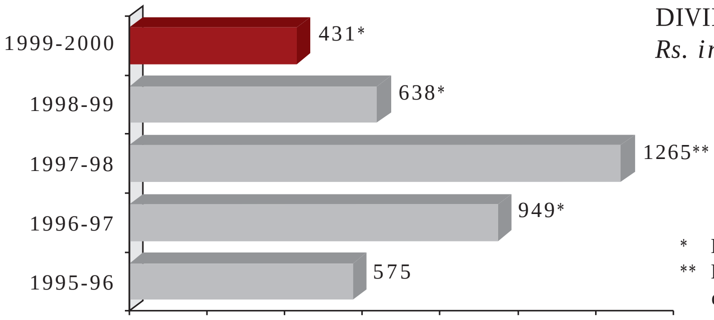
		TYPE OF SHIP	DELIVERY DATE	DWT (MT)
ON ORDER FLEET	65	AFRAMAX CRUDE CARRIER	April, 2002	105,000

* Leased out.

INVESTORS' GUIDE

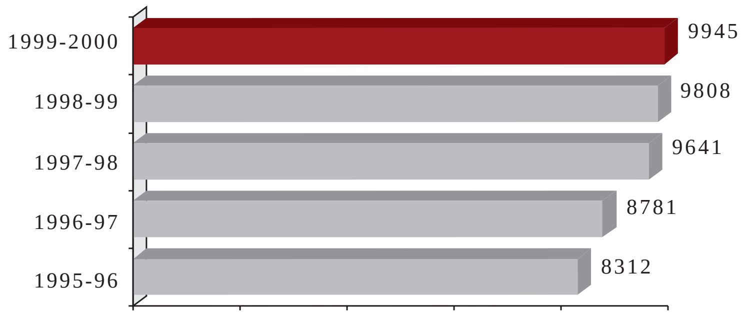
FINANCIAL HIGHLIGHTS

DIVIDEND PAYOUT
Rs. in million

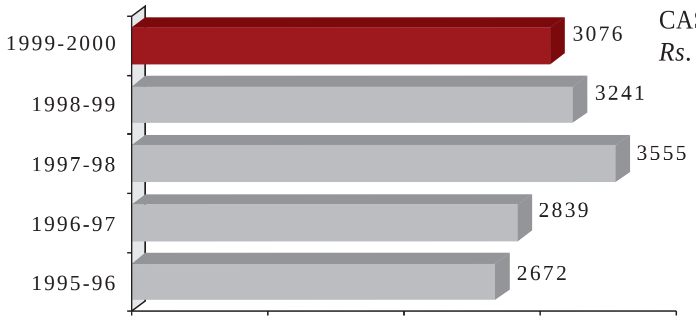


* Including tax on proposed dividend
** Including tax on interim and final dividend

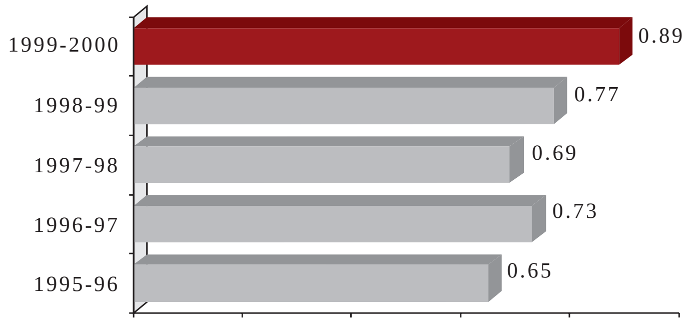
REVENUES
Rs. in million



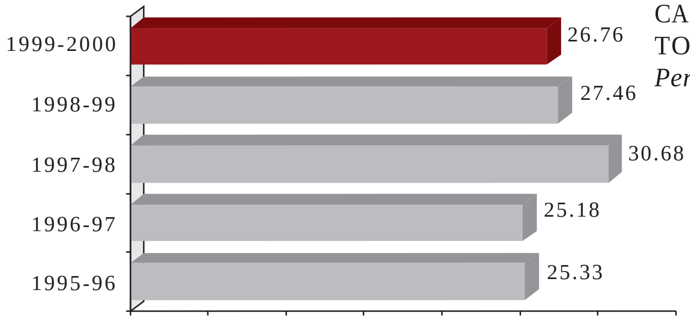
CASH PROFIT BEFORE TAX
Rs. in million



DEBT EQUITY RATIO



CASH PROFIT BEFORE TAX TO AVERAGE NETWORTH
Percentage



INVESTORS' GUIDE

SHAREHOLDER INFORMATION

Registered Office

The Great Eastern Shipping Co. Ltd.
Ocean House, 134/A, Dr. Annie Besant Road,
Worli, Mumbai - 400 018
Tel.No.022-4613000/492 2100

Listing

The Company's shares are listed and traded on Bombay and National Stock Exchanges.

Exchange of Shares

Shareholders are informed that pursuant to the Scheme of Arrangement becoming effective the Committee of Directors has confirmed and noted on March 21,2000 the reduction in the Share Capital of the Company and accordingly holdings of the Shareholders whose name appeared on the Register of Members of the Company as on March 14,2000 (Record Date) stood reduced and Members were allotted equity shares of GESCO Corporation Ltd with effect from the appointed date i.e. April 01,1999.

If you have not surrendered your old Share Certificate for exchange you are requested to do the same.

Demat

With effect from April 5, 1999, Company Shares are traded in Compulsory Demat form. Shareholders are advised to get their shares demateralised.

Website

www.greatship.com

52nd Annual General Meeting

Time : 3:00 PM , Date: August 30, 2000

Venue:

CHAVAN CENTRE
General Jagannath Bhosale Marg,
Mumbai -400 021

Book Closure Dates

17/08/2000 to 30/08/2000 (both days inclusive)

Dividends

Interim Dividend of Rs.1.50 per share was paid on 26-05-2000

No. of Shareholders

1996	208375
1997	207590
1998	201836
1999	194201
2000	186033

Distribution Schedule:

Holding Range (Shares)			No. of Holders	%age Holding
Less Than		500	150008	8.962
501	To	1000	18311	5.143
1001	To	2000	8965	4.958
2001	To	3000	2938	2.782
3001	To	4000	1555	2.058
4001	To	5000	1135	1.969
5001	To	10000	1674	4.513
10001	&	above	1447	69.612
			186033	**100.000**

Shareholder Assistance

For any matters related to Share Transfers, transmissions, change of address, non-receipt of dividends, duplicate/ missing share certificates etc. please contact our Registrars:

SHAREPRO SERVICES
912, Raheja Centre,
Free Press Journal Marg,
Nariman Point,
Mumbai 400 021
Tel. Nos.: 022-2844668, 2825163, 2881568
Fax Nos.: 022-2825484

For further assistance Investors may contact
Mr. D.J. Vyas

Share Department

The Great Eastern Shipping Co. Ltd.
Ocean House,
134/A, Dr. Annie Besant Road,
Worli, Mumbai - 400 018
Tel. Nos.022-4613000/492 2100
Fax No.:022-492 5900
E-mail: djv@greatship.com

REPORT OF THE AUDITORS
TO THE MEMBERS OF
THE GREAT EASTERN SHIPPING COMPANY LIMITED

We have audited the attached Balance Sheet of The Great Eastern Shipping Company Limited, as at March 31, 2000 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:

   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.

   c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.

   d) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

   e) The Company has changed the following accounting policies, as stated in Note 9 of Schedule 21:

      i) the useful life of its bulk carriers and mini bulk carriers has been revised, resulting in a higher charge for depreciation to the profit and loss account by Rs. 78,925,294;

      ii) the method of charging depreciation has been changed from written down value method to straight line method (estimated useful life) in respect of computers, plant and machinery, vehicles, furniture, fixtures and office equipment acquired during the year resulting in a lower charge for depreciation to the profit and loss account by Rs. 973,415;

      iii) stores and spares delivered on board the rigs and barges have been charged to the Profit and Loss Account in consonance with the policy for stores and spares delivered on board the ships, resulting in a higher charge to repairs and maintenance expense by Rs.41,736,350;

      iv) hold blasting and painting expenses are being deferred and amortised over five years resulting in a lower charge to repairs and maintenance expense by Rs.17,742,763.

      As a result of the aforesaid changes in the accounting policies the respective expenses for the year are stated higher/lower as above and the profit for the year is lower by Rs 101,945,466.

   f) Subject to para (e) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2000 and

      (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, May 5, 2000.

For and on behalf of

Chandabhoy & Jassoobhoy
Chartered Accountants

J.D. Mehta
Partner

Mumbai, May 5, 2000.

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 1 of our report of even date on the accounts for the year ended 31st March, 2000 of The Great Eastern Shipping Company Limited.

1. The Company is maintaining proper records showing full particulars, including quantitative details and situation of the fixed assets. The fixed assets have been physically verified by the management as per a phased programme of verification. In our opinion, the frequency of verification is reasonable. No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.

2. The fixed assets have not been revalued during the year.

3. Inventories have been physically verified by the management at reasonable intervals.

4. The procedure followed by the management for such physical verification is, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.

5. The discrepancies noticed on verification between physical inventories and the book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.

6. In our opinion, the valuation of stocks is fair and proper, in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year except in case of stores and spares delivered on board rigs and barges being charged to revenue; hitherto the same were included in inventory.

7. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As informed to us, there are no companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.

8. Except for an interest free advance given to The Great Eastern Shipping Co. Fujairah LLC, a subsidiary company, in our opinion, the rates of interest and the terms and conditions of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are prima facie not prejudicial to the interest of the Company. As informed to us, there are no companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.

9. The parties and employees to whom loans and advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also generally regular in the payment of interest where applicable.

10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of stores and spares, equipment and other assets. However, the internal control procedures need to be improved in respect of the Company's trading activities.

11. In our opinion and according to the information and explanations given to us, the transactions of purchase of

goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services, where such prices are available with the Company or the prices at which transactions for similar goods or services have been made with other parties.

12. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975, with regard to deposits accepted from the public. The Company has not accepted any fixed deposits from the public during the year.

13. The Company has an internal audit system which in our opinion, is commensurate with the size and nature of operations of the Company.

14. In view of the nature of the Company's activities, it is not possible to accurately ascertain the provident fund dues of the floating staff. The Company regularly makes ad hoc payments to the appropriate authorities and on final determination the balance, if any, is paid. The payments in respect of shore staff are regularly made. The Company is generally regular in the payment of provident fund of the shore staff and the Employees State Insurance dues with the appropriate authorities

15. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, sales tax and customs duty outstanding as at the year end, for a period of more than six months from the date they become payable.

16. According to the information and explanations given to us and the records examined by us, no personal expenses other than those payable under contractual obligations or in accordance with generally accepted business practices, have been charged to revenue account.

17. In respect of the service activities of the Company:

    a) the Company has, in our opinion, a reasonable system of recording receipts, issues and consumption of material and stores commensurate with the size and nature of its business. The Company does not do any job-work and being a shipping company, allocation of materials consumed and man-hours to relative job is not applicable.

    b) in our opinion, there is a reasonable system of authorisation at proper levels with necessary control on the issue of stores and the system of internal control is adequate and commensurate with the size and nature of the business of the Company. Being a shipping company, allocation of stores and labour to jobs is not applicable.

18. In respect of the trading activities of the Company, damaged goods have been determined and adequate provision for the loss, if any, has been made in the accounts.

19. In respect of the investment activities of the Company:

    a) the Company has in our opinion, maintained proper records of the transactions and contracts of the shares, securities, debentures and other investments dealt in by the Company and timely entries have been made therein.

b) the investments made by the Company are held by the Company in its own name except for shares, as stated in Note 13 of Schedule 21.

20. None of the matters contained in clauses (xii), (xiv), (xvi) and (xx) of para 4A of the said Order are applicable to the Company.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, May 5, 2000.

For and on behalf of

Chandabhoy & Jassoobhoy
Chartered Accountants

J.D. Mehta
Partner

Mumbai, May 5, 2000.

BALANCE SHEET as at March 31, 2000.

	Schedule	Rs.	Rs.	Previous Year Rs.
SOURCES OF FUNDS :				
Shareholders' Funds :				
Capital	1	**2,588,400,809**		2,876,002,149
Reserves and Surplus	2	**8,692,710,298**		9,233,423,506
			11,281,111,107	12,109,425,655
Loan Funds :				
Secured Loans	3	**8,048,810,083**		7,340,534,469
Unsecured Loans	4	**2,004,692,000**		2,006,676,000
			10,053,502,083	9,347,210,469
TOTAL			**21,334,613,190**	21,456,636,124
APPLICATION OF FUNDS :				
Fixed Assets :	5			
Gross Block		**26,362,866,907**		25,279,800,313
Less : Depreciation		**9,558,522,461**		8,688,702,611
Net Block		**16,804,344,446**		16,591,097,702
Ships under construction/ Capital Work-in-progress		—		516,316,643
			16,804,344,446	17,107,414,345
Investments	6		**1,060,404,397**	934,510,002
Current Assets, Loans and Advances :				
Inventories	7	**1,276,908,963**		1,085,826,312
Sundry Debtors	8	**1,150,156,895**		1,464,758,458
Cash and bank balances	9	**1,174,490,482**		995,939,114
Other current assets	10	**18,584,143**		37,785,666
Loans and advances	11	**2,023,597,142**		2,164,525,376
Incomplete voyages (Net)		—		1,616,198
		5,643,737,625		5,750,451,124
Less : Current liabilities and provisions :				
Current liabilities	12	**1,971,261,911**		1,846,460,972
Provisions	13	**406,417,951**		681,275,952
Incomplete voyages (Net)		**7,186,608**		—
		2,384,866,470		2,527,736,924
Net Current Assets			**3,258,871,155**	3,222,714,200
Miscellaneous Expenditure (to the extent not written off or adjusted) :	14		**210,993,192**	191,997,577
TOTAL			**21,334,613,190**	21,456,636,124
Significant Accounting Policies	21			
Notes on Accounts	22			

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report attached hereto

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants
Viraf R. Mehta
Partner

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants
J.D. Mehta
Partner

For and on behalf of the Board
K.M. Sheth
Executive Chairman
Vijay K. Sheth
Managing Director

P.R. Naware
Company Secretary

R. N. Sethna
Director

Mumbai, May 5, 2000.

Mumbai, May 3, 2000.

PROFIT AND LOSS ACCOUNT for the year ended March 31, 2000.

	Schedule	Rs.	Rs.	Rs.	Previous Year Rs.
INCOME :					
Income from Operations	15			**9,625,943,915**	9,294,971,595
Interest Earned	16			**207,512,712**	269,582,924
Other Income	17			**111,199,603**	243,924,146
				9,944,656,230	9,808,478,665
EXPENDITURE :					
Operating Expenses	18		**5,724,243,089**		5,395,118,097
Administration & Other Expenses	19		**536,078,113**		576,830,479
Interest & Finance charges	20		**608,109,183**		578,187,195
Doubtful Advances written off		—			117,299,008
Less: Provision		—			50,260,160
			—		67,038,848
Depreciation			**1,811,723,186**		1,646,971,197
				8,680,153,571	8,264,145,816
Profit before tax				**1,264,502,659**	1,544,332,849
Less : Provision for tax				**160,000,000**	280,000,000
Profit for the year after tax				**1,104,502,659**	1,264,332,849
Add : Prior years Adjustments (Net) [Note 8(f)]				**9,483,921**	12,494,401
				1,113,986,580	1,276,827,250
Less : Transfer to Reserve under Section 33AC of the Income-tax Act, 1961				—	230,000,000
				1,113,986,580	1,046,827,250
Add : Transferred from Export Profit Reserve				—	1,000,000
				1,113,986,580	1,047,827,250
Add : Surplus brought forward from previous year				**3,427,046,062**	3,865,114,337
				4,541,032,642	4,912,941,587
Less :					
Transfer to Debenture Redemption Reserve			**202,500,000**		17,500,000
Transfer to Fleet Contingency Reserve			—		750,000,000
Transfer to General Reserve			**55,893,057**		80,000,000
Interim Dividend			**388,261,809**		—
Tax on interim dividend paid			**42,708,799**		—
Proposed Dividend			—		575,131,104
Tax on Proposed Dividend			—		63,264,421
				689,363,665	1,485,895,525
Balance Carried Forward				**3,851,668,977**	3,427,046,062
Significant Accounting Policies	21				
Notes on Accounts	22				

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our Report attached hereto

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

J.D. Mehta
Partner

For and on behalf of the Board
K.M. Sheth
Executive Chairman

Vijay K. Sheth
Managing Director

P.R. Naware
Company Secretary

R. N. Sethna
Director

Mumbai, May 5, 2000.

Mumbai, May 3, 2000.

SCHEDULES Annexed to and forming part of the Balance Sheet as at March 31, 2000.

SCHEDULE "1" :
SHARE CAPITAL :

		Rs.	Previous Year Rs.
AUTHORISED :			
500,000,000	Equity Shares of Rs. 10 each	**5,000,000,000**	5,000,000,000
ISSUED :			
259,408,145	(Previous Year 288,231,272) Equity Shares of Rs. 10 each fully paid up	**2,594,081,450**	2,882,312,720
SUBSCRIBED :			
258,844,354	(Previous Year 287,604,838) Equity Shares of Rs.10 each fully paid up	**2,588,443,540**	2,876,048,380
PAID-UP :			
223,907,185	(Previous Year 248,785,761) Equity Shares of Rs.10 each fully paid up	**2,239,071,850**	2,487,857,610
34,934,021	(Previous Year 38,815,579) Equity Shares of Rs.10 each issued as fully paid Bonus shares by Capitalising Reserves	**349,340,210**	388,155,790
258,841,206	(Previous Year 287,601,340)	**2,588,412,060**	2,876,013,400
	Less: Calls in arrears	**41,609**	41,609
		2,588,370,451	2,875,971,791
	Add: Forfeited Shares	**30,358**	30,358
		2,588,400,809	2,876,002,149

Out of above 10,941,830 shares are allotted as fully paid up pursuant to a contract without payment being received in cash.

SCHEDULE "2" :
RESERVES AND SURPLUS :

	Rs.	Rs.	Previous Year Rs.
(a) CAPITAL RESERVE :			
As per last Balance Sheet	—		9,907,626
Less: Goodwill written off	—		9,907,626
		—	—
(b) INVESTMENT ALLOWANCE RESERVE :			
As per last Balance Sheet (Reserve fully utilised towards purchase of new ships)		**262,895,306**	262,895,306
(c) RESERVE UNDER SECTION 33AC OF THE INCOME-TAX ACT, 1961 :			
As per last Balance Sheet	**1,000,000,000**		770,000,000
Add: Transferred from Profit and Loss Account	—		230,000,000
		1,000,000,000	1,000,000,000
(d) EXPORT PROFIT RESERVE :			
As per last Balance Sheet	—		1,000,000
Less: Transferred to Profit and Loss Account	—		1,000,000
		—	—
(e) DEBENTURE REDEMPTION RESERVE :			
As per last Balance Sheet	**17,500,000**		—
Add: Transferred from Profit and Loss Account	**202,500,000**	**220,000,000**	17,500,000
	c/f	**1,482,895,306**	1,280,395,306

SCHEDULE "2" : (Contd.)

	Rs.	Rs.	Previous Year Rs.
	b/f	**1,482,895,306**	1,280,395,306
(f) FLEET CONTINGENCY RESERVE :			
As per last Balance Sheet	**240,840,000**		—
Add: Transferred from Profit and Loss Account	**—**		750,000,000
	240,840,000		750,000,000
Less: Permanent diminution in the value of specific ships written off	**—**		509,160,000
		240,840,000	240,840,000
(g) SHARE PREMIUM ACCOUNT :			
As per last Balance Sheet	**2,932,642,138**		2,932,642,138
Less: Transferred to GESCO Corporation Ltd. on de-merger	**465,336,123**		—
		2,467,306,015	2,932,642,138
(h) GENERAL RESERVE :			
As per last Balance Sheet	**1,352,500,000**		1,272,500,000
Less: Transferred to GESCO Corporation Ltd. on de-merger	**758,393,057**		—
	594,106,943		1,272,500,000
Add: Transferred from Profit and Loss Account	**55,893,057**		80,000,000
		650,000,000	1,352,500,000
(i) PROFIT AND LOSS ACCOUNT		**3,851,668,977**	3,427,046,062
		8,692,710,298	9,233,423,506

SCHEDULE "3" :
SECURED LOANS :

	Rs.	Previous Year Rs.
(a) From ICICI Ltd.:		
(i) Secured by mortgage of specific ships	**920,434,483**	1,237,078,973
(ii) Secured by mortgage of specific ships and hypothecation of all movables (except book debts) and immovable assets	**31,399,200**	130,111,595
	951,833,683	1,367,190,568
(b) From Industrial Development Bank of India : Secured by mortgage of specific ships and hypothecation of all movables (except book debts) and immovable assets	**—**	16,321,972
(c) From Banks :		
(i) Term Loans Secured by mortgage of specific ships	**5,091,976,400**	5,615,110,929
(ii) Export Packing Credit/Post Shipment Loan Secured by hypothecation of stock-in-trade and book debts	**—**	6,911,000
c/f	**6,043,810,083**	7,005,534,469

SCHEDULE "3" :
SECURED LOANS :

		Rs.	Previous Year Rs.
	b/f	**6,043,810,083**	7,005,534,469
(d) Non-Convertible Debentures :			
(i) 19% Series II Secured Non-Convertible Debentures of Rs.100,000 each redeemed during the year.**		**—**	160,000,000
(ii) 13.75% Secured Redeemable Non-Convertible Debentures of Rs.100,000 each redeemable on November 30, 2003**		**40,000,000**	40,000,000
(iii) 13.75% Secured Redeemable Non-Convertible Debentures of Rs.100,000 each redeemable on December 6, 2003**		**60,000,000**	60,000,000
(iv) 14 % Secured Redeemable Non-Convertible Debentures of Rs.100,000 each redeemable on December 21, 2003**		**75,000,000**	75,000,000
(v)11.75 % Secured Redeemable Non-Convertible Debentures of Rs.10,000,000 each redeemable in seven annual instalments from August 31, 2000 to August 31, 2006***		**300,000,000**	—
(vi)11.75 % Secured Redeemable Non-Convertible Debentures (Parts A-G) of Rs.10,000,000 each redeemable in seven equal annual instalments from October, 2000 to October, 2006.***		**210,000,000**	—
(vii)11.75 % Secured Redeemable Non-Convertible Debentures (Series 1-7) of Rs.10,000,000 each redeemable in seven annual instalments from November 29, 2000 to November 29, 2006***		**630,000,000**	—
(viii)12.10 % Secured Redeemable Non-Convertible Debentures (Part A-G) of Rs.10,000,000 each redeemable in seven equal annual instalments from November 17, 2000 to November 17, 2006***		**140,000,000**	—
(ix)10.85 % Secured Redeemable Non-Convertible Debentures (Series 1-3) of Rs.10,000,000 each redeemable in three annual instalments from January 31, 2001 to January 31, 2003***		**250,000,000**	—
(x)10.45 % Secured Redeemable Non-Convertible Debentures of Rs.10,000,000 each redeemable on February 14, 2002***		**300,000,000**	—
		8,048,810,083	7,340,534,469

** Secured by mortage of specified immovable properties.
*** Secured by mortagage of specified immovable properties and Ships

SCHEDULE "4" :
UNSECURED LOANS :

	Rs.	Previous Year Rs.
(a) Floating Rate Notes Redeemable on October 30, 2003	**1,984,255,000**	1,930,565,000
(b) Fixed Deposits	**20,437,000**	76,111,000
	2,004,692,000	2,006,676,000

Schedule "5" :
Fixed Assets :

Particulars	COST					DEPRECIATION						NET BLOCK
	As at April 1, 1999	Assets Transferred on De-merger	Additions for the year [Note 4(b)]	Deductions for the year [Note 4(b)]	As at March 31, 2000	Upto March 31, 1999	Depreciation Transferred on De-merger	Permanent Diminution written off	Adjustments in respect of Assets sold	For the Year	Upto March 31, 2000	As at March 31, 2000
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Fleet	**22,575,823,126**	**—**	**3,192,812,640**	**1,347,989,428**	**24,420,646,338**	**7,914,569,859**	**—**	**—**	**824,039,486**	**1,612,775,383**	**8,703,305,756**	**15,717,340,582**
	18,043,651,929	—	*4,841,561,156*	*309,389,959*	*22,575,823,126*	*6,189,549,533*	—	*509,160,000*	*263,744,344*	*1,479,604,670*	*7,914,569,859*	*14,661,253,267*
Plant & Machinery –												
– Rigs and Barges	**438,209,590**	**—**	**1,733,500**	**—**	**439,943,090**	**332,534,336**	**—**	**—**	**—**	**46,212,835**	**378,747,171**	**61,195,919**
	428,162,490	—	*10,047,100*	—	*438,209,590*	*288,055,001*	—	—	—	*44,479,335*	*332,534,336*	*105,675,254*
– Given on lease	**28,116,770**	**—**	**—**	**—**	**28,116,770**	**27,826,961**	**—**	**—**	—	**1,364**	**27,828,325**	**288,445**
	28,116,770	—	—	—	*28,116,770*	*22,281,376*	—	—	—	*5,545,585*	*27,826,961*	*289,809*
– Others	**239,398,691**	**—**	**17,291,438**	**—**	**256,690,129**	**83,936,407**	**—**	**—**	**—**	**84,843,591**	**168,779,998**	**87,910,131**
	239,398,691	—	—	—	*239,398,691*	*55,080,508*	—	—	—	*28,855,899*	*83,936,407*	*155,462,284*
Land (Freehold & Perpetual Lease)	**437,705,621**	**—**	**1,285,254**	**738,096**	**438,252,779**	**—**	**—**	**—**	—	**—**	**—**	**438,252,779**
	437,705,621	—	—	—	*437,705,621*	—	—	—	—	—	—	*437,705,621*
Land (Leasehold)	**1,058,537**	**—**	**—**	**247,201**	**811,336**	**136,035**	**—**	**—**	**29,814**	**13,835**	**120,056**	**691,280**
	1,058,537	—	—	—	*1,058,537*	*118,039*	—	—	—	*17,996*	*136,035*	*922,502*
Ownership Flats and Office Premises*	**1,252,283,914**	**916,515,998**	**69,670,526**	**13,662,199**	**391,776,243**	**165,436,407**	**86,073,008**	**—**	**2,007,180**	**15,744,310**	**93,100,529**	**298,675,714**
	717,076,672	—	*535,207,242*	—	*1,252,283,914*	*108,184,873*	—	—	—	*57,251,534*	*165,436,407*	*1,086,847,507*
Furniture, Fixtures and Office Equipments	**188,657,636**	**17,450,715**	**144,064,397**	**14,615,358**	**300,655,960**	**127,588,522**	**8,528,907**	**—**	**11,589,121**	**44,328,864**	**151,799,358**	**148,856,602**
	182,485,602	—	*22,251,504*	*16,079,470*	*188,657,636*	*114,241,921*	—	—	*7,465,797*	*20,812,398*	*127,588,522*	*61,069,114*
Vehicles	**65,695,922**	**8,703,249**	**9,268,954**	**6,712,618**	**59,549,009**	**36,674,084**	**4,689,665**	**—**	**4,946,155**	**7,803,004**	**34,841,268**	**24,707,741**
	57,392,386	—	*10,004,953*	*1,701,417*	*65,695,922*	*27,711,743*	—	—	*1,441,439*	*10,403,780*	*36,674,084*	*29,021,838*
Goodwill	**52,850,506**	**—**	**—**	**26,425,253**	**26,425,253**	**—**	**—**	**—**	**—**	**—**	**—**	**26,425,253**
	89,183,385	—	—	*36,332,879*	*52,850,506*	—	—	—	—	—	—	*52,850,506*
	25,279,800,313	**942,669,962**	**3,436,126,709**	**1,410,390,153**	**26,362,866,907**	**8,688,702,611**	**99,291,580**	**—**	**842,611,756**	**1,811,723,186**	**9,558,522,461**	**16,804,344,446**
	20,224,232,083	—	*5,419,071,955*	*363,503,725*	*25,279,800,313*	*6,805,222,994*	—	*509,160,000*	*272,651,580*	*1,646,971,197*	*8,688,702,611*	*16,591,097,702*
# Ships under construction/ Capital Work-in-Progress												**—**
												516,316,643
												16,804,344,446
												17,107,414,345

\# Assets transferred to GESCO Corporation Ltd. on De-merger also include Capital Work-in-progress Rs. 229,851,937 over and above Rs. 942,669,962 stated above.

* The Ownership Flats & Office Premises include Rs. 5,520 (Previous Year Rs. 4,500), being value of shares held in various co-operative societies.

Previous year figures are in italics.

Schedule "6" :
Investments :

	Rs.	Rs.	Previous Year Rs.
(a) Long Term Investments : (at Cost)			
(i) Trade Investments :			
Debentures		**2,000**	2,000
(ii) Other Investments :			
(a) Government Securities	**30,447,739**		30,546,835
(b) Equity Shares	**423,689,610**		336,176,770
(c) Debentures & Bonds	**203,290,251**		332,795,941
		657,427,600	699,519,546
(b) Current Investments : (at lower of cost and fair value)			
(i) Government Securities	**97,945,287**		281,277,374
(ii) Equity Shares	**33,173**		4,129,033
(iii) Debentures & Bonds	—		49,582,049
(iv) Mutual Fund Units	**362,496,337**		—
		460,474,797	334,988,456
		1,117,904,397	1,034,510,002
Less : Provision for diminution in value of long term investments.		**57,500,000**	100,000,000
		1,060,404,397	934,510,002
Aggregate Cost of Quoted Investments		**896,526,683**	806,949,288
Aggregate Cost of Unquoted Investments		**221,377,714**	227,560,714
Market Value of Quoted Investments		**839,472,801**	668,159,860

Schedule "7" :
Inventories :

	Rs.	Previous Year Rs.
(a) Fuel oils	**67,286,407**	51,879,074
(b) Commodities	**233,014,007**	93,597,029
(c) Properties for sale	**290,336,832**	88,819,495
(d) Property development work-in-progress	**686,271,717**	851,530,714
	1,276,908,963	1,085,826,312

Schedule "8" :
Sundry Debtors :

	Rs.	Rs.	Previous Year Rs.
(Unsecured)			
(a) Debts outstanding over six months:			
Considered good	**344,019,772**		371,280,645
Considered doubtful	**1,051,427**		1,220,168
		345,071,199	372,500,813
(b) Other Debts:			
Considered good		**806,137,123**	1,093,477,813
		1,151,208,322	1,465,978,626
Less : Provision for doubtful debts		**1,051,427**	1,220,168
		1,150,156,895	1,464,758,458

SCHEDULE "9" :
CASH AND BANK BALANCES :

	Rs.	Rs.	Previous Year Rs.
(a) Cash on hand		**791,280**	976,440
(b) Balances with scheduled banks :			
On Current Account	**156,485,355**		186,142,475
On Deposit Account	**907,372,112**		347,926,000
		1,063,857,467	534,068,475
(c) Balances with other banks :			
On Call Deposits with Bank of America, London		**109,841,735**	460,894,199
(Maximum Rs.955,788,876, Previous Year Rs.531,706,778)			
		1,174,490,482	995,939,114

SCHEDULE "10" :
OTHER CURRENT ASSETS :

	Rs.	Rs.	Previous Year Rs.
(a) Interest accrued on Investments and Deposits		**18,584,143**	26,310,634
(b) Insurance claims receivable	**7,921,750**		16,132,738
(including Rs. 7,921,750 considered doubtful Previous Year Rs. 4,657,706)			
Less : Provision for Doubtful Claims	**7,921,750**		4,657,706
		—	11,475,032
		18,584,143	37,785,666

SCHEDULE "11" :
LOANS AND ADVANCES :

	Rs.	Previous Year Rs.
(Unsecured - considered good, unless otherwise stated)		
(a) Advances recoverable in cash or in kind or for value to be received.	**1,542,907,470**	1,277,143,011
(b) Advance to a Subsidiary -The Great Eastern Shipping Co. Fujairah LLC (maximum balance during the year – Rs. 43,780,000, Previous Year Rs. "Nil")	**43,780,000**	—
(c) Agents' current accounts	**28,945,110**	18,163,016
(d) Balances with Customs, Port Trust etc.	**2,800,849**	4,919,349
(e) Advance payment of Income-tax & tax deducted at source (Net of Provision for taxation)	**17,163,713**	—
(f) Term deposits with companies	**388,000,000**	864,300,000
	2,023,597,142	2,164,525,376

SCHEDULE "12" :
CURRENT LIABILITIES :

	Rs.	Previous Year Rs.
(a) Sundry Creditors	**1,264,835,586**	1,185,814,587
(b) Due to a Subsidiary Company	**594,326**	2,539,500
(c) Deposits from lessees of properties	**31,100,000**	147,606,292
(d) Unclaimed Dividends	**20,234,111**	17,574,192
(e) Other Liabilities	**422,959,407**	322,196,465
(f) Interest accrued but not due	**220,556,481**	157,721,936
(g) Managerial Remuneration payable	**10,982,000**	13,008,000
	1,971,261,911	1,846,460,972

SCHEDULE "13" :
PROVISIONS :

	Rs.	Previous Year Rs.
(a) Provision for Taxation (Net of Advance tax and tax deducted at source)	—	27,604,114
(b) Provision for Interim Dividend	**388,261,809**	—
(c) Proposed Dividend	—	575,131,104
(d) Tax on proposed dividend	—	63,264,421
(e) Retirement leave encashment benefit	**18,156,142**	15,276,313
	406,417,951	681,275,952

SCHEDULE "14" :
MISCELLANEOUS EXPENDITURE
(to the extent not written off or adjusted)

	Rs.	Rs.	Previous Year Rs.
(a) Share Issue Expenses :			
As per last Balance Sheet	**64,085,735**		80,352,181
Less: Amortised during the year	**16,266,446**		16,266,446
		47,819,289	64,085,735
(b) De-merger Expenses :			
Expenditure incurred during the year	**139,790,768**		—
Less : Amortised during the year	**27,958,154**		—
		111,832,614	—
(c) Deferred Revenue Expenditure :			
As per last Balance Sheet	**127,911,842**		222,225,158
Add: Expenditure incurred during the year	**22,178,020**		—
	150,089,862		222,225,158
Less : Amortised during the year	**98,748,573**		94,313,316
		51,341,289	127,911,842
		210,993,192	191,997,577

SCHEDULES Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2000.

SCHEDULE "15" :
INCOME FROM OPERATIONS :

	Rs.	Rs.	Previous Year Rs.
Freight and Demurrage		**2,652,431,719**	2,839,940,673
Charter Hire		**3,798,059,954**	3,851,181,299
Profit on sale of Ships		**479,542,708**	5,377,185
Turnover —			
— Property Development	**89,788,277**		274,227,328
— Commodities Trading	**890,913,433**		1,157,899,343
		980,701,710	1,432,126,671
Contract Revenue (Gross)		**1,575,047,807**	910,099,371
(Income-tax deducted at source Rs.24,145,991, Previous Year Rs.18,400,484)			
Property Management Fees		**18,897,315**	70,139,913
Property Lease Rentals		—	105,158,058
Profit on sale of Investments (Net)—			
— Long term investments - (Loss)	—		(12,319,038)
— Current Investments	—		36,882,723
		—	24,563,685
Miscellaneous Receipts		**121,262,702**	56,384,740
		9,625,943,915	9,294,971,595

SCHEDULE "16" :
INTEREST EARNED (GROSS) :

	Rs.	Previous Year Rs.
On Term Deposits	**115,464,817**	152,829,395
On Government Securities and Public sector Bonds	**30,702,772**	45,385,540
Others	**61,345,123**	71,367,989
(Income tax deducted at source Rs. 32,811,181, Previous Year Rs. 31,867,852)		
	207,512,712	269,582,924

SCHEDULE "17" :
OTHER INCOME :

	Rs.	Previous Year Rs.
Dividend —		
— from subsidiary companies	**469,450**	1,314,295
— from others	**33,457,599**	1,699,693
	33,927,049	3,013,988
Gain on foreign currency transactions (Net)	**9,514,942**	—
Profit on sale of sundry assets (Net)	**1,689,933**	—
Doubtful Advances written off in earlier year now recovered	**7,000,000**	—
Provision for dimunition in value of long term investments written back	**42,500,000**	—
Miscellaneous Income	**16,567,679**	240,910,158
	111,199,603	243,924,146

SCHEDULE "18" :
OPERATING EXPENSES :

	Rs.	Rs.	Previous Year Rs.
(a) FLEET :			
Direct:			
Fuel Oil and Water	**478,459,224**		333,600,659
Port, Light and Canal Dues	**378,948,053**		285,534,110
Stevedoring, Despatch & Cargo Expenses	**58,070,522**		52,817,320
Brokerage & Commission	**94,685,837**		81,206,743
Agency Fees	**27,404,927**		22,923,712
Others:			
Wages, Bonus and Other Expenses on Floating Staff (including Gratuity for the year Rs. 6,314,101, - Previous year Rs. 5,289,215)	**829,111,436**		850,703,072
Contribution to Provident & other Funds	**10,981,857**		16,721,719
Stores	**315,368,120**		299,781,384
Repairs & Maintenance - Fleet	**921,981,370**		1,068,240,295
Insurance & Protection Club Fees	**257,751,463**		217,926,794
Vessel Management Fees	**214,553,814**		182,597,818
Sundry Steamer Expenses	**32,544,418**		28,823,579
		3,619,861,041	3,440,877,205
	c/f	**3,619,861,041**	3,440,877,205

SCHEDULE "18" : (Contd)

	Rs.	Rs.	Previous Year Rs.
	b/f	**3,619,861,041**	3,440,877,205
(b) COST OF SALES - PROPERTY DEVELOPMENT :			
Opening Stock —			
— Properties for sale	**88,717,433**		86,957,220
— Development work-in-progress	**851,530,714**		1,420,086,302
	940,248,147		1,507,043,522
Add : Project expenses —			
— Land	**813,096**		1,480,000
— Development Cost	**119,220,568**		349,468,574
— Architects' fees	**8,707,730**		8,742,099
— Project Management Fees	**18,000,000**		—
— Payment to Local Agencies, Brokerage and Marketing expenses	**6,569,170**		13,454,333
	153,310,564		373,145,006
Less : Properties capitalised/transferred	**—**		742,545,425
	1,093,558,711		1,137,643,103
Less : Closing Stock —			
— Properties for sale	**290,234,770**		88,717,433
— Development work-in-progress	**686,271,717**		851,530,714
	976,506,487		940,248,147
		117,052,224	197,394,956
(c) COST OF SALES - COMMODITIES TRADING :			
Opening Stock	**93,597,029**		185,102,966
Add : Purchases	**943,234,286**		972,090,635
Freight	**5,097,681**		12,206,510
Brokerage & Commission	**4,015,204**		5,168,186
Insurance	**1,011,005**		1,099,610
Warehousing & Handling charges	**7,436,287**		7,105,260
Claim written off	**44,303**		—
Terminal handling charges	**14,326,757**		14,221,775
Other expenses	**4,942,835**		20,826,844
	980,108,358		1,032,718,820
Less : Closing Stock	**233,014,007**		93,597,029
		840,691,380	1,124,224,757
	c/f	**4,577,604,645**	4,762,496,918

SCHEDULE "18" : (Contd)

	Rs.	Rs.	Previous Year Rs.
	b/f	**4,577,604,645**	4,762,496,918
(d) OIL & GAS DIVISION :			
Manpower	**38,868,899**		38,525,074
Salary & Allowances	**68,265,812**		60,350,192
Contribution to Provident & other Funds	**3,354,370**		4,220,463
Commissary & Quarters	**33,575,941**		25,702,134
Insurance	**23,479,882**		22,410,257
Travelling	**9,577,885**		6,135,072
Repairs & Maintenance (Including Deferred Revenue Expenditure written off Rs. 94,313,316, Previous Year Rs. 94,313,316)	**811,673,383**		352,205,459
Fuel, water & supplies	**135,148,519**		92,449,350
Others	**16,397,059**		5,719,227
		1,140,341,750	607,717,228
(e) Loss on sale of investments (Net) :			
Long term investments	**16,554,152**		—
Current Investments - (Profit)	**(10,257,458)**		—
		6,296,694	—
(f) Loss on Foreign currency transactions (Net)		**—**	24,903,951
		5,724,243,089	5,395,118,097

SCHEDULE "19" :
ADMINISTRATION AND OTHER EXPENSES :

	Rs.	**Rs.**	Previous Year Rs.
Staff Expenses —			
— Salaries & Bonus	**144,422,872**		158,192,978
— Staff Welfare Expenses	**9,929,943**		10,623,044
— Gratuity	**2,537,788**		3,168,064
— Contribution to Provident & Other Funds	**11,646,840**		11,352,933
		168,537,443	183,337,019
Rent		**21,625,525**	28,386,915
Insurance		**3,696,159**	2,954,389
Repairs and Maintenance —			
— Buildings	**5,078,942**		15,369,613
— Others	**6,770,743**		11,767,741
		11,849,685	27,137,354
Travelling Expenses		**31,586,241**	31,712,719
	c/f	**237,295,053**	273,528,396

SCHEDULE "19" : (Contd)

	Rs.	Rs.	Previous Year Rs.
	b/f	**237,295,053**	273,528,396
Loss on Sale of sundry assets (Net)		**—**	4,549,703
Property Taxes		**2,349,971**	856,099
Miscellaneous Expenses		**209,829,524**	202,469,238
Auditors' Remuneration —			
— Audit Fees (including service tax Rs. 165,000)	**1,965,000**		1,500,000
— In Other Capacity —			
Tax Audit (including service tax Rs. 10,000)	**210,000**		105,000
Taxation	**529,250**		121,000
Advisory services & Certification (including service tax Rs. 3,325)	**152,717**		531,175
Reimbursement of expenses	**16,865**		—
		2,873,832	2,257,175
Goodwill written off		**26,425,253**	26,425,253
Share issue expenses written off		**16,266,446**	16,266,446
De-merger expenses written off		**27,958,154**	—
Bad Debts written off		**3,444,171**	—
Provision for Doubtful Debts & Advances		**3,264,052**	100,000
Provision for diminution in value of long term investments		**—**	50,000,000
Donations		**6,265,657**	266,169
Directors' Fees		**106,000**	112,000
		536,078,113	576,830,479

SCHEDULE "20" :
INTEREST AND FINANCE CHARGES :

	Rs.	Previous Year Rs.
Interest —		
— Fixed Loans	**610,616,484**	604,608,531
— Other Loans	**7,899,001**	22,321,143
Finance charges	**3,342,399**	17,151,472
	621,857,884	644,081,146
Less : Pre-delivery interest capitalised	**13,748,701**	65,893,951
	608,109,183	578,187,195

SCHEDULE "21" :

SIGNIFICANT ACCOUNTING POLICIES :

a) Accounting Convention :

The financial statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956.

b) Fixed Assets :

Fixed assets are stated at cost of acquisition including interest during construction period, if any, less accumulated depreciation. Exchange differences on repayment and year end translation of foreign currency liabilities relating to acquisition of such assets are adjusted to the carrying cost of the respective assets.

c) Investments :

(i) Investments are classified into long term and current investments.

(ii) Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognise a decline, other than of a temporary nature.

(iii) Current investments are stated at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

(iv) Valuation of Investments :

For determining the fair value of investments, quoted investments are valued at year end market rates. Fair value in respect of government securities and public sector bonds for which quotes are not available at the year end, is determined on yield to maturity basis, in accordance with the yield pattern as notified by the Reserve Bank of India.

d) Inventories :

Inventories are valued as under :

(i) Fuel oil	–	at cost
(ii) Commodities	–	at lower of cost and realisable value
(iii) Properties for sale	–	at lower of cost and realisable value
(iv) Property development work-in-progress	–	at cost

e) Incomplete voyages :

Incomplete voyages represent freight received and direct operating expenses paid on voyages which were not complete as at the Balance Sheet date.

f) Miscellaneous Expenditure :

(i) Share issue expenses are being amortised over a period of ten years.

(ii) De-merger expenses are being amortised over a period of five years.

(iii) Deferred revenue expenditure –

– Expenditure on refurbishing and major repairs to rigs.	—	31 to 36 months
– Hold blasting and painting expenditure	—	5 years

g) Income recognition :

Freight and demurrage earnings are recognised on completed voyage basis. Time Charter earnings are recognised on accrual basis except in cases where the charter party agreements have not been renewed/finalised. In such cases, the charter hire income is recognised on provisional basis in accordance with the charter hire received.

Revenue from long term turnkey offshore projects is recognised on completion of the projects.

h) Property development - Long Term Contracts :

Income from long term property development activity is recognised on the percentage of completion basis, based on costs incurred and the expected costs to completion. As the development contracts extend beyond one or more years, revision in costs and earnings estimated during the course of the contract are reflected in the accounting period in which the facts requiring revision become known. Turnover represents the value of properties sold proportionate to work completed during the year. Costs incurred are apportioned to sales on the basis of area sold and those relating to unsold properties are carried as development work-in-progress.

i) Operating expenses :

(i) Fleet direct operating expenses are charged to revenue on completed voyage basis.

(ii) Stores (other than bonded stores) and spares delivered on board the ships and rigs are charged to revenue.

(iii) Expenses on account of general average claims/damages to ships are written off in the year in which they are incurred. Claims against the underwriters are accounted for on settlement.

j) Retirement benefits :

Liability is provided for retirement benefits of provident fund, superannuation, gratuity and leave encashment in respect of all eligible employees of the Company. The gratuity and leave encashment liability is evaluated at the year end on the basis of actuarial valuations.

k) Depreciation :

(i) Fleet :

(a) Ships acquired prior to April 1, 1975:
On the written down value mehtod at rates prescribed under Schedule XIV to the Companies Act, 1956.

(b) Ships acquired after April 1, 1975:
On the straight line method so as to write off 95% of the original cost of the ship over the balance useful life or at rates prescribed under the said Schedule XIV, whichever is higher. The useful life as estimated by the mangement is as under:

Mini Bulk Carriers	–	12 years
Tankers, Support Vessels & Tugs	–	20 years
Bulk Carriers	–	23 to 25 years
Gas Carrier	–	30 years

(c) In respect of ships where in the opinion of the Directors, there is permanent diminution in its value due to technical reasons, etc. additional depreciation is charged in the financial statements to the extent of such diminution.

(ii) Rigs and Barges :

On the straight line method so as to write off 95% of the original cost over the estimated useful life of 7 years.

(iii) Properties :

On the written down value method, at the rates prescribed in Schedule XIV to the Companies Act, 1956.

(iv) Other Assets :

(a) Assets acquired prior to April 1, 1999 :
On the written down value method, at the rates prescribed in Schedule XIV to the Companies Act, 1956.

(b) Assets acquired after April 1, 1999 :
On the straight line method so as to write off 95% of the original cost of the assets over the estimated useful life as under :

Computers	—	3 years
Furniture & Fixtures, Office Equipment, Vehicles etc.	—	5 years
Plant & Machinery	—	10 years

(c) Leasehold land is amortised over the lease period.

(d) Depreciation on assets acquired and/or sold during the year is provided for the full year on additions and no depreciation is provided in the year of disposal.

l) Foreign Exchange Transactions :

(i) Transactions in foreign currency are recorded at standard exchange rates determined monthly. The difference between the standard rate and actual rate of settlement is dealt with in the profit and loss account, other than the exchange differences related to fixed assets.

(ii) Foreign currency loans relating to acquisition of fixed assets and remaining outstanding at the end of the year are translated at contract rates, when covered by forward exchange contracts and at year end rates in other cases. Gain or loss on repayment and translation of the aforesaid liabilities is adjusted to the carrying cost of such fixed assets.

(iii) Receivables, balances in bank and payables denominated in foreign currency outstanding at the end of the year are translated at closing rates. Premium or discount on forward exchange contracts is amortised over the period of the contract.

(iv) Realised gain or loss on cancellation of forward exchange contracts is recognised in the Profit & Loss Account of the year in which they are cancelled except in case of forward exchange contracts relating to liabilities incurred for acquiring fixed assets, in which case the gain or loss is adjusted to the carrying cost of such assets.

(v) Cross currency forward exchange contracts are evaluated at the year end whereby losses, if any, are provided and profits are not recognised.

m) Provision for Taxation :

Provision for taxation is made under the liability method after availing exemption and deductions at the rates applicable under the Income Tax Act. Provision for taxation is calculated after claiming deduction for capitalised expenses and interest.

SCHEDULE "22":

NOTES ON ACCOUNTS :

1. Pursuant to the scheme of arrangement as approved by the Honourable High Court at Mumbai on August 26, 1999, the assets and liabilities pertaining to certain business activities of the Property Development Division have been transferred to and vested on de-merger in the resulting company Gesco Corporation Ltd. with effect from April 1, 1999. The scheme has, accordingly, been given effect to in these accounts. Therefore, the current year figues are not comparable with those of the previous year.

   As per the said scheme of de-merger, the share capital of the company has been reduced. The paid up value of each equity share of Rs. 10/- stands reduced by Re.1/- to Rs. 9/- and simultaneously the ten such reduced shares of Rs. 9/- each have been consolidated into nine equity shares of Rs. 10/- each. This has resulted in the reduction of issued, subscribed and paid up capital by 28,823,127, 28,760,484 and 28,760,134 shares respectively.

2. Contingent Liabilities:

   (a) Guarantees given by Banks, counter guaranteed by the Company – Rs. 281,422,233 [Previous Year Rs. 298,334,099].

   (b) Income tax/Sales tax demands against which the company has preferred appeals–Rs. 97,454,423 [Previous Year Rs. 6,350,825].

   (c) Guarantee given to the Bank on behalf of a subsidiary company – Rs. 436,100,000 [Previous Year Rs. 424,300,000].

3. Share Capital:

   Under orders from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992, the allotment of 400,890 [Previous Year 445,433] Right Equity Shares of the Company has been kept in abeyance in accordance with Section 206A of the Companies Act, 1956, till such time as the title of the bonafide owner is certified by the concerned Stock Exchanges. An additional 50,760 [Previous Year 56,400] shares have also been kept in abeyance for disputed cases in consultation with the Mumbai Stock Exchange.

4. Fixed Assets:

   (a) Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for – Rs. 2,359,250 [Previous Year Rs. 954,450,356].

   (b) Additions to fixed assets include an increase of Rs. 750,745,773 [Previous year–Rs. 1016,528,394] and decrease of Rs. 22,267,922 [Previous Year Rs. Nil] on account of increase or decrease in rupee liability on foreign currency loans consequent to fluctuation in exchange rates and gain or loss on hedging contracts and cancellation of forward covers relating to loan liabilities.

5. Current Assets, Loans and Advances:

   (a) The Company's properties for development include properties costing Rs. 215,557,408 [Previous Year Rs. 215,557,408] which though in the possession of the Company have not been conveyed by the Vendors. These properties will be conveyed to the Company or its nominees on completion of their development.

   (b) Consequent upon disputes between the Company and a bank as to the validity of the exercise by the bank of a currency option sold to the bank, the bank purported to set off certain deposits of the Company lying with it against a loss of Rs. 152,789,608/- claimed to be suffered by the bank. Advances recoverable in cash or kind for value to be received includes this disputed amount.

      The bank also claimed full margin against guarantees originally issued without margin on behalf of the Company and purported to claim a lien on the Company's other deposits lying with it which are included in 'Balances with banks".

      Cross-litigation has ensued and attempts are under way to arrive at a negotiable settlement.

(c) Debtors include overdue amounts aggregating to Rs. 145,634,009 [Previous Year Rs. 37,933,999] which have not been settled over long periods or are under dispute and arbitration. In the opinion of the management, pending arbitration awards/settlement, the said debts are considered good.

(d) Advances recoverable in cash or in kind or for value to be received inlcude :

(i) Housing loans to a Managing Director – Rs. 7,134,114 (Previous Year Rs. 7,270,308) maximum amount due during the year – Rs. 7,270,308, and to an Officer of the Company - Rs. 3,544,661 [Previous Year Rs. 2,451,992] maximum amount due during the year – Rs. 3,548,316. The said loans have been granted under the Company's housing loan scheme for the employees.

(ii) Amounts given towards Vyaj Badla Finance – Rs. 455,997,034 [Previous Year Rs. Nil]. The said advances are secured by the underlying shares deposited with the Stock Exchange.

(e) The Company has placed a Term Deposit with Business Standard Limited (BSL) amounting to Rs. 35,500,000. Out of the said deposit an amount Rs. 21,500,000 is secured by first charge by way of hypothecation of movable assets including receivables of the Company. The said charge ranks pari passu with the charges created in favour of another party as security for loan facility provided to BSL by the said party.

6. The balances of debtors, creditors, loans and advances are subject to confirmation.

7. Sundry Creditors include dues to Small Scale Industrial Undertakings - Rs. 1,652,985 [Previous Year Rs. 7,503,361]. The Company does not owe any sum to Small Scale Industrial Undertakings exceeding Rs. 100,000, which is outstading for more than 30 days.

8. Profit and Loss Account :

(a) Profit on sale of investments is net of -

(i) Amortisation of premium on long term investments in government securities, debentures/bonds – Rs. 99,096 [Previous Year Rs. 99,096].

(ii) Amount written off on account of diminution in value of current investments – Rs. 17,505,508 [Previous year Rs. 1,400,241].

(iii) Long term investments in equity shares written off – Rs. 1,914 [Previous Year Rs. 468].

(b) The amount of exchange difference in respect of forward contracts to be recognised in the profit and loss account in the subsequent accounting period is Rs. 9,783,083.

(c) Dividend from others comprises of dividend on long term invesments–Rs.2,716,071 [Previous Year Rs. 1,327,020] and on current investments – Rs. 30,741,528 [Previous Year Rs. 372,053]. Interest Income comprises of income from long term investments – Rs. 30,702,772 [Previous Year Rs. 36,269,724] and on current investments – Rs. 101,822,598 [Previous Year Rs. 10,083,334].

(d) Certain equipment, which in the opinion of the mangement, is obsolete and cannot be gainfully employed has been written down to Rs. 100,000. The additional charge for depreciation on this account is Rs. 61,576,101.

(e) Managerial Remuneration paid/payable to Directors for the year is as follows :

	For the Year Rs.	Previous Year Rs.
(a) Salaries	**3,168,000**	3,265,933
(b) Contribution to Provident and Superannuation Funds	**855,350**	1,059,199
(c) Perquisites [including Rs. 244,991 (Previous Year Rs. 221,713) for Gas, Electricity and Furnishings evaluated as per Income-tax Rules]	**2,539,102**	2,410,578
(d) Commission	**10,982,000**	13,008,000
TOTAL	**17,544,452**	19,743,710

(ii) Computation of Net Profit in accordance with Section 349 of the Companies Act,1956 for calculation of the Commission payable to Directors:

	Rs.	Rs.	Rs.
Profit before tax as per Profit and Loss account		**1,264,502,659**	1,544,332,849
Add:Managerial Remueration	**17,544,452**		19,743,710
Directors' Fees	**106,000**		112,000
Prior period adjustments	**9,483,921**		12,494,401
Loss on Sale of Investments	**6,296,694**		—
Provision for doubtful debts and advances	**3,264,052**		100,000
Provision for diminution in value of long term investment	**—**		50,000,000
Depreciation as per books	**1,811,723,186**		1,549,581,733
		1,848,418,305	1,632,031,844
		3,112,920,964	3,176,364,693
Less: Capital profit on sale of ships	**174,508,177**		—
Capital profit on sale of Sundry Assets	**3,936,699**		—
Profit on sale of Investments	**—**		24,563,685
Provision for doubtful debts and advances w/back	**—**		35,000,000
Provision for diminution in value of long term investments written back	**42,500,000**		—
Depreciation under Sec. 350 of the Companies Act, 1956.	**2,208,746,254**		1,750,100,099
		2,429,691,130	1,809,663,784
Net Profit		**683,229,834**	1,366,700,909
Commission payable		**10,982,000**	13,008,000

(f) Prior year's adjustments (Net) include excess provisions written-back – Rs. 10,323,879 (Previous Year Rs. 34,154,678) and short provisions – Rs. 839,958 (Previous Year Rs. 21,660,277).

9. Changes in accounting policies :

(a) The Company has revised the useful life of its bulk carriers (other than those, which have completed 23 years) from 25 to 23 years and of mini bulk carrriers from 20 to 12 years. Consequent to the change in useful life, the depreciation charge for the year in respect of bulk carriers and mini bulk carriers is higher by Rs. 62,271,976 and Rs. 16,653,318 respectively, with corresponding reduction in the profit for the year.

(b) The Company has changed the method of charging depreciation from written down value method to straight line method in respect of computers, vehicles, plant and machinery, furniture, fixtures and office equipment acquired during the year. Effective this year, depreciation on the said assets is provided over the estimated useful life as stated in accounting policy No. k(iv). Consequent to this change, the depreciation charge on these assets for the year is lower by Rs. 973,415 and the profit for the year is higher to this extent.

(c) Stores and Spares delivered on board the rigs and barges have been charged to revenue in consonance with the said policy in respect of other ships. Hitherto, such Stores and Spares were held in inventory. Due to the change in policy, the repairs & maintenance expenses of the Oil & Gas division is higher by Rs. 41,736,350 with corresponding reduction in profit for the year.

(d) Hold blasting and painting expenditure which was hitherto charged to revenue when incurred is being deferred and amortised over five years. Consequently, the expenditure on Repairs and Maintenance-Fleet is lower by Rs. 17,742,763/- and the profit for the year is higher to that extent.

10. Information pursuant to para 4D of Part II of Schedule VI of the Companies Act, 1956 has not been given in view of exemption granted by the Department of Company Affairs, vide order no. 46/29/2000/CL-III dated May 01, 2000.

11. Particulars of Investments:

	Face value	Current Year No. of Units	Current Year Rs.	Previous Year No. of Units	Previous Year Rs.
(a) LONG TERM INVESTMENTS					
(at cost)					
(i) Trade Investments :					
Debentures					
Unquoted :					
6.5% Non-Redeemable Registered Debentures of Bengal Chamber of Commerce and Industry.	**2,000**		**2,000**		2,000
Total (i)			**2,000**		2,000
(ii) Other Investments :					
(a) Government Securities :					
Quoted :					
12.50% Govt. of India Loan, 2004	**30,000,000**		**30,394,039**		30,493,135
			30,394,039		30,493,135
Unquoted :					
*4% Kerala State Development Loan	**2,000**		**2,000**		2,000
*12 Year National Defence Certificate	**8,450**		**8,450**		8,450
*12 Year National Plan Certificate	**5,500**		**5,500**		5,500
*7 Year National Defence Certificate	**1,750**		**1,750**		1,750
*7 Year National Savings Certificate	**12,600**		**12,600**		12,600
*6 Year National Savings Certificate	**12,900**		**12,900**		12,900
*6 Year National Savings Certificate	**10,000**		**10,000**		10,000
51/2 Year Indira Vikas Patra	**500**		**500**		500
* The above unquoted Government Securities are deposited with Government authorities and are subject to confirmation.			**53,700**		53,700
Sub-Total			**30,447,739**		30,546,835
(b) Equity Shares :					
Quoted - Fully Paid					
Belapur Sugar & Allied Industries Ltd.	**10**	**—**	**—**	25	1,514
Bharat Heavy Electricals Ltd.	**10**	**—**	**—**	26,200	4,479,716
Credit Capital Venture Fund (India) Ltd.	**10**	**—**	**—**	100,000	1,250,000
Godrej Foods Ltd.	**10**	**1,097,487**	**19,895,654**	1,108,687	20,098,695
J.K.Synthetics Ltd.	**10**	**100**	**3,507**	100	3,507
Kopran Ltd.	**10**	**—**	**—**	50,000	21,187,916
Kopran Drugs Ltd.	10	**10,900**	**—**	—	—
Precision Electronics Ltd.	**10**	**—**	**—**	57,900	115,800
Prime Securities Ltd.	**10**	**4,661,324**	**154,920,968**	4,661,324	154,920,968
Pudumjee Pulp & Paper Mills Ltd.	**10**	**115,204**	**9,754,467**	196,504	16,638,240
Real Value Appliances Ltd.	**10**	**—**	**—**	100	400
Vijay Textiles Ltd	**10**	**197,700**	**17,793,000**	197,700	17,793,000
			202,367,596		236,489,756

11. Particulars of Investments: (Contd.)

	Face value	Current Year No. of Units	Current Year Rs.	Previous Year No. of Units	Previous Year Rs.
Unquoted - Subsidiaries					
The Great Eastern Shipping Co. London Ltd. of Stg. Pound 10 each	**10**	**16,000**	**2,596,204**	16,000	2,596,204
The Great Eastern (Fujairah) L.L.C. -FZC of US$1 each	**1**	**150,000**	**6,567,000**	—	—
The Greatship (Singapore) Pte. Ltd. of S$ 1 each	**1**	**500,000**	**11,451,000**	500,000	11,451,000
			20,614,204		14,047,204
Unquoted - Others :					
Great Wilhelmsen Ltd.	**10**	**1**	**10**	1	10
Great Western Shipping Co. Ltd.	**10**	**10**	**100**	10	100
Great Ocean Shpg. Services Ltd. of Stg. Pound 1 each	**1**	**196,000**	**11,948,650**	196,000	11,948,650
P & O Travels India Ltd.	**10**	**875,000**	**8,750,000**	875,000	8,750,000
Bombay Sugar Market Ltd.	**10**	**99**	**9,050**	99	9,050
Knight Frank (India) Pvt. Ltd.	**10**	**—**	**—**	400,000	4,000,000
Business Standard Limited	**10**	**13,452,915**	**180,000,000**	3,900,000	52,182,000
ST Infrastructure Technologies (India) Pvt. Ltd.	**10**	**—**	**—**	875,000	8,750,000
			200,707,810		85,639,810
Sub-Total			**423,689,610**		336,176,770
(c) Debentures/Bonds :					
Quoted :					
17.50% Mangalore Refinery & Petrochemicals Ltd	**80**	**41,000**	**3,290,250**	41,000	4,930,250
12.50% Reliance Industries Ltd. - 'H' Series	**—**	**—**	**—**	500	47,690
Bharat Pipes & Fittings Ltd. - Fully Convertible (Rs. 100 paid up)	**200**	**47,500**	**1**	47,500	1
13.00% The Industrial Credit and Investment Corporation of India Ltd., 2001	**1,000**	**200,000**	**200,000,000**	200,000	200,000,000
Sub-Total			**203,290,251**		204,977,941
Unquoted :					
Business Standard Limited - Zero coupon fully convertible unsecured debentures	**10**	**—**	**—**	9,552,915	127,818,000
Sub-Total			**—**		127,818,000
Sub-Total			**203,290,251**		332,795,941
Total (ii)			**657,427,600**		699,519,546
(b) CURRENT INVESTMENTS (at lower of cost and fair value)					
(i) Government Securities :					
Quoted :					
364 Day Treasury Bills, 1999	**150,000,000**		**—**		143,049,131
364 Day Treasury Bills, 2000	**100,000,000**		**97,945,287**		138,228,243
Sub-Total			**97,945,287**		281,277,374

11. Particulars of Investments: (Contd.)

	Face value	Current Year No. of Units	Current Year Rs.	Previous Year No. of Units	Previous Year Rs.
(ii) Equity Shares :					
Quoted - Fully Paid					
State Bank of India	**10**	**150**	**30,165**	2,100	448,140
Tata Iron & Steel Co. Ltd.	**10**	**29**	**3,008**	63	6,533
Texmaco Limited	**10**	—	**—**	94,700	3,674,360
Sub-Total			**33,173**		4,129,033
(iii) Debentures/Bonds :					
Quoted :					
Commercial Paper of Larsen & Toubro Limited,1999	**50,000,000**	**—**	**—**	—	49,582,049
Sub-Total			**—**		49,582,049
(iv) Mutual Fund Units :					
Quoted :					
Alliance Liquid Income-Regular Dividend	**10**	**14,144,650.70**	**142,578,079**	—	—
Prudential ICICI Income Plan-Dividend	**10**	**9,449,476.53**	**96,290,166**	—	—
K Gilt Unit Scheme 98 (Investment Plan) - Dividend	**10**	**4,599,816.01**	**48,463,661**	—	—
DSP Merrill Lynch Bond Fund-Dividend-Regular	**10**	**4,515,112.15**	**47,363,526**	—	—
Jardine Fleming India Bond Fund-Income Plan-Dividend	**10**	**2,714,932.13**	**27,800,905**	—	—
Sub-Total			**362,496,337**		—
Total			**460,474,797**		334,988,456
Grand Total			**1,117,904,397**		1,034,510,002

*** All the above mentioned securities are fully paid up unless otherwise mentioned

12. Particulars of Investments Purchased and Sold during the year :-

(a) Government Securities :

	Face Value Rs. (Current Year)	Face Value Rs. (Previous Year)
91 - Day, Treasury Bills, 1998	—	250,000,000
364 - Day, Treasury Bills, 1998	**—**	700,000,000
Zero Coupon Govt. Security, 1999	**—**	550,000,000
12% Govt. of India Loan, 1999	**—**	550,000,000
91 - Day, Treasury Bills, 1999	**100,000,000**	850,000,000
364 - Day, Treasury Bills, 1999	**350,000,000**	100,000,000
182 - Day, Treasury Bills, 2000	**175,000,000**	—
364 - Day, Treasury Bills, 2000	**658,500,000**	—

(b) Equity Shares :

	Face Value Rs.	No. of Shares (Current Year)	No. of Shares (Previous Year)
Kopran Drugs Limited	**10**	**14,100**	—
Indian Petrochemicals Corpn.Limited	**10**	**—**	200
Reliance Industries Limited	**10**	**—**	300
State Bank of India	**10**	**—**	50

(c) Commercial Paper :

	Face Value Rs. (Current Year)	Face Value Rs. (Previous Year)
Grasim Industries Limited, 1999	**50,000,000**	—
Tata Engineering & Locomotive Co. Limited, 1999	**50,000,000**	—
Countrywide Consumer Finance Limited,1998	**—**	70,000,000
Reliance Industries LIimited,1999	**—**	50,000,000
GE Capital Service India,1999	**—**	50,000,000
Larsen & Toubro Limited,1999	**—**	10,000,000
Asian Paints (India) Limited,1999	**—**	50,000,000

	Current Year	Previous Year
(d) Debentures :	**Face Value**	Face Value
	Rs.	Rs.
GE Capital Services India, 1999	**30,000,000**	—

13. The following Investments are in the process of being transferred in the name of the Company:

Name of the Company	Face Value Rs.	No. of Shares	No. of Shares
Reliance Industries Ltd.	**10**	**100**	100
State Bank of India	**10**	**1,950**	1,950

14. Quantitative Information - Commodities Trading:

(a) Purchases and Sales:

		Purchases		Sales	
		Qty.	Rupees	Qty.	Rupees
Commodities	MT	**81491.468**	**943,234,286**	**64171.192***	**890,913,433**
		(68097.695)	(894,003,257)	(77237.2755)	(1079,635,445)
Confectionery	Cartons	—	—	—	—
		(25404)	(34,518,585)	(25399)	(34,513,815)
Coal	MT	—	—	—	—
		(36258.000)	(43,568,793)	(36258.000)	(43,750,083)
			943,234,286		**890,913,433**
			(972,090,635)		(1,157,899,343)

(b) Opening and Closing Stocks:

		Opening Stock		Closing Stock	
		Qty.	Rupees	Qty.	Rupees
Commodities	MT	**5202.431**	**93,597,029**	**22736.177****	**233,014,007**
		(14820.3772)	(185,102,966)	(5202.431)	(93,597,029)
			93,597,029		**233,014,007**
			(185,102,966)		(93,597,029)

NOTE:

* Sales include 213.47 MT being gain on account of moisture and packing material, net of shortage on account of drainage and spillage.

** Closing stock includes stock in transit : Rs. 144,303,265/- (17696.051 m.t)

(Previous year's figures are in brackets).

15. Previous year's figures have been regrouped wherever necessary to conform to current year's classification.

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration Details :

Registration No.	6472of1948
State Code	11
Balance Sheet Date	31-03-2000

II. Capital Raised during the year :

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds :

	Amount (Rs. in Thousands)
Total Liabilities	23719480
Total Assets	23719480
Sources of Funds :	
Paid-up Capital	2588401
Reserves & Surplus	8692710
Secured Loans	8048810
Unsecured Loans	2004692
Application of Funds :	
Net Fixed Assets	16804345
Investments	1060404
Net Current Assets	3258871
Misc. Expenditure	210993
Accumulated Losses	NIL

IV. Performance of Company :

	Amount (Rs. in Thousands)
Turnover	9944656
Total Expenditure	8680153
Profit/(Loss) Before Tax	1264503
Profit/(Loss) After Tax	1104503
Earning Per Share (In Rs.)	4.30
Dividend Rate	15%

V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms):

Description	Item Code No.
i) Shipping	N.A.
ii) Commodities Trading	N.A.

CASH FLOW STATEMENT for the year ended on March 31, 2000.

	Rs.	Previous Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX :	**1,264,502,659**	1,544,332,849
ADJUSTMENTS FOR :		
Prior year adjustments	**9,483,921**	12,494,401
Depreciation	**1,811,723,186**	1,646,971,197
Interest (Net)	**400,596,471**	308,604,271
Dividend Received	**(33,927,049)**	(3,013,988)
Provision for diminution in value of long term investments	**(42,500,000)**	50,000,000
(Profit)/Loss on sale of sundry assets	**(1,689,933)**	4,549,703
(Profit)/Loss on sale of investments	**6,296,694**	(24,563,685)
Share issue expenses written off	**16,266,446**	16,266,446
Goodwill written off	**26,425,253**	26,425,253
De-merger expenses written off	**27,958,154**	—
Doubtful advances written off/provided	**6,583,777**	67,138,848
Discount on FRN bought back	**—**	(22,476,650)
Revenue Expenditure Deferred	**(22,178,020)**	—
Deferred Revenue Expenditure written off	**98,748,573**	94,313,316
Foreign exchange	**(14,739,044)**	51,028,016
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :	**3,553,551,088**	3,772,069,977
ADJUSTMENTS FOR :		
Trade & Other Receivables	**231,187,599**	(327,801,946)
Inventories	**(191,605,536)**	700,037,482
Incomplete Voyages (Net)	**8,802,806**	(36,305,001)
Trade Payables	**(216,895,553)**	280,214,833
CASH GENERATED FROM OPERATIONS :	**3,385,040,404**	4,388,215,345
Tax Paid	**(204,767,827)**	(167,092,938)
NET CASH FLOW FROM OPERATING ACTIVITIES :	**3,180,272,577**	4,221,122,407
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	**(2,456,453,040)**	(3,913,861,095)
*Sale of fixed assets	**543,043,077**	49,969,563
Purchase of Investments	**(1,954,321,246)**	(3,707,664,165)
Sale of Investments	**1,851,880,157**	4,020,558,189
Interest received	**215,239,203**	263,020,884
Dividend received	**33,927,049**	3,013,988
Term Deposits with Companies	**103,800,000**	(56,718,172)
Investment in Vyaj Badla	**(455,997,034)**	—
NET CASH USED IN INVESTING ACTIVITIES :	**(2,118,881,834)**	(3,341,680,808)

	Rs.	Previous Year Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of shares	—	394,860
Proceeds from long term borrowings	**2,081,328,000**	2,551,991,000
Repayments of long term borrowings	**(1,597,188,294)**	(2,078,466,198)
Dividend paid	**(572,471,185)**	(570,151,759)
Tax on Dividend paid	**(105,973,220)**	(43,134,018)
Interest Paid	**(559,023,339)**	(668,623,467)
De-merger expenses	**(139,790,768)**	—
Net cash outflow on de-merger of property division	**(2,061,914)**	—
NET CASH USED IN FINANCING ACTIVITIES :	**(895,180,720)**	(807,989,582)
Net increase/(decrease) in cash and cash equivalents:	**166,210,023**	71,452,017
Cash and cash equivalents as at April 1, 1999 (Opening balance**)****	**999,592,301**	928,140,284
Cash and cash equivalents as at March 31, 2000 (Closing balance**)****	**1,165,802,324**	999,592,301

* Sale of fixed assets excludes profit on sale of ships which is considered as operating income.

**Note : Cash and Cash Equivalents as on (Amounts in Rs.)

	March 31, 2000	March 31, 1999	March 31, 1998
Cash and Bank Balances	1,174,490,482	995,939,114	946,909,987
Effect of exchange rate changes[Loss/(gain)]	(8,688,158)	3,653,187	(18,769,703)
Cash and Cash eqiuvalents as restated	1,165,802,324	999,592,301	928,140,284

For and on behalf of the Board

K.M. Sheth
Executive Chairman

Vijay K. Sheth
Managing Director

P.R. Naware
Company Secretary

R.N. Sethna
Director

Mumbai, May 3, 2000

AUDITORS' CERTIFICATE

The Board of Directors,

The Great Eastern Shipping Co. Ltd.

We have examined the above Cash Flow Statement of The Great Eastern Shipping Co. Ltd. for the year ended March 31, 2000. The Statement has been prepared by the Company in accordance with the requirements of clause 32 of the listing agreement with Bombay Stock Exchange and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated May 5, 2000 to the members of the Company.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Viraf R. Mehta
Partner

Mumbai, May 5, 2000

For and on behalf of
CHANDABHOY & JASSOOBHOY
Chartered Accountants

J.D. Mehta
Partner

Mumbai, May 5, 2000

STATEMENT PURSUANT TO SECTION 212 of the Companies Act, 1956

1.	Name of Subsidiary*	The Great Eastern Shipping Co. London Ltd.	The Greatship (Singapore) Pte. Ltd.
2.	Financial year ended	31st March, 2000	31st March, 2000
3.	Date from which it became a Subisidiary	3rd July, 1985	28th March, 1994
4.	Extent of interest of the Holding Company in the capital of the Subsidiary	100%	100%
5.	Net aggregate amount of the Subsidiary's profit less losses not dealt with in the Holding Company's Accounts:		
	(i) Current Year	US$ (938,482)	S$ (42,939)
	(ii) Previous Year	US$ (1,819,182)	S$ (234,019)
6.	Net aggregate amount of the Subsidiary's profit less losses dealt with in the Holding Company's Accounts :		
	(i) Current Year	—	—
	(ii) Previous Year since it became Subsidiary	—	—

* The Great Eastern (Fujiarah) LLC-FZC was recently incorporated in Fujiarah (UAE) on September 11, 1999 as a subsidiary of the Company. The first accounts would be drawn for the year ended March 31, 2001.

For and on behalf of the Board

K.M. Sheth
Executive Chairman

Vijay K. Sheth
Managing Director

P.R. Naware
Company Secretary

R.N. Sethna
Director

Mumbai, May 3, 2000.

The Great Eastern Shipping Co. London Ltd.

A Subsidiary Company

Directors	S.J. Mulji B.K. Sheth V.K. Sheth M.J. Brace P.B. Kerr-Dineen W.R. Horkey
Secretary	K.R. Engineer
Registered Office	Old Boundary House London Road Sunningdale Berkshire
Business Address	Brookpoint 1412/1420 High Road Whetstone London N20 9BH
Auditors	G.R Atkinson Chartered Accountants Old Boundary House London Road Sunningdale Berkshire
Solicitors	Wilsons Steynings House Fisherton Street Salisbury Wiltshire
Principal Bankers	Royal Bank of Scotland plc Shipping Dept. 5-10 Great Tower Street London EC3P 3HX Bank of Baroda 31-32 King Street London EC2V 8EN UBS AG (London Branch) 100 Liverpool Street London EC2M 2RH

DIRECTORS' REPORT for the year ended 31st March, 2000.

The directors present their annual report with the financial statements of the Company for the year ended 31st March 2000.

PRINCIPAL ACTIVITIES

The principal activities of the Company in the year under review continued to be those of shipowners and charterers.

No significant change in the nature of these activities occurred during the year.

REVIEW OF THE BUSINESS

The net loss after providing for taxation amounted to US$ 938,482.

A review of the operations of the Company during the financial year and the results of those operations are as follows:

The Company has continued to suffer from the world-wide depression in the freight market for the major part of the year, and the results reflect the consequent reduction in operating income.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year.

POST BALANCE SHEET EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in financial years subsequent to the financial year ended 31st March 2000.

FUTURE DEVELOPMENTS

The likely developments in the operations of the Company and the expected results of these operations in the financial years subsequent to the year ended 31st March 2000 are as follows:

The directors will continue to take such steps as are appropriate to seeking opportunities for future business.

INTRODUCTION OF THE SINGLE EUROPEAN CURRENCY

The directors believe the introduction of the single European currency will have no significant impact on the Company.

DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the Company at the Balance Sheet date and the beginning of the year (or on appointment if later) were as follows:

	Number of Shares 2000	1999
S.J. Mulji	—	—
B.K. Sheth	—	—
V.K. Sheth	—	—
M.J. Brace	—	—
P.B. Kerr-Dineen	—	—
W.R. Horkey	—	—

Directors appointed during the year :
V.K. Sheth appointed 8th April 1999

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make Judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

YEAR 2000 ISSUES

The directors continue to monitor year 2000 issues that relate to the business and operations of the Company, but are not aware of any matters of concern.

AUDITORS

The auditors, G.R. Atkinson, will be proposed for re-appointment in accordance with Section 385 of the Companies Act, 1985.

By order of the Board

K.R. Engineer
Secretary

Date : 2nd June 2000

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 63 to 67 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 64.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the directors' report, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31st March 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act, 1985.

G.R. Atkinson
Chartered Accountants

Registered Auditors
Old Boundary House
London Road
Sunningdale
Berkshire

Date : 6th June 2000

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2000.

	Notes	2000 US$	2000 US$	1999 US$	1999 US$
TURNOVER	2				
Continuing operations			**11,455,592**		17,330,190
Cost of sales			**(12,257,783)**		(19,123,787)
GROSS LOSS			**(802,191)**		(1,793,597)
Net Operating Expenses			**(292,115)**		(420,847)
OPERATING LOSS	3				
Continuing Operations			**(1,094,306)**		(2,214,444)
Investment Income and Interest Receivable	4		**816,116**		292,340
Interest Payable and Similar Charges	5		**(660,292)**		(1,208,290)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			**(938,482)**		(3,130,394)
Tax on Loss on Ordinary Activities	8		**—**		1,311,212
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION			**(938,482)**		(1,819,182)

Total recognised gains and losses

The Company has no recognised gains or losses other than the loss for the above two financial years.

The notes on pages 64 to 67 form part of these financial statements.

BALANCE SHEET at 31st March, 2000.

	Notes	2000 US$	2000 US$	1999 US$	1999 US$
FIXED ASSETS					
Tangible assets	9		**6,076,537**		14,360,598
CURRENT ASSETS					
Debtors	10	**806,643**		550,297	
Debtors due after more than one year	11	**1,329,640**		79,665	
Cash at bank and in hand		**2,395,376**		2,324,068	
		4,531,659		2,954,030	
CREDITORS: amounts falling due within one year	12	**(4,197,371)**		(7,359,599)	
NET CURRENT ASSETS			**334,288**		(4,405,569)
TOTAL ASSETS LESS CURRENT LIABILITIES			**6,410,825**		9,955,029
CREDITORS: amounts falling due after more than one year	13		**(4,239,375)**		(6,845,098)
NET ASSETS			**2,171,450**		3,109,931
CAPITAL AND RESERVES					
Called up share capital	15		**301,600**		301,600
Other reserves	16		**40,000**		40,000
Profit and loss account	17		**1,829,850**		2,768,331
TOTAL SHAREHOLDERS' FUNDS	18		**2,171,450**		3,109,931

The financial statements were approved by the Board of Directors on 2nd June 2000 and signed on its behalf by:

S.J. Mulji

Director

The notes on pages 64 to 67 form part of these financial statements.

Cash Flow Statement for the year ended 31st March, 2000.

	Notes	2000	1999
		US$	US$
CASH FLOW FROM OPERATING ACTIVITIES	3	**231,152**	1,199,518
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	19	**(338,736)**	(913,261)
TAXATION	19	**—**	425,712
CAPITAL EXPENDITURE	19	**5,966,481**	2,569,084
Cash inflow before use of liquid resources and financing		**5,858,897**	3,281,053
FINANCING	19	**(5,787,590)**	(7,969,693)
INCREASE IN CASH IN THE YEAR		**71,307**	(4,688,640)

	Notes	2000	1999
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	20		
INCREASE IN CASH IN THE YEAR		**71,307**	(4,688,640)
Cash outflow from decrease in debt and lease financing		**(5,787,590)**	(7,969,693)
Change in net funds resulting from cash flows		**5,858,897**	3,281,053
Movement in net funds in the year		**5,858,897**	3,281,053
Net debt at 1st April, 1999		**(10,888,396)**	(14,169,450)
Net debt at 31st March, 2000		**(5,029,499)**	(10,888,397)

The notes on pages 64 to 67 form part of these financial statements.

Notes To The Financial Statements for the year ended 31st March, 2000.

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Turnover

Turnover represents the aggregate of revenue receivable from ship operators under charters and commissions receivable in respect of fixtures arranged for third parties.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Realised gains or losses arising on foreign currency loans relating to the acquisition of fixed assets are adjusted to the carrying cost of the relevant assets.

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Leasehold land and buildings	Straight line over the term of the lease
Ships	Straight line over the projected lifespan
Motor vehicles	25% reducing balance
Equipment, fixtures and fittings	20% on reducing balance

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Foreign currencies

The financial statements are prepared in U.S. dollars.

Current assets and liabilities in other currencies together with the income and expenditure related thereto are translated into U.S. dollars at the rates of exchange ruling at the Balance Sheet date. All exchange differences arising thereon are taken to the Profit and Loss account for the year.

Foreign currency loans relating to the acquisition of fixed assets are translated at the rate of exchange ruling at the Balance Sheet date. Realised gains or losses are adjusted to the carrying cost of the relevant asset.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the Profit and Loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Pension costs

The Company operates a defined contribution pension scheme. Contributions payable to this scheme are charged to the Profit and Loss account in the period to which they relate. These contributions are invested separately from the Company's assets.

2. TURNOVER

	2000	1999
	US$	US$
Analysis by class of business:		
Charter hire	4,734,612	9,058,838
Freight earnings	6,307,532	8,271,352
Commissions and sundry income	413,448	—
	11,455,592	17,330,190

The total turnover of the Company for the year has been derived from its principal activity substantially undertaken outside the U.K.

As an international carrier the Company does not have definable geographical markets.

3. OPERATING LOSS

	2000	1999
	US$	US$
Operating loss is stated:		
After charging:		
Depreciation of fixed assets	1,655,248	3,375,301
Auditors' remuneration	6,382	8,050
Non-audit service remuneration paid to auditors	23,048	31,717
Reconciliation of operating loss to net cash inflow from operating activities		
Operating loss	(1,094,306)	(2,214,444)
Depreciation	1,655,248	3,375,301
Loss on disposal of operational fixed assets	1,162,222	436,047
Movement on provisions	—	(50,000)
Profit/loss on foreign exchange	(5,330)	(2,689)
(Increase)/Decrease in debtors	(1,506,321)	298,665
Increase/(Decrease) in creditors	19,639	(663,362)
Net cash inflow from operating activities	231,152	1,179,518

4. INVESTMENT INCOME AND INTEREST RECEIVABLE

	2000	1999
	US$	US$
Interest received and other income	90,739	258,552
Bank interest	(5,330)	(2,689)
Foreign exchange (loss)/gain	85,409	255,863
Investment and property income		
Income from overseas investments	148,812	—
Currency dealing profits	82,005	36,477
Profit on disposal of leasehold property	499,890	—
	730,707	36,477
Total investment income	816,116	292,340

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	US$	US$
On bank loans and overdrafts	660,292	1,208,290

6. INFORMATION ON DIRECTORS AND EMPLOYEES

	2000	1999
	US$	US$
Staff costs		
Wages and salaries	81,600	100,714
Social security costs	9,348	8,209
Other pension costs	13,152	18,055
	104,100	126,978

The average number of employees during the year was made up as follows:	2000	1999
	No.	No.
Average weekly number (inc. directors)	8	8

7. PENSION COSTS

Money purchase (defined contribution) pension scheme

The Company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to US$ 13,152 (1999: US$ 18,055).

8. TAX ON LOSS ON ORDINARY ACTIVITIES

	2000	1999
	US$	US$
The taxation charge comprises:		
Transfer from deferred tax	—	(885,500)
Adjustment in respect of prior years	—	(425,712)
	—	(1,311,212)

The company had carry forward losses for U.K. taxation purposes of £2,850,000 (1999: £2,450,000) at the Balance Sheet date.

9. TANGIBLE FIXED ASSETS

	Land and Buildings	Ships	Fixtures and fittings	Motor vehicles	Total
	US$	US$	US$	US$	US$
Cost:					
At 1st April 1999	382,847	35,715,734	266,013	77,632	36,442,226
Additions	—	—	3,031	—	3,031
Disposals	(382,847)	(20,646,884)	—	—	(21,029,731)
At 31st March 2000	—	15,068,850	269,627	77,632	15,415,526
Depreciation:					
At 1st April 1999	23,925	21,802,079	197,455	58,169	22,081,628
Charge for year	—	1,636,210	14,172	4,866	1,655,248
On disposals	(23,925)	(14,373,962)	—	—	(14,397,887)
At 31st March 2000	—	9,064,327	211,627	63,035	9,338,989
Net book value:					
At 31st March 2000	—	6,004,523	57,417	14,597	6,076,537
At 31st March 1999	358,922	13,913,655	68,558	19,463	14,360,598

	2000	1999
	US$	US$
Analysis of net book value of land and buildings:		
Long leasehold	—	358,922

10. DEBTORS

	2000	1999
	US$	US$
Amounts owed by group undertakings	738,058	—
Other debtors	—	16,912
Prepayments and accrued income	68,585	533,385
	806,643	550,297

11. DEBTORS DUE AFTER MORE THAN ONE YEAR

	2000	1999
	US$	US$
Amounts owed by group undertakings	1,249,975	—
Other debtors	79,665	79,665
	1,329,640	79,665

12. CREDITORS: amounts falling due within one year

	2000	1999
	US$	US$
Bank loans and overdrafts	3,185,500	6,367,367
Amounts owed to group undertakings	—	372,500
Other taxes and social security costs	2,875	—
Accruals and deferred income	1,008,996	619,732
	4,197,371	7,359,599

Bank loans are secured by:

(i) Ship and property mortgages

(ii) Assignment of charter earnings and ship insurance

(iii) Deeds of covenant

13. CREDITORS: amounts falling due after more than one year

	2000	1999
	US$	US$
Bank loans and overdrafts	4,239,375	6,845,098
Instalments not due within five years	—	6,329

14. BORROWINGS

	2000	1999
	US$	US$
The company's borrowings are repayable as follows :		
Up to one year and on demand	3,185,500	6,377,367
Between one and two years	2,537,500	3,192,817
Between two and five years	1,701,875	3,645,952
After five years	—	6,329
	7,424,875	13,222,465
Borrowings: amounts due after 5 years		
Repayable by instalments		
Bank loan wholly repayable by instalments	—	132,916
Wholly repayable within five years	7,424,875	13,216,136
Included in current liabilities	3,185,500	6,377,367
Instalments not due within five years	—	6,329

15. SHARE CAPITAL

	2000	1999
Authorised:	US$	US$
Equity interests:		
16,000 Ordinary shares of £ 10 each	301,600	301,600
Allotted, called up and fully paid:		
Equity interests:		
16,000 Ordinary shares of £ 10 each	301,600	301,600

16. OTHER RESERVES

	2000	1999
	US$	US$
Dividend equalisation reserve		
Balance at 1st April 1999 and 31st March 2000	40,000	40,000
Total other reserves	40,000	40,000

17. PROFIT AND LOSS ACCOUNT

	2000	1999
	US$	US$
Retained profit at 1st April, 1999	2,768,331	4,587,513
Loss for the year	(938,482)	(1,819,182)
Retained profit as at 31st March 2000	1,829,849	2,768,331

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	US$	US$
(Loss)/ Profit for the year	(938,482)	(1,819,182)
Opening shareholders' funds	3,109,931	4,929,113
Closing shareholders' funds	2,171,449	3,109,931
Represented by:		
Equity interests	2,171,449	3,109,931

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2000	1999
	US$	US$
Returns on investments and servicing of finance		
Interest received and currency gains	321,556	295,029
Interest paid	(660,292)	(1,208,290)
Net cash outflow from returns of investments and servicing of finance	(338,736)	(913,261)
Taxation		
Corporation tax repaid/(paid)	—	425,712
Capital expenditure		
Purchase of tangible fixed assets	(3,031)	(185,265)
Receipts from sale of tangible fixed assets	5,969,512	2,754,349
Net cash inflow from capital expenditure	5,966,481	2,569,084
Financing		
New short-term loans	—	1,194,550
Repayments of long-term loans	(2,605,723)	(9,163,103)
Repayment of short-term loans	(3,181,867)	(1,140)
Net cash outflow from financing	(5,787,590)	(7,969,693)

20. ANALYSIS OF NET DEBT

	1999	Cash Flow	2000
	US$	US$	US$
Cash at bank and in hand	2,324,068	71,308	**2,395,376**
Debt due within one year	(6,367,367)	3,181,867	**(3,185,500)**
Debt due after one year	(6,845,098)	2,605,723	**(4,239,375)**
	(10,888,397)	5,858,898	**(5,029,499)**

21. CONTINGENT LIABILITIES

There were no contingent liabilities at 31st March, 2000 other than unquantifiable amounts in respect of warranties given in the normal course of business.

22. REVENUE COMMITMENTS

At the year end the Company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Land and buildings		Others	
	2000	1999	2000	1999
	US$	US$	US$	US$
More than one year and less than five years	**9,072**	9,154	**—**	—
More than five years	**16,944**	17,098	**—**	—
	26,016	26,252	**—**	—

23. RELATED PARTY DISCLOSURES

There were no financial transactions with related parties during the year other than transactions with entities forming part of The Great Eastern Shipping group. Group financial statements in which those entities are included are publicly available.

24. ULTIMATE PARENT COMPANY

The ultimate parent Company is The Great Eastern Shipping Company Ltd, a Company incorporated in India.

THE GREATSHIP (SINGAPORE) PTE LTD.

(Incorporated in Singapore)

A Subsidiary Company

Board Of Directors	K. J. Vesuna P. R. Naware Jaya Prakash
Auditors	Shanker Iyer & Co.
Bankers	Bank of America
Corporate Office	55, Market Street, Sinsov Building, #08-03A, Singapore - 048941

Report of the Directors

The directors submit their report together with the audited accounts of the Company for the year ended 31st March, 2000.

Directors

The directors in office at the date of this report are:

Vesuna Khushru Jamshedji
Naware Pradyumna Raghunath
Jaya Prakash

Principal Activities

The principal activities of the Company are those relating to shipping agents and brokers. There have been no significant changes in the nature of these activities during the year.

Acquisition And Disposal Of Subsidiary

During the financial year, the Company did not acquire or dispose of any subsidiaries.

Results

	S$
Loss after taxation	(42,939)
Retained profits brought forward	234,019
Retained profits carried forward	191,080

Provisions And Reserves

There were no material transfers to or from provisions and reserves during the financial year other than those disclosed in the accounts.

Issue Of Shares And Debentures

The Company did not issue any shares or debentures during the financial year.

Arrangements To Enable Directors To Acquire Shares Or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares or debentures of the Company or any other body corporate.

Directors' Interest In Shares Or Debentures

None of the directors holding office at the end of the financial year had interest in any share or debenture of the Company (or its related corporations) at the beginning and end of the financial year as recorded in the Register of Director's Shareholdings kept by the Company under Section 164 of the Companies Act Cap. 50.

Dividends

The directors do not recommend any dividend to be paid in respect of the year ended 31st March 2000.

A final dividend of 5% less tax of 26% amounting to S$18,500 was paid in respect of the previous financial year.

Bad And Doubtful Debts

Before the accounts were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad or doubtful debts.

At the date of this report, the directors are not aware of any circumstances, which would require the writing off of bad debts or the setting up of a provision for doubtful debts.

Current Assets

Before the accounts were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business were written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances, which would render the values attributed to current assets misleading.

Non-Current Assets

Before the accounts were made out, the directors took reasonable steps to ensure that all non-current assets are shown at amounts which, having regard to their values to the Company as a going concern, do not exceed the amounts which would be recoverable over their useful lives or on their disposal.

At the date of this report, the directors are not aware of any circumstances, which would render the values attributable to non-current assets excessive in relation to their values to the Company as a going concern.

Charges And Contingent Liabilities

At the date of this report:

(a) there are no charges on the assets which have arisen since the end of the financial year to secure the liabilities of any other person; and

(b) there are no contingent liabilities which have arisen since the end of the financial year.

Ability To Meet Obligations

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company to meet its obligations as and when they fall due.

Other Circumstances Affecting Accounts

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report which would render any amount stated in the accounts misleading.

UNUSUAL ITEMS

In the opinion of the directors, the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

UNUSUAL ITEMS AFTER YEAR END DATE

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company for the current financial year in which this report is made.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit which is required to be disclosed by Section 201(8) of the Companies Act, Cap. 50 by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

SHARE OPTIONS

There were no share options granted during the financial year or unissued shares under option at the end of the financial year in respect of shares in the Company.

AUDITORS

Messrs Shanker Iyer & Co., Certified Public Accountants, Singapore, have expressed their willingness to accept re-appointment.

On behalf of the Board

Vesuna Khushru Jamshedji
Director

Naware Pradyumna Raghunath
Director

Dated : 14th April, 2000

STATEMENT BY THE DIRECTORS

In the opinion of the directors of THE GREATSHIP (SINGAPORE) PTE. LTD.,

(a) the accompanying Balance Sheet and Profit and Loss account together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the company as at 31st March, 2000 and of its results for the year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

On behalf of the Board

Vesuna Khushru Jamshedji
Director

Naware Pradyumna Raghunath
Director

Dated : 14th April 2000

REPORT OF THE AUDITORS TO THE MEMBERS OF THE GREATSHIP (SINGAPORE) PTE. LTD. (INCORPORATED IN SINGAPORE)

We have audited the financial statements of THE GREATSHIP (SINGAPORE) PTE. LTD. set out on pages 72 to 74. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the accounts are properly drawn up in accordance with the provisions of the Companies Act, Cap. 50 and Statements of Accounting Standard and so as to give a true and fair view of :

  (i) the state of affairs of the Company as at 31st March 2000 and of its results for the year ended on that date; and

  (ii) the other matters required by Section 201 of the Act to be dealt with in the accounts.

(b) the accounting and other records, and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Shanker Iyer & Co.

Certified Public Accountants

Singapore
Dated : 14th April 2000

BALANCE SHEET as at 31st March, 2000.

	Note	2000	1999
		S$	S$
SHARE CAPITAL	3	500,000	500,000
RETAINED PROFITS		191,080	234,019
		691,080	734,019
Represented by :			
FIXED ASSETS	4	5,000	5,151
CURRENT ASSETS			
Amount owing by holding company	5	29,156	88,374
Trade debtors		32,121	946
Other debtors, deposits and prepayments	6	46,056	33,254
Fixed deposits		430,328	423,616
Cash and bank balances	7	180,978	312,004
		718,639	858,194
Less:			
CURRENT LIABILITIES			
Trade creditors		6,526	75,794
Accruals		24,336	23,689
Amount owing to a related party		—	652
Provision for taxation		1,463	8,191
Proposed dividend		—	18,500
		32,325	126,826
NET CURRENT ASSETS		686,314	731,368
		691,314	736,519
Less:			
NON-CURRENT LIABILITY			
Deferred taxation	8	234	2,500
		691,080	734,019

The annexed notes form an integral part of and should be read in conjunction with these accounts.

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2000.

	Note	2000	1999
		S$	S$
(LOSS)/PROFIT BEFORE TAXATION		**(41,023)**	37,493
After charging :			
Auditors' remuneration		**7,500**	7,500
Depreciation of fixed assets	4	**3,259**	2,585
Directors' Fee		**3,500**	3,500
Fixed assets written off		**—**	682
Interest payable		**—**	377
After crediting:			
Interest income from: – Fixed deposits		**6,712**	15,884
– Others		**4,125**	3,307
TAXATION	9	**(1,916)**	(6,515)
(LOSS)/PROFIT AFTER TAXATION		**(42,939)**	30,978
RETAINED PROFITS BROUGHT FORWARD		**234,019**	221,541
		191,080	252,519
PROPOSED DIVIDEND AT 5% LESS TAX OF 26%		**—**	(18,500)
RETAINED PROFITS CARRIED FORWARD		**191,080**	234,019

The annexed notes form an integral part of and should be read in conjunction with these accounts.

NOTES TO THE ACCOUNTS 31st March, 2000.

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

The accounts expressed in Singapore dollars are prepared in accordance with the historical cost convention.

b) Fixed assets and depreciation

Depreciation is calculated to write off the cost of fixed assets by the straight line method over their estimated useful lives. The annual rates used are as follows:

Computers	**2 years**
Furniture and fittings	**3 years**
Renovation	**3 years**
Office equipment	**5 years**

Fixed assets fully depreciated are retained in the accounts until they are no longer in use.

c) Income tax

Income tax expense is calculated on the basis of tax effect accounting, using the liability method and is applied to all significant timing differences. Deferred tax benefits are not recognised unless there is reasonable expectation of their realisation.

d) Currency translation

Assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the Balance Sheet date and transactions in foreign currencies during the year are translated at rates ruling on transaction dates. Translation differences are dealt with through the Profit and Loss account.

e) Income recognition

Agency income is recognised upon the discharge of agency services. Charter income is recognised on receipt basis.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are those relating to shipping agents and brokers. There have been no significant changes in the nature of these activities during the year.

3. SHARE CAPITAL

	2000	1999
	US$	US$
Authorised		
500,000 ordinary shares of S$1 each	**500,000**	500,000
Issued and fully paid		
500,000 ordinary shares of S$1 each	**500,000**	500,000

4. FIXED ASSETS

	Computers	**Furniture and Fittings**	**Renovation**	**Office Equipment**	**Total**
	S$	**S$**	**S$**	**S$**	**S$**
2000					
Cost					
At 1st April 1999	2,319	8,091	22,485	8,602	41,497
Additions	2,722	—	—	386	3,108
At 31st March 2000	5,041	8,091	22,485	8,988	44,605
Accumulated Depreciation					
At 1st April 1999	1,015	8,091	22,485	4,755	36,346
Charge for the year	1,500	—	—	1,759	3,259
At 31st March 2000	2,515	8,091	22,485	6,514	39,605
Net Book Value					
At 31st March 2000	2,526	—	—	2,474	5,000
1999					
Cost					
At 1st April 1998	3,030	8,091	22,485	6,666	40,272
Additions	2,319	—	—	1,936	4,255
Disposals	(3,030)	—	—	—	(3,030)
At 31st March 1999	(2,319)	8,091	22,485	8,602	41,497
Accumulated Depreciation					
At 1st April 1998	2,070	7,709	22,485	3,845	36,109
Charge for the year	1,293	382	—	910	2,585
Disposals	(2,348)	—	—	—	(2,348)
At 31st March 1999	1,015	8,091	22,485	4,755	36,346
Net Book Value					
At 31st March 1999	1,304	—	—	3,847	5,151

5. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Company's immediate and ultimate holding company is The Great Eastern Shipping Co. Ltd., a Company incorporated in India.

The amount owing by the holding Company is trade in nature, unsecured, interest-free and has no fixed terms of repayment.

6. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	2000	1999
	S$	S$
Recoverable expenses (trade)	**5,171**	5,597
Deposits	**34,536**	20,241
Prepayments	**3,677**	2,080
Advances to staff	**2,672**	5,336
	46,056	33,254

7. CASH AND BANK BALANCES

Included in the above is an amount of S$30,282 (1999: S$70,000) cash margin held by a bank as collateral for banker's guarantees.

8. DEFERRED TAXATION

	2000	1999
	S$	S$
Balance at beginning of the financial year	**2,500**	—
Current financial year (Note 9)	**(2,266)**	2,500
Balance at end of the financial year	**234**	2,500
The above balance comprises of the following:		
Capital allowances over book depreciation	**234**	904
Unrealised foreign exchange difference	**—**	1,596
	234	2,500

9. TAXATION

	2000	1999
	S$	S$
Current year's provision	**—**	10,700
Under/(Overprovision) in prior years	**4,182**	(6,685)
Deferred tax (Written back)/provided	**(2,266)**	2,500
	1,916	6,515

In view of the loss for the year, no provision for taxation is made. The Company has unabsorbed tax losses amounting to approximately S$20,900 (1999: S$NIL) and capital allowances amounting to approximately S$1,400 (1999:S$NIL) available for offsetting against future taxable income of the Company, subject to there being no substantial change in the shareholders of the Company and their shareholdings within the meaning of Sections 37 and 23 of the Singapore Income Tax Act and agreement by the Inland Revenue Authority of Singapore.

Future tax benefits arising from tax losses have not been recognised since there is no reasonable certainty of their recovery in future periods.

10. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2000	1999
	S$	S$
Agency fees invoiced to holding company	**42,220**	59,900
Agency fees invoiced to a related party	**—**	22,475

11. LEASE COMMITMENTS

As at 31st March 2000, the Company had the following minimum lease payments under an operating lease:

	2000	1999
	S$	S$
Payable within twelve months	**12,250**	58,800
Payable after twelve months	**—**	12,250
	12,250	71,050