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 M.J. Subbaiah
Company Secretary	P.R. Naware
Auditors	Kalyaniwalla & Mistry Chandabhoy & Jassoobhoy
Registered Office & Shipping Division	Ocean House, 134/A, Dr. Annie Besant Road, Worli, Mumbai 400 018.
Offshore Division	Energy House, 81, D.N. Road, Mumbai - 400 001.

CONTENTS

THE YEAR AT A GLANCE

In million except for Earnings & Cash earnings per share

	March 31, 2001		March 31, 2000	
	Rs.	**US$**	Rs.	US$
For the year				
Total Revenue	**10,813**	**236**	9,945	229
Operating Profit (PBIDT)	**4,740**	**103**	3,684	85
Profit after tax (PAT)	**1,774**	**39**	1,105	25
PBIDT as a percentage of total Revenue	**43.83**	**43.83**	37.05	37.05
Earnings per share	**8.02**	**0.17**	4.27	0.10
Cash earnings per share	**17.24**	**0.38**	11.27	0.26
Dividend amount (Including tax on equity and preference dividend)	**687**	**15**	431	10
Capital investment	**1,491**	**32**	2,420	56
At the end of the year				
Total assets	**22,665**	**486**	23,719	544
Fixed assets	**16,154**	**346**	16,804	385
Total debt	**8,264**	**177**	10,054	231
Net worth	**10,705**	**230**	11,070	254
Equity capital	**2,178**	**47**	2,588	59
Preference capital	**950**	**20**	—	—

Figures in US$ are arrived at by converting Rupee figures at the average conversion rate for all for the year items and at closing rate for all year end items, as given below, to facilitate comparison.

	Rs./US$	
Exchange Rate	**2000-2001**	1999-2000
— Closing	**46.64**	43.61
— Average	**45.91**	43.48

NOTICE

NOTICE is hereby given that the Fifty-third Annual General Meeting of THE GREAT EASTERN SHIPPING CO. LTD. will be held at Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai-400 018 on Thursday, July 26, 2001 at 3:00 P.M.(I.S.T.) to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2001 and the Profit and Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
2. To declare Dividend on equity shares and note the payment of Interim Dividend on Preference shares.
3. To appoint a Director in place of Mr. K.P. Byramjee who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A.K.Parikh, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Vijay K. Sheth who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint auditors and fix their remuneration.
7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Mr. T.N. Pandey who was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on May 03, 2001 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. T.N. Pandey as a candidate for the Office of Director of the Company be and is hereby appointed as a Director of the Company liable to retire by rotation."
8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

   "RESOLVED THAT in accordance with the provisions contained in Articles of Association of the Company and Section 77A, 77B and all other applicable provisions, if any, of the Companies Act 1956 (the Act) and the provisions of Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 ("Buyback Regulations") (including any statutory modification(s) or re-enactment of the Act or Buy-back Regulations, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), the consent of the Company be and is hereby accorded to the Board to purchase its own fully paid up equity shares of Rs.10 each for an aggregate amount not exceeding Rs.1,000 Million, at a price not exceeding Rs.42 per share (hereinafter referred to as "Buyback").

   RESOLVED FURTHER THAT the Company may implement the Buyback in one or more tranche/tranches, from out of its free reserves and/or securities premium account and that the Buyback may be made through the methodology of open market purchases through the Stock Exchanges as may be prescribed by the Act and the Buyback Regulations and in such manner as may be prescribed by the Act and the Buyback Regulations, and on such terms and conditions as the Board in its absolute discretion may deem fit.

   RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise the terms of the Buyback including the specific price for buyback of the equity shares of the Company within the maximum price not exceeding Rs.42 per share, the actual amount to be utilised towards the buyback within the aggregate amount of Rs. 1,000 Million, the number of equity shares to be bought back, the time frame for such buyback within the statutory validity period of this resolution, and to complete the modalities for the closure of the Buyback.

   RESOLVED FURTHER THAT nothing contained hereinabove shall confer any right on the part of any shareholder to offer, or any obligations on the part of the Company or the Board to buyback, any shares, and/or impair any power of the Company or the Board to terminate any process in relation to buyback, if so permissible by them.

   RESOLVED FURTHER THAT the buyback of shares from Non Resident Shareholders, shareholders of foreign nationality etc. shall be subject to such approvals as required including approvals from the Reserve Bank of India under the Foreign Exchange Management Act, 1999.

   RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may, in its absolute discretion, deem necessary expedient usual or proper including the appointment of Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Consultants or Representative, incidental to the implementation of the scheme of Buyback as also to prefer all applications to the appropriate authorities, parties and the institutions for their requisite approvals as also to take all necessary actions for preparation and issue of public announcement and filing of public announcement with SEBI/Stock Exchange(s), filing of declaration of solvency certificate and filing of certificate for extinguishment and physical destruction of share certificates, for all other documents required to be filed in connection with the Buyback and to settle all such questions or difficulties whatsoever which may arise in the Buyback and take all such steps and decisions in this regard."

By Order of the Board of Directors

JAYESH M. TRIVEDI
General Manager (Secl & Legal) &
Deputy Company Secretary.

Mumbai, June 14, 2001
Registered Office :
Ocean House,
134/A, Dr. Annie Besant Road,
Worli,
Mumbai 400 018.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The instrument appointing a Proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, July 14, 2001 to Thursday, July 26, 2001 (both days inclusive).
4. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto 40th dividend for the year 1993-94 paid by the Company on October 5, 1994 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Office of the Registrar of Companies, Central Government Office Building, 'A' Wing, 2nd Floor, Next to Reserve Bank of India, CBD Belapur - 400 614.
5. The dividend declared at the Meeting will be made payable on or after July 30, 2001 in respect of shares held in physical form to those members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers lodged with the Company on or before the end of business hours on July 14, 2001 and in respect of shares held in the electronic form to those "Beneficial Owners" whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Services (India) Ltd. (NSDL) and the Central Depository Services(India) Ltd. (CDSL) as at the end of the business hours on July 13, 2001.
6. Consequent to the amendment w.e.f. 31st October, 1998 to sub-section (5) of Section 205A vide Companies(Amendment) Act, 1999 the final dividend for the year ended 31st March, 1995 will be transferred to the Investor Education and Protection Fund on or before November 07, 2002.
7. The Companies (passing of the resolution by postal ballot), Rules 2001 came into force on May 10, 2001. Buyback of the Company's equity shares is one of the businesses specified under rule 4 of the said rules. However, Section 192A of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000 has not been notified till date. In the event of this section coming into force at any time after June 14, 2001 and prior to the July 26, 2001 the Company will act in regard to Item No. 8 of this notice in such manner as it is advised.
8. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the special business as per Items No. 7 & 8 hereinabove, is annexed hereto.
9. **Notes on Directors seeking appointment/reappointment as required under Clause 49 (VI)(A) of the listing agreement entered into with the Stock exchanges:-**

   (a) **Mr. K.P.Byramjee**

   Mr. K.P. Byramjee is a qualified Chartered Accountant from England and Wales. He owns a successful stevedoring business in the country.

He is also a member of the Board of Trustees of the Mumbai Port Trust.

Apart from his varied business interests, he is greatly concerned with community affairs and devotes a considerable part of his time to charitable activities like the B.D. Petit Hospital, the Fort Gratutious Dispensary, Sir. Jamsetjee Jejeebhoy Charity Fund and the Childline India Foundation.

He is a Director on the Board of the following Public Limited Companies:

Atlas Orchards Ltd.
Bombay Stevedores Association Ltd.
Centrum Finance Ltd.
Chennai Container Terminal Ltd.
Jakari Port Management Ltd.
Jolly Board Ltd.
Nhava Sheva International Container Terminals Ltd.
Praj Industries Ltd.
Shri Santram Finance Ltd.
Zoroastrian Co-op. Bank Ltd.

(b) Mr. A. K. Parikh

Mr. A.K. Parikh is a commerce graduate from the University of Bombay, B.A. (Hons) in Economics from the University of Cambridge, U.K. and Barrister at Law at Lincon's Inn, London. He was with Burmah-Shell Oil Storage & Distributing Company of India Limited for 26 years since 1949 and thereafter with the Royal Dutch/Shell Group of Companies as their Resident Director in India for 13 years till 1988. He was Director on the Boards of Refineries, Textiles and Engineering Companies in India.

He has extensive experience in Marketing, Supply & Distribution and Human Resource Development Functions of the Petroleum Oil Industry, having held Board level appointments, and also detailed knowledge of the movement of Crude Oil and Petroleum Products.

Presently, he is a Director on the Board of the Dolphin Offshore Enterprises Company Limited.

(c) Mr. Vijay K. Sheth

Mr. Vijay K. Sheth is a commerce graduate from the University of Bombay. After graduation he received training for about 15 months with Brovigs, Viking Shipping Co. A.S., Frenley & Egers Chartering Co. Ltd. and with American Express International Banking Corporation, London. He joined The Great Eastern Shipping Co. Ltd. in February 1977. He then joined the Asian Institute of Management (Harvard affiliated) at Manila and obtained a degree of Master of Business Management (MBM).

He was appointed as an additional director of the Company with effect from July 01, 1989 and also appointed as Executive Director of the Company on that date.

He was later appointed as the Managing Director of the Company with effect from April 01, 1999 and entrusted with substantial powers of management in relation to the Offshore Division of the Company comprising of Marine Logistics and Oil & Gas Departments. He has been recently appointed as the Member on the Managing Committee of International Support Vessel Owner's Association, London.

He is a Director on the Board of the following Public Limited Companies:-

Bombay Sugar Market Ltd.
The Great Eastern Shipping Co. London Ltd.
The Great Eastern (Fujairah) L.L.C. - FZC

ANNEXURE TO NOTICE

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956.

Item No. 7 (Ordinary Resolution)

Mr. T.N. Pandey was the Director nominated by ICICI on the Board of the Company. He ceased to be their nominee Director with effect from May 04, 2001 and was appointed as an Additional Director of the Company with effect from May 05, 2001. By virtue of the provisions of Section 260 of the Companies act, 1956, read with Article 130 of the Articles of Association of the Company, Mr. T.N. Pandey would hold office only upto the date of the ensuing Annual General Meeting.

The Company has received notices from some members under Section 257 of the Companies Act, 1956, with requisite deposit signifying their intention to propose the name of Mr. T.N. Pandey as a candidate for the office of Director.

Mr. T.N. Pandey is M.Com, LL.B (Agra) and LL.M (Harvard-USA). He joined the Indian Revenue Service in 1955 and worked in various positions in the Income Tax Department as also on deputation as Under Secretary in the Ministry of Finance, Joint Director in Company Law Department and Secretary, Monopolies and Restrictive Trade Practices Commission. He also worked in various senior positions in the Income Tax Department such as Commissioner of Income-tax, Director General Administration and Member (Legislation) in the CBDT and retired as Chairman, CBDT and ex-officio Special Secretary to Government, Ministry of Finance, Department of Revenue in December, 1990.

He has attended a 10 months course on International Taxation at Harvard Law School, USA. Has been the Chairman, Editorial Advisory Board of the ICSI Journal 'Chartered Secretary' for 3 years and has been associated with many training institutes. A number of articles for various economic dailies such as 'The Economic Times', 'The Financial Express' etc. and Tax Journals in India and abroad on issues relating to tax laws and policies, administration and on subjects relating to Company, MRTP and Consumer Protection Acts have been contributed.

His present occupation is giving of legal advice and consultancy work concerning economic legislations specially on issues relating to Direct Taxes, Company and MRTP enactments and Consumer Protection Act.

His expertise relates to the field of Income-tax and other Direct Taxes, Company Law, Consumer Protection Act, MRTP Act, SICA and other economic legislations.

He is a Director on the Board of Flex Foods Ltd. and VLS Finance Ltd.

Your Directors recommend the resolution for approval of the members.

Mr. T.N. Pandey is interested in the resolution as it relates to his appointment. None of the other Directors of the Company is concerned or interested in the said resolution.

Item No. 8 (Special Resolution)

The following is the explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 which sets out the various disclosures as required under Section 77A(3) of the Companies Act, 1956 ("The Act"), and Regulations 5(1) read with Schedule I attached to Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 ("Buyback Regulations").

1. The Company's first buyback of its equity shares, which was approved by the shareholders on December 1, 2000, was successfully completed. Accordingly, the Company has bought back 42,940,921 shares and utilised a total amount of Rs.1498 Million. 41,066,202 shares were extinguished before March 31, 2001 and the balance 1,874,719 shares post March, 2001. Consequently, the capital structure of the Company is as under:-

	Equity Shares Nos.	Paid-up Equity Capital (Rs.)
As on March 31, 2001	217,775,004	2,177,750,040
On completion of 1st Buyback post March 31, 2001	215,900,285	2,159,002,850

   Your Directors believe that the first buyback has enhanced shareholder value inter alia due to reduction of capital resulting in increased earnings per share. The Board of Directors believes that considering the financial position of the Company there is scope for further buyback of shares.

2. Accordingly, the Board of Directors at its meeting held on May 03, 2001 has, subject to your approval and such other approvals as may be necessary, approved the proposal for buyback of its own fully paid up equity shares of Rs.10/- each for an aggregate amount not exceeding Rs.1,000 Million, at a price not exceeding Rs.42 per share (hereinafter referred to as the "Buyback") in accordance with the provisions contained in the Articles of Association, Section 77A, 77B and all other applicable provisions of the Act, and the provisions contained in the Buyback Regulations.

3. The Board of Directors of the Company proposes the Buyback of the Company's own equity shares from the open market through the stock exchanges as it continues to believe that they are undervalued by the market. The Company believes that the Buyback would provide an exit opportunity to those shareholders who so desire and in a manner that does not adversely impact the shareholders

continuing with the Company. The Buyback programme is expected to lead to a reduction in the number of equity shares outstanding, which can lead to improvement in earnings per share and an overall enhancement of value for shareholders continuing with the Company. While the Buyback would result in return of capital to shareholders, the Board of Directors have taken care to see that the Company's expansion programme is not hampered in any way by the consequent reduction in the cash surplus of the Company. The Board of Directors considers the timing of the Buyback to be appropriate as the shipping markets continue to be good and are expected to sustain for a reasonable period of time.

4. The maximum price at which the buyback will be carried out is Rs. 42 per share. This maximum price has been arrived at after considering certain parameters such as the previous buyback price and the consequent impact on earnings per share, etc.

5. Your Company has proposed a maximum amount of Rs.1,000 Million for the share buyback programme. This represents approximately 12.22% of the aggregate of the Company's paid up capital and free reserves (post completion of first buyback of equity shares aggregating Rs.1,500 Million) eligible for use in buyback which is lower than the maximum permissible limit of 25%. The funds for buyback will be available from the current surplus and/or cash balances and internal accruals of the Company.

6. The actual number of shares bought back would depend upon the average price paid for the shares bought back and the amount deployed in the buyback. As an illustration, at the proposed maximum price of Rs. 42 per share and for an amount deployed of Rs 1,000 Million, the number of shares bought back would be 23,809,523 which would amount to approximately 11.03% of the pre-buyback paid up equity share capital (post completion of first buyback of equity shares). Should the average purchase price be lower than Rs. 42/- the number of shares bought back would be more, assuming the same deployment of Rs. 1,000 Million.

7. The debt to equity ratio post Buyback will be well below the maximum allowable limit of 2:1 set by the Act.

8. The Buyback is proposed to be implemented by the Company through the methodology of "Open market purchases through the Stock Exchanges", as permitted in the Buyback Regulations. The buyback shall be implemented in the manner and following the procedures prescribed in the Act and the Buyback Regulations and as may be determined by the Board of Directors (including a Committee of Directors constituted specifically for the buyback), hereinafter referred to as the "Board", and on such terms and conditions, as may be permitted by law from time to time. There will be no negotiated deals, spot transactions, or any private arrangements, in the implementation of the buyback.

9. The specific price of the buyback, the amount to be used for the buyback, the maximum number of shares to be repurchased and the timing would be decided by the Board after considering various relevant factors, including the limits imposed by the shareholder resolution and the limits imposed by law, during the period of the buyback.

10. The aggregate shareholding of the promoters and of the directors of the promoter, where the promoter is a Company, and of the persons who are in control of the Company (collectively referred to hereinafter as the "Promoters") as on the date hereof is 43,859,245 equity shares constituting 20.31% of the issued share capital of the Company.

11 a. Some of the promoters and/or persons in control of the Company and/or persons acting in concert with them, have purchased an aggregate of 7,415,536 shares of Rs.10/- each at various dates (of which 2,125,000 shares purchased from promoters inter se), the highest rate being Rs.39.90 per share on January 24, 2001 and the lowest rate being Rs.25.02 per share on April 6, 2001 and have also sold to promoters inter se an aggregate of 2,125,000 shares of Rs.10/- each at the highest rate of Rs.39.89 per share on January 24, 2001 and the lowest rate of Rs. 27.95 per share on March 22, 2001 during the period of six months preceding May 3, 2001 being the date of meeting of the Board of Directors at which the buyback was approved.

b. Some of the promoters and/or persons in control of the Company and/or persons acting in concert with them, have purchased an aggregate of 1,175,222 shares of Rs.10/- each at various dates, the highest rate being Rs. 33.85 per share on May 7, 2001 and the lowest rate being Rs.30.97 per share on June 8, 2001and have also sold an aggregate of 25,000 shares of Rs.10/- each at the highest rate of Rs.33.80 per share on May 4, 2001 and the lowest rate of Rs. 31.80 per share on May 10, 2001 during the period May 4, 2001 to June 14, 2001 being the date hereof.

12. The Promoters, and/or their associates will not offer their shares to the Company under the buyback.

13. As per the provisions of the Act, the special resolution passed by the shareholders approving the buyback will be valid for a maximum period of twelve months from the date of passing of the said special resolution (or such extended period as may be permitted under the Act or the Regulations or by the appropriate authorities). The exact time table for the buyback shall be decided by the Board within the above time limits.

14. The buyback will be implemented after approval, if necessary, of the financial institutions/banks from whom the Company has borrowing arrangements and obtained loans and subject to completion of the necessary formalities as prescribed under the Law.

15. As per the provisions of Section 77 A (8) of the Act, the Company will not be allowed to issue fresh equity shares for a period of 24 months after the completion of the Buyback. This restriction would not apply to bonus shares or shares issued towards discharge of subsisting obligations such as arising from convertible preference shares, debentures, employee stock options, etc. issued before the Buyback. Currently the Company has no subsisting obligations arising from convertible preference shares, debentures, employee stock option.

16. As per provisions of the Act, the shares bought back by the Company will compulsorily be cancelled and will not be held for re-issuance.

17. The Company confirms that there are no defaults subsisting in the repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.

18. The Board of the Company confirms that it has made the necessary and full inquiry into the affairs and prospects of the Company and the Board has formed the opinion that:

    a) immediately following the date on which the Annual General Meeting is convened, there will be no grounds on which the Company could be found unable to pay its debts;

    b) as regards its prospects for the year immediately following the date of the Annual General Meeting, having regard to their intention with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in the view of the Board be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date; and

    c) in forming their opinion for the above purposes, the Board have taken into account the liabilities, as if the Company were being wound up under the provisions of the Act (including prospective and contingent liabilities).

19. The text of the Report dated June 14, 2001 received from M/s Chandabhoy & Jassoobhoy Chartered Accountants and Kalyaniwalla & Mistry, Chartered Accountants, the joint Statutory Auditors of the Company addressed to the Board is reproduced below:

    "In connection with the proposal of The Great Eastern Shipping Company Limited (the "Company") to buyback its share and in pursuance of the provisions of Section 77A and 77B of the Companies Act, 1956 and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, we have examined the audited financial statements of the Company for the year ended March 31, 2001 and the relevant records and according to the information and explanations given to us and on the basis of such verification of records as we considered appropriate, we report that:-

    a) We have enquired into the state of affairs of the Company.

    b) The Board of Directors of the Company has proposed to Buyback the Company's equity shares to the extent of Rs. 1,000 Million. In our opinion, the said amount of Rs. 1,000 Million equivalent to 12.22% of the total paid-up capital and free reserves of the Company(post completion of the first buyback of the equity shares aggregating Rs.1,500 Million will be within the maximum permissible capital payment in respect of the equity shares to be bought back and the same has been properly determined in accordance with Section 77A(2)(c) of the Companies Act, 1956.

    c) The Board of Directors in their meeting on May 3, 2001 have formed their opinion as specified in clause(x) of Schedule 1 of Securities and Exchange Board of India(Buyback of Securities) Regulations, 1998, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of 1 year from the date of the Annual General Meeting of the Members of the Company proposed to be held on July 26, 2001."

20. All the material documents referred to in the explanatory statement will be made available for inspection by shareholders at the registered office of the Company between 11.00 a.m. to 1.00 p.m. on all working days upto the date of the Annual General Meeting.

21. As the proposal for Buyback will be in the interest of the Company, the Directors recommend passing of the resolution as set out in the notice.

22. None of the Directors is in any way concerned or interested with the resolution, save to the extent that like any other shareholder in the same position, their proportion in the post-buyback equity capital will stand enhanced as a result of the Buyback.

By Order of the Board

Jayesh M. Trivedi
General Manager (Secl & Legal) &
Deputy Company Secretary.

Mumbai, June 14, 2001
Registered Office :
Ocean House,
134/A, Dr. Annie Besant Road,
Worli, Mumbai 400 018.

CHAIRMAN'S STATEMENT

Dear Shareholders,

Strong performance of the tanker market this year has propelled your Company to its highest annual profit since inception. A conscious increase in exposure to oil tankers in relatively weaker markets of the last few years left us well placed to take advantage of the upturn in 2000/01.

The year saw your Company's fleet mark an increasing presence in the global trades with Great Eastern vessels transporting cargoes to virtually every continent. The quality of fleet and personnel enabled the Company to break into new markets and cultivate new customers such as global oil majors, independent U.S. refiners and Far Eastern trading houses. The growing perception of your Company as a quality operator should stand it in good stead in times when business is significantly gravitating towards quality in the maritime industry. The global service coverage was balanced by a continued strong domestic presence and the Company continued to satisfactorily service the Indian oil industry via its tanker and offshore fleet. The dry bulk business also witnessed an earnings upturn as well as an internationalisation of service; though on both counts this segment's performance was muted in comparison to the tanker business. The Offshore division continued to deliver good returns in this more localised business segment. The performance of these divisions is discussed in greater detail in the "Management Discussion and Analysis" section of this report.

Your Company has also embarked upon a makeover of management processes involving systems' upgradation and a move towards a more optimal profile of its human resources. We believe this will be a significant contributor to the Company's objective of providing a differentiated service and becoming a preferred service provider to its widespread customer base. Towards this end, the Company has also committed significant investments for modernisation and upgradation of its assets. These operational initiatives will continue to be backed by judicious timing of investments and divestments to derive enhanced returns from this traditionally volatile industry.

Considering the financial and operational risks entailed in the planned expansion, increased exposure to international markets and growing global sensitivity to the marine environment; the Company is aware that risk management will be a key issue in the future. Your Company's strategies in terms of multi-sector exposure, investing in downturns, locking-in long-term revenue, building customer preference and adhering to stringent quality standards will significantly mitigate the risks and support earnings' expansion.

Excess cash resources generated as a consequence of excellent operational performance were utilised to optimise the capital structure via retiring of high cost debt and buyback of equity capital. As a part of the ongoing process of capital restructuring, the Board has proposed a second buyback to be approved by the shareholders. The rationale and benefits of the buyback have been dealt with in greater detail in the Directors' Report.

The Company's performance could not have been possible without the expertise of its thousand onboard officers and other support crew. The strength of your Company lies in its management team that has, and will, be oriented in all its activities to achieve value creation. It has been ably supported by around 250 onshore employees who bring with them a mix of ability, rich experience and pride in professional excellence. I envisage a bright future of your Company and hope to see your encouragement and support in the years ahead.

Thank you

K.M. Sheth
Executive Chairman

Mumbai, June 14, 2001

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting their report and statement of accounts for the Year ended March 31, 2001.

FINANCIAL PERFORMANCE

You will be happy to note from the statement of accounts attached to this report that your Company's profit before tax has increased to Rs. 2014 Million("M") for the year under review from Rs.1264 M last year. This is the highest profit ever recorded by the Company so far. This performance has been achieved with the help of very good freight market for tankers especially the crude and petroleum products, stronger bulk carrier markets as well as steady and robust offshore business of the Company. A detailed discussion on the overall Company's performance has been incorporated in this report under the head " Management Discussion and Analysis" which will give you an overview of the Company's business. In view of the improved profitability, coupled with reduced capital of Rs.217 M(Rs.215 M post completion of Buyback) for the year ended March 31,2001 and with doubling of earnings per share of the Company, your Directors are pleased to recommend the equity dividend of Rs.2.75 per share for the Year 2000-2001 as compared to dividend of Rs.1.50 per share last year. This dividend represents a pay out ratio of about 35% and accounts for an overall outflow of Rs. 666M including dividend tax. The reduction of capital was achieved consequent upon buy back of Company's own shares. Your Directors have also declared an interim dividend of 8.5% prorata from the date of allotment on the Preference Capital of Rs.950 M issued during the year under review. As per the terms of issue of the Preference Capital, no further dividend is payable and the same is to be treated as final dividend. The appropriations out of the profit for the year are as under :

		2000-2001 Rs.	1999-2000 Rs.
Profit before tax		**2,013,964,423**	1,264,502,659
Less: Provision for tax		**240,000,000**	160,000,000
Profit for the year after tax		**1,773,964,423**	1,104,502,659
Less/(Add): Prior years Adjustments (Net) [Note 8 (e)]		**8,780,113**	(9,483,921)
		1,765,184,310	1,113,986,580
Less: Transfer to Reserve under Section 33AC of the Income-Tax Act,1961		**1,400,000,000**	–
		365,184,310	1,113,986,580
Add: Surplus brought forward from previous year		**3,851,668,977**	3,427,046,062
		4,216,853,287	4,541,032,642
Less:			
– Transfer to Capital Redemption Reserve	**410,662,020**		–
– Transfer to Debenture Redemption Reserve	**332,500,000**		202,500,000
– Transfer to General Reserve	**1,009,060,000**		55,893,057
– Interim Dividend on Preference Shares	**22,402,739**		–
– Interim Dividend	–		388,261,809
– Proposed Dividend	**598,881,261**		–
– Tax on Dividends	**66,148,908**		42,708,799
		2,439,654,928	689,363,665
Balance Carried Forward		**1,777,198,359**	3,851,668,977

CAPITAL RESTRUCTURING

During the year under review, your Company commenced its first Buy Back programme through Stock Market operations and bought back 429 M of its own equity shares of face value of Rs.10 for an aggregate amount of Rs.1498 M at an average price of Rs. 34.91 per share. This has reduced the Company's capital from Rs.2588 M to Rs.2159 M a reduction of about 16%. For the year ended March 31,2001 the Company's earning per share has improved substantially to Rs.8 from Rs.4 last year and one of the reasons for such improvement is the reduction of capital through buy back. Subsequently your Directors have recommended second Buy Back of shares, the details for which are provided in the subsequent paragraphs.

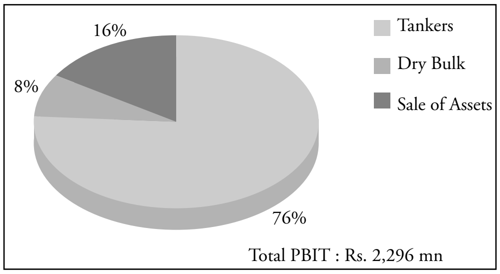
After your approval at the last Annual General Meeting, in the month of December, 2000 your Company issued and allotted Redeemable Preference Shares of Rs.950 M carrying fixed dividend of 8.5%, by private placement. These shares are due for redemption in 36 months with an option to the investor and the Company to redeem them in 18 months from the date of allotment.

BUSINESS AND OPERATIONS OF THE COMPANY

As reflected in the statement of accounts the main business of the Company namely shipping and offshore continued to do very well. The performance of each of these businesses has been dealt with in the following paras.

MANAGEMENT DISCUSSION AND ANALYSIS

SHIPPING DIVISION



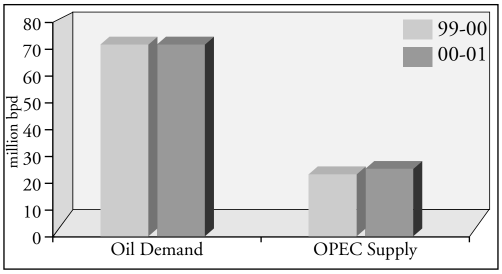
FY00-01:

- **TCE revenues up by 37% and operating PBIT up by 83%.**
- **Invested (including commitments) $160 M and divested around $21M**
- **Carried 7.8 M tonnes of dry cargo, 52.5 M barrels of crude oil and 42.7 M barrels of petroleum products.**

THE TANKER BUSINESS

DEMAND SPURT

As oil demand weakened after the Asia-driven economic shock of '97-'98, oil prices dropped precipitously leading to OPEC output cuts in '99 to support oil price. This lead to weaker oil trade and depletion of oil inventories in major consuming areas. World economic growth spurted in 2000 with global output growing in excess of 4.5%, which lead to an increased demand for oil. Restricted by low inventories and limited domestic production capacities, the consuming regions increased their crude oil imports significantly to meet the demand growth. This import demand was primarily met by OPEC exports, which represent longer voyages for crude tankers, significantly boosting tonne-mile aspect of tanker demand.

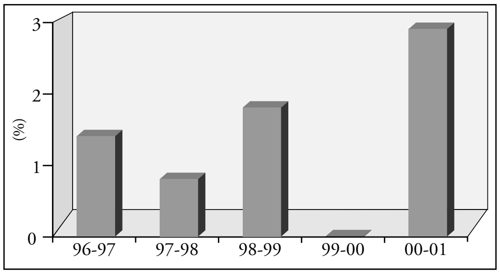


Strong prices for petroleum products in the U.S. lead to an arbitrage opportunity from Asia into the U.S. and products' trade picked up significantly in the second half of the year. The ability of state-of-the-art Asian refineries to produce "green" fuels more efficiently than domestic producers further lead to long-haul Asian exports to the U.S. This lead to newer, tanker-intensive trade patterns; with Great Eastern's product tankers employed for carriage of gasoline from west coat of India into the U.S Atlantic coast.

INADEQUATE FLEET SUPPLY

As tanker earnings softened in '98 and '99, tanker ordering dried up leading to reduced fleet deliveries in '99 and early part of 2000. Combined with increased scrapping, this lead to a virtual fleet stagnation in 99/00. Thus, when there was a high demand growth in 2000/01, the fleet supply proved to be quite restricted in comparison. Fleet utilisation reached near full-capacity this year and earnings soared. The tanker fleet grew as scrapping reduced to half of 99/00 levels in these firm market conditions, but this growth was still insufficient to temper the freight market significantly.

Tanker Fleet Growth



THE "ERIKA"

The Malta registered tanker ERIKA sank in December-99, in bad weather in the Atlantic Ocean; 80 km west of the French coast of Brittany. The ship broke in two and sank with 20,000 tons of heavy oil.

The spill took place in one of the richest fishing waters in the Atlantic and a 360-km long coastline was severely polluted. This maritime environmental disaster brought about a sea change in tanker chartering and lead to a significant migration of tanker demand to quality operators with modern vessels. This move especially benefited quality operators like Great Eastern with our modern tankers earning premiums not witnessed in the past. The tight availability of such quality operations further aided the firming of market sentiment.

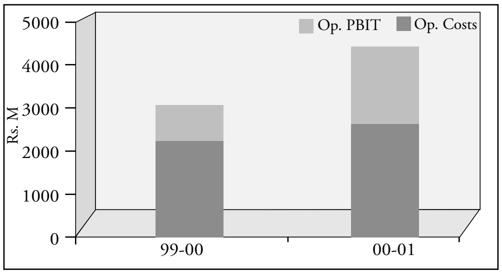
OUR PERFORMANCE

On the back of these market factors, tanker TCE earnings increased by 44% while operating PBIT increased by 117% over previous year.

Crude Tankers contributed 22% of the division's TCE revenues in FY 00-01. As fleet utilisation reached near its physical limits, rates soared setting new highs for tanker markets. The two modern Aframaxes trading on the spot benefited from this movement, as also from the flight to quality; and earned a TCY in excess of $ 30,000 per day in this year as compared to around $12,000 per day last year. The fixed-rate crude import contract for an Indian customer and long-term charter of the Suezmax provided stability to the crude tanker earnings.

Product tankers contributed 45% of the division's TCE earnings in FY 00-01. The first two quarters of the year were relatively uneventful for the product tanker market with the crude carrier rally significantly outpacing the product tanker rise. The second half though, saw sharp increases in product tanker earnings, which rewarded our strategy of maintaining a significant exposure to the international product tanker spot market. These larger MR-sized product tankers earned around $16,000 per day in this year as compared to around $11,600 per day last year. The smaller GP-sized product tankers were predominantly employed on timecharter to the public sector Indian oil companies for coastal movement of petro-products. Due to the nature of the business, this segment witnessed the least increase of around 13% over last year to achieve a TCY of around $ 11,900 / day for 00/01.

Revenue growth and breakup

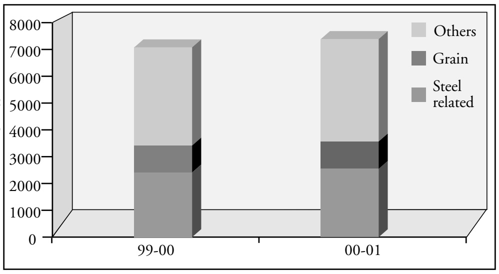


The single LPG carrier was fixed in Dec-00 for a period of at least three years that will ensure a steady contribution from that business and eliminate exposure to spot gas carrier markets.

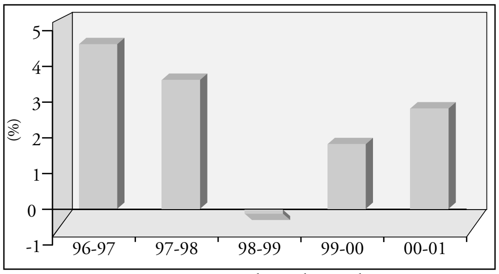
DRY BULK BUSINESS

DEMAND GROWTH

The upturn in the world economy lead to increased demand for basic raw materials and consequently had a positive impact on dry bulk trade. Steel production, especially in Japan, increased substantially boosting demand for iron ore and metallurgical coal. Dry bulk trade grew by 4.4% in 2000/01 in terms of tons of cargo carried. This growth was driven by 5.8% growth in the steel related trades as grain trade virtually stagnated during the year. The steel related trade growth translated into demand for the Capesize sector, which experienced a sterling year in 2000/01. The demand for Handymaxes and Panamaxes was muted in comparison; but even these sectors experienced significant growths compared to the weak conditions prevailing the year before.



Dry Bulk Fleet Growth



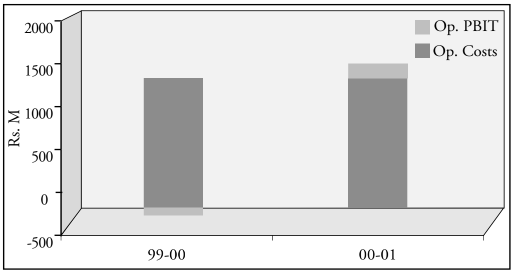
SUPPLY GROWTH

After restrained growth in the last couple of years, the dry bulk fleet grew more rapidly during 2000/01 taking the edge off the dry bulk rally. This growth was highly concentrated in the larger sector with the Panamax sector growing by 6.2% and Capesize by 6.0%; even as the Handy / Handymax sector remained practically stagnant.

OUR PERFORMANCE

In Fy-00/01, dry bulk TCE earnings increased by 18% resulting in significant positive operating PBIT as compared to the operating loss in the previous year. This increase was brought about inspite of a reduction in our dry bulk fleet during the year.

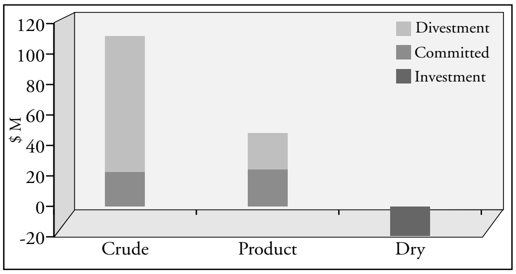
Revenue Growth and Breakup



Dry Bulk carriers contributed 28% of the division's TCE revenues in FY 00-01. The Handymaxes averaged around $8,100 per day this year registering an increase of about 23% as compared to last year. Handysizes, coming from dismal rates in 99/00, increased by a more substantial 32% to end the year with an average earning of about $ 6,700 per day. The earnings growth in the dry bulk segment lost its steam during the end of the year as supply worries dampened market sentiment.

FLEET DEVELOPMENT

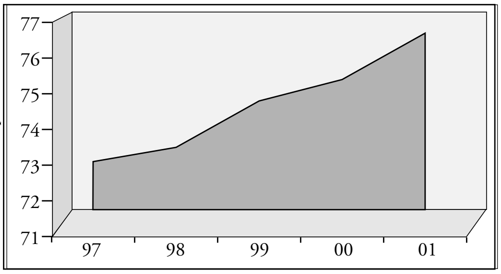
FY 2000-2001



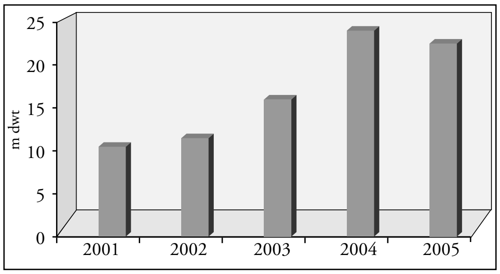
During the year, the division placed three contracts with Korean shipyards for construction of Aframax crude carriers at a contract price of around $37.0 M each. The payments are to be on staggered basis till delivery of these vessels in 2002 and 2003. The newbuilding prices have since then risen and comparable contracts are now being placed at levels of around $41.0-$42.0 M. The modern product tanker fleet was further augmented with purchase of two '96-built double-hull product tankers recently. One vessel was bought in Dec-00 through our London subsidiary and taken into the parent company's fleet in May-01. Its sister vessel was purchased and delivered in May-01. These secondhand product tanker purchases were made for a gross consideration of $ 48.0 M. All these investments have been funded via internal accruals and debt borrowings.

Two early-70's built product tankers, which were employed in the coastal trade, were sold for scrap for a sale price of around $2.0 M. To reduce the impact of a weaker dry bulk market on the more susceptible older vessels, four old dry bulk carriers were sold during the year for an aggregate sale price in excess of $19.0 M. All the above sales generated a book profit of Rs.361 M for the year 2000/01.

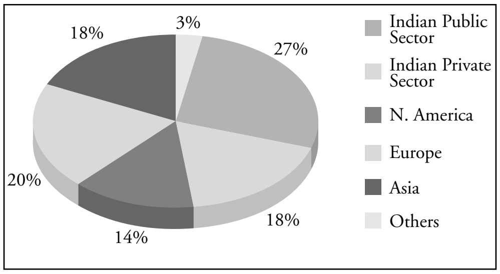
Global Oil Demand - IEA



Estimated Scrapping - IMO Effect



Revenue Distribution



FUTURE OUTLOOK

Global oil demand has continuously increased for the past few years through different economic environments and IEA has estimated the oil demand to increase by 1.7% even in a weaker economic outlook for 2001. This increase in global oil demand has a multiplier impact on oil trade, and consequently tanker demand, as this incremental demand is primarily met by imports.

The "Erika" spill spurred the International Maritime Organisation (IMO), the apex body governing global shipping, to bring about regulatory changes that are expected to have a salutary effect on medium term tanker outlook. On April 30th, 2001 IMO approved a new global timetable that will see most single hull oil tankers eliminated by 2015.The new regulation will enter into force in September 2002, the earliest possible time permitted under the MARPOL convention. These regulations will force around 30% of the current tanker fleet to the scrapyards by 2005. Considering that less than 20% of the fleet is currently on order and no berth space is available for delivery till 2003, the medium term supply outlook looks under control.

The first quarter of 2001/02 has seen the tanker market come of its highs in the previous quarter. It has to be noted that this is the traditionally weak quarter of the year as winter draws to a close and heating oil requirement in the Northern Hemisphere reduces. Given the above supply/ demand fundamentals, the tanker market is expected to stay healthy over the medium term though there could be short-term imbalances. The dry bulk market is expected to be weaker in the coming year as the ordering binge of 1999 causes a significant increase in supply over the next 12-18 months.

As of April-01, 35% of FY-00/01 TCE revenues had already been fixed through a combination of period charters and contracts; yet maintaining significant spot exposure to sectors with a bullish outlook. The exception to this is the dry bulk business where the fleet age profile makes it difficult to obtain significant period charters. Another area of concern is the Indian coastal product business for public sector oil companies where the requirement has reduced in the last two years and faces an uncertain future. This concern has been largely mitigated by maintaining a geographical spread of our fleet and creating a world-wide preference for our services over the recent past.

Given all the above considerations, the overall outlook on shipping performance for the coming year is positive and we expect to see another good year in FY 2001-02.

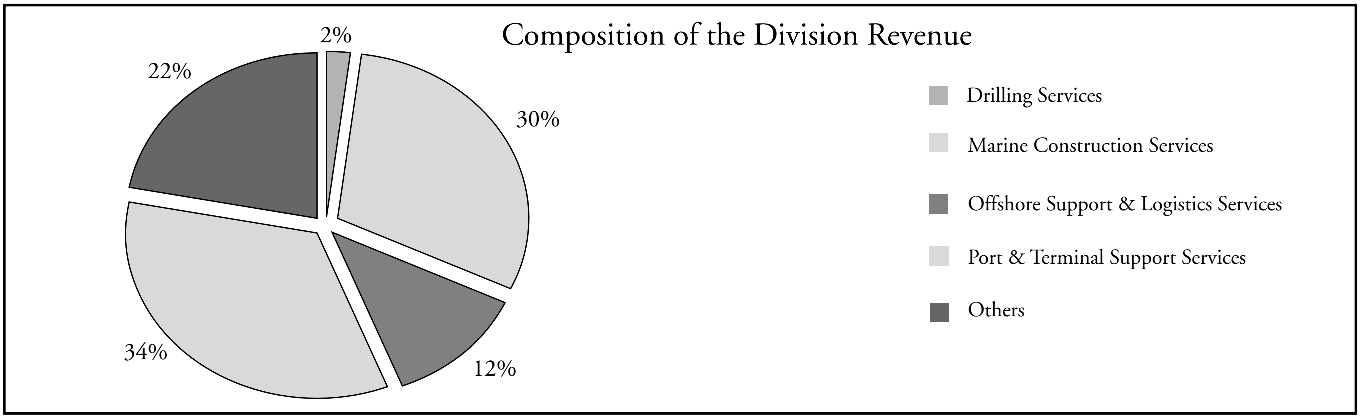
OFFSHORE DIVISION

Operating Profit of the Division has increased by 7% over the previous year. The Division has also acquired one tug during the year.

OPERATING PROFIT
Rs. in million

CAPITAL EMPLOYED
Rs. in million

The Offshore Division continues to provide services to the offshore energy industry and port authorities, through the operation of a diversified fleet of Oil Rigs, Offshore Support Vessels, Harbour Tugs, Construction Barge and Helicopters.



Industry Structure, Developments & Outlook

Globally, there is a view that oil prices should remain steady within a range of $22-$28 per barrel, and the conditions are broadly in place for a reasonable oil field service industry. According to the December 2000 Salomon Smith Barney E&P Spending Survey, worldwide spending has risen by over 15% in 2000 and 2001.

The Indian offshore sector, unlike the US Gulf of Mexico and the North Sea markets, is comparatively less sensitive to the fluctuations in global oil and gas prices. The volatility in utilization levels and revenue streams of the oil and gas service sector is also relatively limited in India.

The bidding process under the New Exploration Licensing Policy II (NELP-II) was declared closed and bids opened on 31st March 2001. Out of the 25 blocks that were offered, 8 deep-water, 8 shallow-water and 7 on-shore, a total of 23 blocks have received bids from a total of 13 domestic and foreign oil companies. The total estimated exploration investment in all the three phases would be about US$ 780 million, including the minimum commitment in Phase-I of about US$ 290 million. The investment may go up depending on the results of exploration work to be carried out by companies.

ONGC has begun implementation of the Rs. 5,000 crore redevelopment programme for Mumbai High North in January this year, the Rs. 25,000 M revival plan for Mumbai High South would be taken later. The Rs. 75,000 M redevelopment plan for Mumbai High oil fields would be completed over the next five years.

The Division has an established system of closely reviewing the business environment and constantly adopting policies to minimize the impact of various risks affecting its business while exploiting the available opportunities.

Drilling Services

In the Indian market both the jackup drilling rig and floater rig sectors are undergoing an increase in demand at present with new tenders for both types of units already under consideration. ONGC is the prime mover behind this activity, but independent companies such as Enron Oil & Gas, Cairn Energy, Hardy Oil & Gas, Niko Resources, are also involved.

Company's Drill Barge BADRINATH completed her 3 (three) year contract with ONGC during January 2001 and subsequently the rig was released. The rig is slated to start a new short-term contract at the improved Operating Day Rate of US$ 42,300 in the East Coast of India with Hardy Exploration & Production (India) Inc. The rig has also been quoted against ONGCL's floater requirement.

Jackup rig KEDARNATH has completed 25 years on 12th March 2001, The rig is on contract to ONGC until 1st quarter 2002. During the quarter, the rig operated in Bombay High, and has successfully completed well #B203A and is presently drilling at location #BHEB.

The annual utilization ratio of the rigs during the year was 89%. However, operating profit for Drilling Services has declined during the year by 22% due to subdued day rates in the Indian rig market.

The Drilling Services is primarily exposed to the twin risks of its ageing rig fleet and their dependence on a limited clientele base dominated by ONGC. The Division is actively considering life enhancement program and upgradation of its rigs to enhance their future employment opportunities. It is constantly scouting the market to increase its clientele base within the industry.

Marine Construction Projects and Services

The division, during February 2001, was awarded by ONGC a turnkey project comprising of installation of Clamp-on structures on 4 platforms in the Neelam Field, at Mumbai Offshore against stiff competition at a total cost of about Rs. 21 crores.

The Barge was initially deployed between Mazagon Dock Limited and L&T during the first quarter. In fact, the Barge was the last of the barges operating in Indian waters to come off the contract just before the end of the season. At the beginning of the season starting in

October, the barge was deployed for L&T and thereafter for Mazagon Dock Limited for the BHN Revamp Project of ONGC since December 2000. This was completed end March 2001. Thereafter she was mobilized for Neelam Clamp-on project of ONGC.

During fire in BHF platform on 14th February 2001, the company's Hook-up Barge had successfully accommodated and provided relief to more than 500 personnel from ONGC and MDL.

The annual utilization ratio of the Company's Hook-up Barge, GAL Constructor, during the year was 85%.

This area of business is dependent on capital expenditure of the Oil and Gas producers to meet their developmental projects. Projected increase in production of oil majors in the international market coupled with further activities likely on the Indian shore should create a positive atmosphere for growth in activities for this service. In order to reduce the volatility in revenue, the division is looking at opportunities to take up turnkey projects involving deployment of marine spreads as well as technical support.

Offshore Support & Logistics Services

The Division continues its efforts of servicing all the E&P operators working offshore India and has added marine contractors to its long list of clients.

To meet the ever changing demand as proposed by various operators, the Division is keen to change the fleet profile of its asset. The change in this fleet profile will be in consonance and emanate from the clarity derived from long-term plans of various operators working on the Indian coast.

In light of the various developments in India and foreign markets, the division has decided to adopt a twin pronged strategy of life enhancement program to boost efficiency of its ageing fleet of offshore vessels, combined with a long-term investment program of acquiring quality assets. However, in the present market of increasing confidence, asset prices are rising and owners are showing growing reluctance to sell quality assets at a price desirable to the division.

The annual utilization ratio of the Offshore Support Vessels during the year was 74%. Due to improvement in day rates during last quarter of the year and better fleet utilization, operating profit has improved during the year by 104%.

The division is intending to aggressively marketing its services in the adjoining markets of Middle East and Far Eastern countries to take advantage of the increasing day rates available in these markets. It is also in the process of setting up of an office at Dubai to actively market its vessels in the Persian Gulf.

Air Logistics Services

The Division has obtained the Board approval in respect of the formation of a Joint Venture company, which is being implemented presently.

ONGC, Hardy, Cairn and Enron are main charterers of the helicopters in India for their offshore logistics purposes. We anticipate the demand for helicopters to rise in the future with the advent of new E&P Operators.

During the year, of the 3 (three) helicopters on charter to M/s Enron, 1 (one) helicopter was removed from the division's fleet as per Lessor's request. The annual utilization ratio during the year was 70%.

Port Support & Terminal Services

The Division continues to support major ports in the country, and is constantly on the lookout for widening its client base through active participation in various tenders and developing new business opportunities.

At the end of the year, vessels operated by the Division were employed with various ports in India, both major and minor, and lending continuous support to their operations.

The annual utilization ratio during the year was 92%. Moreover, operating profit has improved during the year by 10% due to addition to the fleet and improved utilization.

Although the Division operates a relatively young fleet of harbour tugs, its main competition emanates from the new building program of various Port Authorities in the country. The corporatisation initiatives adopted by major ports and development of minor ports in India is likely to lend their support to the demand for harbour tugs in India. Further demand for harbour tugs is also expected from the upcoming LNG/Chemical terminals. The Division is actively reviewing these new opportunities emerging in the market.

Safety & Training

Various safety courses were carried out in the Division during the year. Taking into account training needs of personnel on the various vessels operated by the Division, courses are continuously being introduced to upgrade the safety awareness and ensure continuous improvement to safety norms adopted by the Division.

Internal audits of various departments within the Division are periodically carried out to ensure that the quality, safety and pollution-prevention activities comply with the Company's safety and quality management system. The Division reviews the system in accordance with established documented procedures.

Annually, Det Norske Veritas (DNV) carries out an external audit to verify that the Offshore Division conforms to the quality system standard ISO 9002:1994.

FUTURE OUTLOOK

Globally, oil price determination is skewed more in favour of political considerations rather than supply-demand variables of the commodity. Consequently, long-term price stability by maintaining a perfect balance between supply and demand is highly improbable except for a short duration of time. However, presently cautious confidence prevails and the international oil and gas industry is optimistic about the current pricing of oil and gas lending its support to an increase in the demand for drilling rigs and related services.

Indian offshore sector which is the primary market for the Division is relatively less volatile vis-à-vis the international offshore sector. Consequently, the swings in the day rates of rigs and vessels of the Division are expected to remain limited during the current fiscal.

Keeping 2000-2001 as the revenue base, 57% revenue has already been covered through an optimum mix of employment that maximizes fleet revenue and minimizes market exposures. Given below is a table showing the coverage of operating capacity of the various services.

Coverage of Operating Capacity	
As on 1st April 2001	
Rigs	61%
Harbour Tugs	41%
Offshore Support Vessels	56%
Construction Barge	10%

Although initially investments of the Division were focussed on ONGC operations, over a period its business has grown while the client base enlarged. Today, the Division is servicing all the E&P operators and a wide cross section of public and private sector port trusts in India. With potential opportunities from NELP, redevelopment of existing offshore oil fields, further demand from corporatisation of major ports, development of minor ports and specialized terminals in India, the Division is poised to capitalize on the plethora of emerging opportunities in the Indian market.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has adequate internal control systems in place. With a view to monitor the Company's performance as well as to make sure that internal checks and controls are properly operational the Company has appointed an external firm of Chartered Accountants as Internal Auditors who are given the terms of reference every year so as to ensure that all the areas of operations of the Company are covered periodically in an orderly manner. The Reports of the Internal Auditors are considered by the Audit Committee of the Board. The Audit Committee ensures that internal control systems are adequate and are working.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES AND COSTS REDUCTION INITIATIVES

The Company has 278 shore staff and 739 floating staff who man its ships including the assets of Offshore Division.

As an overall initiative of aggressive cost reduction the Company had engaged the services of International Management Consultant. This initiative covered areas such as improvement in technical process, man power review and its rationalisation. This cost reduction initiative upon its full implementation has given the Company a saving of about Rs.185 M during the year under review. While carrying out floating staff and shore staff rationalisation the Company had introduced voluntary retirement scheme for its staff. Shipping Industry wage negotiations covering floating staff and shore staff compensation review was completed during the year.

REGULATORY ASPECTS

The depreciation rate on ships for tax assessment was increased from 20% to 25% which will give increased tax shield to the Company. This tax benefit will be available to your Company. However, in the overall context of the shipping companies world over paying no tax, the competitive tax efficiency of this measure is marginal.

The Union budget 2001-2002 has levied withholding tax on interest paid on external commercial borrowing. This will increase the cost of external debt to Indian companies as foreign lending entities will ask for grossing up the interest after taking into account withholding tax.

The Import Policy issues relating to ships were resolved during the year and as such the hindrance to ship acquisition due to this policy were removed. Your Company has taken immediate steps to acquire 2 Product Tankers and 1 Harbour tug thereafter.

COMPANY FINANCES

During the year under review in addition to the normal loan repayments the Company prepaid some of its expensive foreign currency loans of about USD 26 M and borrowed Rs.350 M by private placement of Non- Convertible Secured Debentures. The Company also issued and allotted Rs.950 M Redeemable Preference Shares. After the close of the year under review your Company further raised an amount of Rs.900 M by private placement of Non-Convertible Secured Debentures.

You will be happy to note that your Company has maintained its "AAA" (Triple A) credit rating from CRISIL for its local debt instruments for a continuous period of 5 years.

LNG TRANSPORTATION PROJECT

Your Company, as a part of Consortium consisting of Exmar N.V. as leader and Indian Oil Corporation Ltd. had submitted its bid against the tender of Petronet LNG Ltd. for transportation of LNG into India. The Charter Hire rate quoted for this business by the Consortium were based on certain ideas on return to its shareholders and were not the lowest and hence the business was awarded to another Consortium. Your Company will explore other LNG opportunities in future as one of the preferred areas of business consistent with its ideas of return to shareholders.

SECOND BUY BACK OF THE COMPANY'S SHARES

Your Directors after viewing the Company's performance for the last year as well as the projection of the financial year 2001-2002 are of the opinion that the Company would continue to generate strong cash flows. After considering immediate capital expenditure requirements, which would be funded through a prudent mix of internal accruals and debt the Directors believe that your Company will have surplus cash. After examining the various options available for the use of this surplus cash, the Directors unanimously concluded that the best option available to them, bearing in mind the long term interests of the shareholders, was a second Buy Back. Consequently, your Directors have recommended a buy back quantum of Rs.1,000 million at a price not exceeding Rs.42/- per share. This Buy Back is proposed to be implemented through an Open Market Route as permitted by SEBI.

An item seeking approval for the second Buy Back has been placed before you for your approval.

NOTES TO THE ANNUAL ACCOUNTS

Your attention is invited to the Note No. 8 of the Notes to the Annual Accounts in respect of change in the accounting policy of depreciation on the Gas Carrier. The said note has been referred to by the Auditors in their report.

SUBSIDIARY COMPANIES

As required by the Companies Act the statement of account of the subsidiary companies namely The Great Eastern Shipping Co. (London) Ltd., London, The Greatship (Singapore) Pte. Ltd., Singapore, The Great Eastern (Fujairah) LLC-FZC are annexed to this report.

DIRECTORS

With effect from May 4, 2001 ICICI Ltd. one of the lenders to the Company withdrew the nomination of Mr. T.N. Pandey as their nominee Director on the Board of the Company. Mr. Pandey was the nominee of ICICI Ltd. on the Board for the last 8 years. ICICI Ltd. effective May 4, 2001 appointed Mr. M.J. Subbaiah as their nominee who is not liable to retire by rotation. Mr. M.J. Subbaiah has rich experience in the area of finance as he previously held senior positions in SCICI Ltd., ICICI Ltd. and Centurion Bank.

Considering the contribution of Mr. T.N.Pandey during last several years to the working of the Company the Board of Directors invited him to join the Board as additional Director of the Company w.e.f. May 5, 2001. His appointment as additional Director will be upto the date of the Annual General Meeting. The Company has received notices under Section 257 of the Companies Act alongwith deposits, proposing his appointment as Director.

Mr. K.P. Byramjee, Mr. A.K. Parikh, Mr. Vijay K.Sheth retire by rotation and being eligible offer themselves for reappointment.

CORPORATE GOVERNANCE REPORT

As required by Clause 49 of the Listing Agreement Corporate Governance Report is attached by way of Annexure 'A' to this report.

COMPLIANCE CERTIFICATE

A certificate from the Auditors of the Company concerning Compliance with Corporate Governance as stipulated in Clause 49 of the Listing Agreement is also attached to this report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 the Board of Directors hereby state:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures.
2. That the Directors had selected accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors had prepared the annual accounts on a going concern basis.

PERSONNEL

The share (office) staff and floating staff of the Company continued to perform at a high level of efficiency.

During the the year, the trading pattern on the tankers changed from their predominantly India-centric trade to a pan-global presence, with its attendant risks and stresses. The floating staff of the Company adapted remarkably well to these changes, performing at or above international standards. This commitment was reflected in the number of citations and approvals received from our customers, and will eventually lead to the Company being able to sustain and enhance its distinct brand identity.

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. 4,451.7 million).	9,824.6
(b)	Foreign Exchange used including operating expenses, capital repayment, down payments for acquisition of ships, interest payment and import of commodities.	6,395.4

PARTICULARS OF EMPLOYEES

Information about the particulars of the employees under Section 217 (2-A) of the Companies Act, 1956 is given as Annexure B 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 and Natural Gas Corporation Ltd., Hardy Exploration & Production (India) Ltd., Cairn Energy India PTY. Ltd., Indian Coastal Conference, Mazagon Docks Ltd., Larsen & Toubro Ltd., Enron Oil & Gas India Ltd., Indian National Ship Owners Association and Port Authorities for extending support to the Company during its operations.

For and on behalf of the Board of Directors

K.M. Sheth
Executive Chairman

Mumbai, June 14, 2001.

CORPORATE GOVERNANCE REPORT

ANNEXURE A

1. **COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Company believes that sound Corporate practices based on openness, credibility and accountability is essential to its long term success. These practices will ensure the Company, having regard to competitive exigencies, conducts its affairs in such way that would build the confidence of its various stakeholders in it, and its Board's integrity.

2. **BOARD OF DIRECTORS**

The Board consisted of 10 Directors as on March 31, 2001.

Composition, Category of Directors and other Directorship details are as follows:

Category Designation	Name of Director	No. of outside Directorships and Committee memberships/Chairmanships			
		Public Companies	Private Companies	Committee membership	Chairmanship
Promoter/ Executive Directors	Mr. K.M. Sheth, Executive Chairman	1	–	–	–
	Mr. S.J. Mulji, Executive Deputy Chairman	3	–	–	–
	Mr. Vijay K. Sheth, Managing Director	3	10	–	–
	Mr. B.K. Sheth, Managing Director	2	1	–	–
Promoter/ Non-Executive	Ms. Asha V. Sheth	–	2	–	–
Independent/ Non-Executive Director	Mr. R.N. Sethna	6	3	2	–
	Mr. K.P. Byramjee	10	29	2	–
	Mr. A.K. Parikh	1	–	–	–
	Mr. Manu Shroff	7	-	4	3
Nominee Director (ICICI)	Mr. T.N. Pandey	2	–	1	1

Mr. M.J. Subbaiah has been nominated by ICICI Ltd. in place of Mr. T.N. Pandey with effect from May 4, 2001 and Mr. T.N. Pandey has been appointed as an Additional Director with effect from May 5, 2001. Mr. M.J. Subbaiah is also a Director in 3 public limited Companies.

The attendance of the Directors of the company at the Board meetings and Annual General Meeting are as follows:-

Director	No. of Meetings		
	Held *	Attended	Attended Last AGM **
Mr. K.M. Sheth	8	8	Yes
Mr. S.J. Mulji	8	5	Yes
Mr. R.N. Sethna	8	7	Yes
Mr. K.P. Byramjee	8	5	Yes
Mr. A.K. Parikh	8	8	Yes
Mr. Manu R. Shroff	8	8	Yes
Mr. T.N. Pandey	8	8	Yes
Ms. Asha V. Sheth	8	8	Yes
Mr. Vijay K. Sheth	8	8	Yes
Mr. B.K. Sheth	8	8	Yes

* The Board of Directors met 8 times during the year on the following dates:

May 3, 2000, July 7, 2000, August 30, 2000, October 31, 2000, December 1, 2000, January 4, 2001, January 3, 2001 and March 29, 2001.

** Annual General Meeting (AGM) held on August 30, 2000.

3. AUDIT COMMITTEE

A) Terms of Reference

a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

c) Reviewing with management the annual financial statements before submission to the board.

d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

e) Reviewing the adequacy of internal audit function.

f) Discussion with internal auditors on any significant findings and follow up thereon.

g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

h) Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.

i) Reviewing the Company's financial and risk management policies.

j) To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.

B) Composition of Audit Committee

The Audit Committee comprises of the following Non-Executive independent Directors namely:-

(1) Mr. T.N. Pandey - Chairman

(2) Mr. R.N. Sethna

(3) Mr. K.P. Byramjee

(4) Mr. Manu R. Shroff

C) The Committee met 5 times during the financial year 2000-2001 and the attendance of the members of the Committee were as follows:-

Director	No. of Meetings	
	Held	Attended
Mr. T.N. Pandey	5	5
Mr. R.N. Sethna	5	3*
Mr. K.P. Byramjee	5	4
Mr. Manu R. Shroff	5	5

*Mr. R.N. Sethna was appointed on the Committee in July 7, 2000.

4. REMUNERATION COMMITTEE

A) Terms of Reference

To determine the Company's Policy on specific remuneration packages for Wholetime Directors including pension rights and any other compensation related matters and issues within the framework of the provisions and enactments governing the same.

B) Composition of the Committee

The remuneration Committee comprises of the following Directors namely:-

(1) Mr. R.N. Sethna - Chairman
(2) Mr. K.P. Byramjee
(3) Mr. A.K. Parikh
(4) Mr. T.N. Pandey
(5) Mr. Manu R. Shroff

C) Attendance during the year

The Committee met on May 2, 2001 to consider the commission payable to the Wholetime Directors of the Company for the financial year 2000-2001. This meeting was attended by all the Directors on the Committee.

D) Remuneration Policy

To compensate the Wholetime Directors commensurate to the earnings of the Company and the efforts put in by them for achieving the same.

E) Details of Remuneration paid to all Directors

I) Wholetime Directors

Executive Director	All elements of remuneration package i.e., salary, benefits, bonuses, pension etc. (Rs.)	Fixed component and performance linked incentives alongwith the performance criteria (Rs.) (Pl. see note (a))	Service contracts notice period, severance fees	Stock option with details, if any and whether issued at discount as well as the period over which accrued and over which exercisable
Mr. K.M. Sheth	2,327,217	5,000,000	NIL	Pl. see note (b)
Mr. S.J. Mulji	1,955,318	5,000,000		
Mr. V.K. Sheth	1,607,504	5,000,000		
Mr. B.K. Sheth	1,532,308	5,000,000		

Notes: (a) Commission is paid as determined by the Remuneration Committee based on certain performance parameters and profitability of the Company.

(b) Presently, the Company does not have a scheme for grant of stock options either to the Wholetime Directors or employees.

II) Non-Wholetime Directors

The details of payment to Non-Executive Directors for the financial 2000-01 are given below:

Non-Executive Director	Sitting Fees (In Rs.)	Commission (In Rs.)
Mr. Rusi N. Sethna	22,000	400,000
Mr. K.P. Byramjee	26,000	400,000
Mr. A.K. Parikh	18,000	400,000
Mrs. Asha V. Sheth	16,000	400,000
Mr. Manu Shroff	36,000	400,000
Mr. T.N. Pandey	36,000	50,000

Note: Commission is paid as determined by the Board of Directors based on the profitability of the Company.

5. SHAREHOLDER/INVESTOR GRIEVANCE COMMITTEE

A) Terms of Reference

The Company has formed an Investors/Shareholders Grievance Committee with the following terms of reference:-

(a) ensure redressal of the shareholders and investors complaints relating to transfer of shares, non-receipt of balance sheet etc.

(b) redressal of investors complaints in respect of non-receipt of dividends/interests/payments on redemption of preference shares, debentures, bonds or such other instruments which are redeemable.

B) Composition of the Committee

The Committee comprises of the following Directors namely:-

(1) Mr. T.N. Pandey - Chairman
(2) Mr. R.N. Sethna
(3) Mr. K.P. Byramjee
(4) Mr. A.K. Parikh
(5) Mr. Manu R. Shroff

The Compliance Officer is Mr. Jayesh M. Trivedi, General Manager (Secl. & Legal) and Deputy Company Secretary.

C) During the year under review, 2502 complaints were received from investors which were replied/resolved to the satisfaction of the investors.

76 requests for transfer and 672 requests for dematerialisation were pending for approval as on March 31, 2001. These pending requests were duly approved and dealt with by the Company.

6. GENERAL MEETING

1. Details on Annual General Meetings

1.1 Location and time, where Annual General Meetings held in last 3 years:

Location	Date & Year	Time
Chavan Centre, Gen. Jagannath Bhosle Marg, Mumbai - 400 021.	August 30, 2000	3:00 p.m.
Nehru Centre, Dr.A.B. Road, Worli Mumbai - 400 018.	July 30, 1999	3:00 p.m.
Patkar Hall, SNDT University, Sir V. Thackersey Marg, Mumbai - 400 020.	August 28, 1998	3:00 p.m.

1.2 Whether special resolutions were put through postal ballot last year? No

1.3 Are votes proposed to be conducted through postal ballot this year? No

2. Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

There is no material transactions with related party which requires separate disclosure other than M/s. Maneksha & Sethna wherein Mr. R.N. Sethna is a partner from whom legal advice, on a non-exclusive basis, was taken by the Company from time to time. Professional fees amounting to Rs. 1,652,000/- (including out of pocket expenses) has been paid to them during the year. In the opinion of the Board of Directors this does not constitute a materially significant related party transaction.

3. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

   Neither any non-compliance with any of the legal provisions of law has been made by the Company nor has any penalty, stricture has been imposed by the Stock Exchanges or SEBI or any other statutory authority, or any matter related to capital markets, during the last 3 years.

4. Means of Communication

* Half-yearly report sent to each household of shareholders	No
* Quarterly results	
Which newspapers normally published in	Times of India/Indian Express Business Standard and Maharashtra Times/Loksatta
Any website, where displayed	www.greatship.com
* Whether it also displays official news releases and presentations made to institutional investors/analysts	Yes. It displays official news and presentations on the day they are made/released.
* Whether Management Discussion & Analysis is a part of annual report	Yes
* Whether Shareholder Information section forms part of the annual report	Yes

7. GENERAL SHAREHOLDERS INFORMATION

a)	Annual General Meeting		
	Date	:	Thursday, July 26, 2001
	Time :		3.00 p.m.
	Venue	:	Nehru Centre Dr. Annie Besant Road, Worli, Mumbai - 400 018
b)	Financial Calendar (April 1, 2001-March 31, 2002)	:	(i) 53rd Annual General Meeting - July 26, 2001 (ii) Buy Back of Shares - After 2nd week of August, 2001. (iii) 1st Quarterly result - Last week of July, 2001. 2nd Quarterly Result- Last week of October 2001. 3rd Quarterly Result- Last week of January, 2001. 4th Quarterly Result - Last week of May, 2001.
c)	Book Closure date	:	Saturday July 14, 2001 to Thursday July 26, 2001 (both days inclusive)
d)	Dividend Payment Date	:	July 30,2001
e)	Listing on Stock Exchanges	:	Equity Shares: Are listed on the Stock Exchange, Mumbai, National Stock Exchange and the Luxembourg Stock Exchange. Preference Shares: Are listed on the Mumbai and National Stock Exchange. Non-convertible Debenture (All series): Wholesale Debt Market National Stock Exchange.
f)	Stock Code	:	Equity - BSE 620 NSE EQ GE SHIPPING

			Preference - BSE 200069,70,71,72 NSE P1 01, P2 02, P3 03, P4 04
(g)	ISIN No.		Equity - INE 017A01024 Preference - INE17A04010 INE17A04028 INE17A04036 INE17A04044
h)	Market Price Data	:	As per Annexure A
i)	Stock performance in Comparison to BSE Sensex	:	As per Annexure B
j)	Registrar and Transfer Agents	:	Sharepro Services Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East) Mumbai-400 099 Tel.: 022-8215168/8329828 Fax: 022-8375646 Email: sharepro@vsnl.com
k)	Share Transfer System	:	Share Transfer requests received in physical form is registered within an average period of 15 days. A Share Transfer Committee comprising of members of the Board meets once in a week to consider the transfers of shares. Request for dematerialisation(demat) received from the shareholders are effected within an average period of 15 days. The Company has, as per SEBI guidelines with effect from March 24, 2000, offered the facility of transfer-cum-demat. Under the said system, after the share transfer is effected, an option letter is sent to the transferee indicating the details of the transferred shares and requesting him in case he wishes to demat the shares, to approach a Depository Participant (DP) with the option letter. The DP, based on the option letter, generates a demat request and sends the same to the Company alongwith the option letter issued by the Company. On receipt of the same, the Company dematerialise the shares. In case the transferee does not wish to dematerialise the shares, he need not exercise the option and the Company will despatch the share certificates after 15 days from the date of such option letter. The same system has also been adopted for the transfer of Non-Convertible Debentures.
l)	Distribution of Shareholding	:	As per Annexure C
m)	Dematerialisation of Shares	:	175,097,409 equity shares which constitutes 80.40% of the paid-up capital as on March 31, 2001 has been dematerialised.
n)	Outstanding GDR's	:	1,733,981 GDR's are outstanding as on March 31, 2001.
o)	Plant Location	:	The Company has no plants.
p)	Address for Correspondence	:	With the Company: Share Department Ocean House, 134-A, Dr. Annie Besant Road, Worli, Mumbai-400 018 Tel.: 4613000/492 2200

With the Registrar
Sharepro Services
Satam Estate, 3rd Floor, Above Bank of Baroda,
Cardinal Gracious Road, Chakala, Andheri (East)
Mumbai-400 099
Tel.: 022-8215168/8329828

NON-MANDATORY REQUIREMENTS

a) Chairman of the Board

Recommendation: A non-executive Chairman should be entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

The Chairman of the Board is a Wholetime Director.

b) Remuneration Committee

Please refer to Sr. No. 4 of this report.

c) Shareholders Rights

Recommendation: The half-yearly declaration of financial performance including summary of the significant events in the last six months should be sent to each household of shareholders.

As the Company's half yearly results are published in English newspapers having wide circulation and in Marathi and Gujarati newspapers, the same are not sent to each household of shareholders. In regard to second half yearly results the Company announces annual audited results for the financial year end and the same are communicated to each household of shareholders in the form of Annual Report.

d) Postal Ballot

Your Company has not transacted any business through the Postal Ballot method.

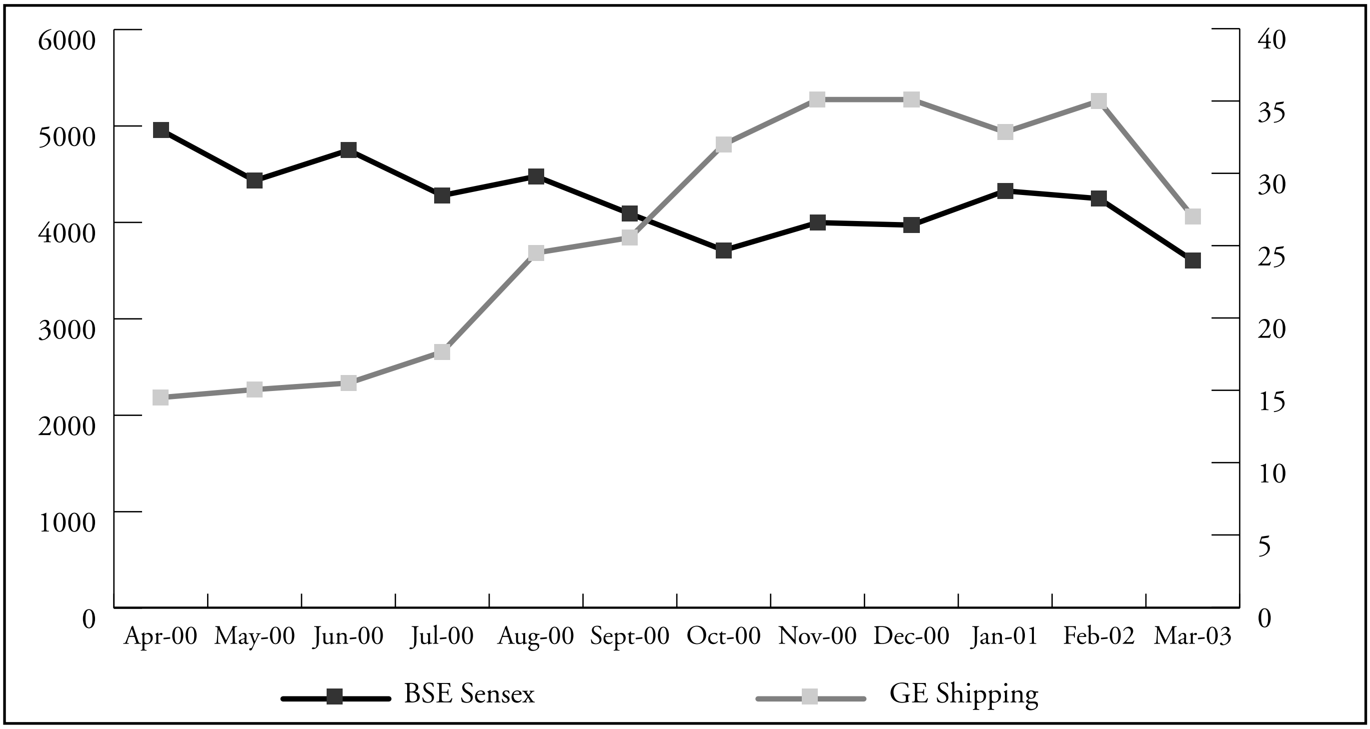
ANNEXURE A

MARKET PRICE DATA-HIGH/LOW DURING EACH MONTH IN THE YEAR 2000- 2001

MONTH	MARKET PRICES	
	HIGHEST	LOWEST
APRIL	18.25	13.90
MAY	15.30	13.85
JUNE	15.85	14.50
JULY	19.95	15.50
AUGUST	28.00	18.70
SEPTEMBER	26.80	22.10
OCTOBER	35.15	24.15
NOVEMBER	36.45	31.35
DECEMBER	36.25	33.90
JANUARY	37.65	30.10
FEBRUARY	34.90	32.00
MARCH	34.70	24.65

ANNEXURE B

Company's share prices compared to BSE index



ANNEXURE C

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2001

	CATEGORY	NO. OF SHARES HELD	PERCENTAGE (%) OF SHAREHOLDING
1	PROMOTERS	41,683,570	19.14
2	DIRECTOR OTHER THAN PROMOTERS	1,162,989	0.53
3	FOREIGN INSTITUTIONAL INVESTORS	14,171,799	6.51
4	INTERNATIONAL FINANCE CORPORATION	17,974,852	8.25
5	GLOBAL DEPOSITORY RECEIPTS	8,669,904	3.98
6	FOREIGN HOLDING	1,747,334	0.80
7	GOVT./FINANCIAL INSTITUTIONS	34,049,339	15.64
8	BODIES CORPORATE	12,296,726	5.65
9	OTHERS	86,018,491	39.50
	TOTAL	217,775,004	100.00

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have reviewed the compliance of conditions of corporate governance by The Great Eastern Shipping Co. Ltd., for the year ended on March 31, 2001, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our review was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements.

On the basis of our review and according to the information and explanations given to us and the representations made to us by the Management, we state that to the best of our knowledge and belief, the Company has complied in all material respects with the conditions of corporate governance stipulated in Clause 49 of the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of

KALYANIWALLA & MISTRY
Chartered Accountants

Sd/-

Partner

For and on behalf of

CHANDABHOY & JASSOOBHOY
Chartered Accountants

Sd/-

Partner

Mumbai, June 14, 2001.

INVESTORS' GUIDE

Asset Profile
Details of Shipping & Offshore Fleet as on 14th June, 2001

	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 RADHIKA	1983	41,502
	7	m.v. JAG RAHUL	1984	37,609
	8	m.v. JAG REKHA	1984	37,586
	9	m.v. JAG RISHI	1984	41,093
	10	m.v. JAG RAKSHA	1985	45,345
	11	m.v. JAG RANI	1984	41,545
	MINI BULK CARRIERS			
	12	GE1	1997	2,183
	13	GE2	1997	2,169
	14	GE3	1998	2,137
	15	GE4	1998	2,137
		Sub Total		408,609
TANKERS	PRODUCT TANKERS			
	16	m.t. JAG PREETI	1981	29,139
	17	m.t. JAG PARI	1982	29,139
	18	m.t. JAG PADMA	1982	47,803
	19	m.t. JAG PRAYOG	1982	29,990
	20	m.t. JAG PRAJA	1982	29,990
	21	m.t. JAG PRANAM	1984	50,600
	22	m.t. JAG PALAK	1985	27,402
	23	m.t. JAG PRAGATI	1985	27,400
	24	m.t. JAG PAVITRA	1985	50,600
	25	m.t. JAG PRATAP	1995	45,693
	26	m.t. JAG PRADIP	1996	45,684
	27	m.t. JAG PANKHI	1985	50,600
	28	m.t. JAG PRACHI	1996	44,124
	29	m.t. JAG PRIYA	1996	44,128
	CRUDE OIL TANKERS			
	30	m.t. JAG LAADKI	1992	145,242
	31	m.t. JAG LAXMI	1999	105,051
	32	m.t. JAG LEELA	1999	105,148
	LPG CARRIER			
	33	m.t. JAG VAYU *	1978	28,400
		Sub Total		936,133

* 31,243 Cubic Metres

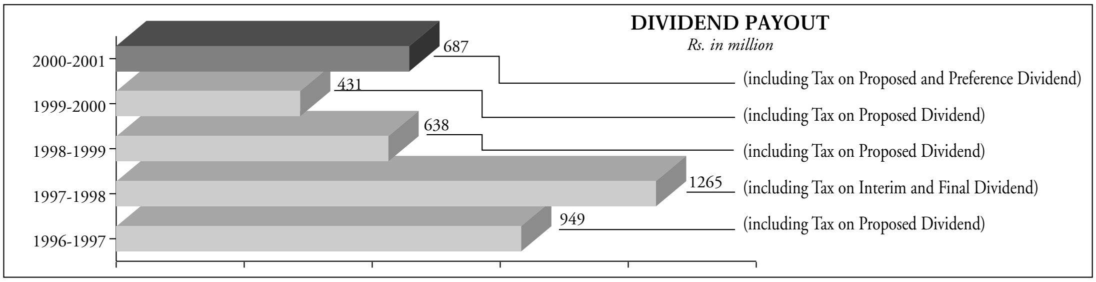
	SR. NO.	NAME OF VESSEL	YEAR BUILT	DWT (MT)
OFFSHORE VESSELS	ANCHOR HANDLING TUG SUPPLY VESSELS			
	34	m.v. MALAVIYA ONE	1983	1,073
	35	m.v. MALAVIYA TWO	1983	1,084
	36	m.v. MALAVIYA THREE	1984	1,251
	37	m.v. MALAVIYA FOUR	1984	1,242
	38	m.v. MALAVIYA FIVE	1982	1,162
	39	m.v. MALAVIYA SIX	1981	1,149
	40	m.v. MALAVIYA NINE	1983	1,221
	41	m.v. MALAVIYA TEN	1999	2,588
	SUPPLY VESSELS			
	42	m.v. MALAVIYA ELEVEN	1989	1,204
	43	m.v. MALAVIYA TWELVE	1989	938
	44	m.v. MALAVIYA FOURTEEN	1989	883
	ANCHOR HANDLING TUGS			
	45	m.v. SHARDA M	1975	508
	46	m.v. GAL BEAUFORT SEA	1982	540
	47	m.v. GAL ROSS SEA	1982	540
	48	m.v. SANGITA	1993	218
	HARBOUR TUGS			
	49	m.v. RISHABH	1985	84
	50	m.v. MALINI	1987	229
	51	m.v. ANASUYA	1997	123
	52	m.v. KUMARI TARINI	1998	127
	53	m.v. KANTI	1998	135
	54	m.v. SUDHIRMULJI	1998	117
	55	m.v. VAHBIZ	1999	148
	56	m.v. ANANYA	2000	148
	57	m.v. PURNIMA	2000	120
	BARGE			
	58	m.v. GAL CONSTRUCTOR	1978	4,801
	DRILLING UNITS			
	59	BADRINATH	1973	6,000
	60	KEDARNATH	1975	1,600
		Sub Total		29,203
GREAT EASTERN FUJAIRAH FLEET	61	m.v. JYOTSNA (TUG)	1989	69
GESCO LONDON FLEET	BULK CARRIERS			
	62	m.v. SHARDA *	1976	77,826
	63	m.v. LILY	1978	63,970
	64	m.v. POOJA	1976	34,081
	65	m.v. NISHA	1977	27,481
		Sub Total		203,358
		Total DWT		1,577,372

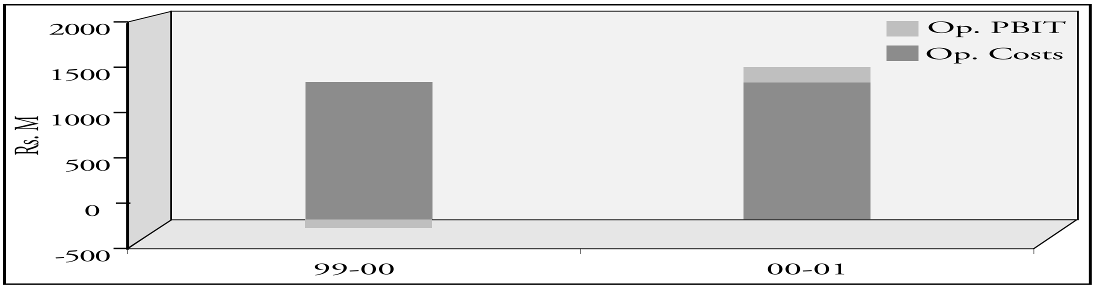
ON ORDER FLEET	TYPE OF SHIP		DELIVERY DATE	DWT (MT)
	66	Aframax Crude Carrier (Samho)	June, 2002	approx. 105,500
	67	Aframax Crude Carrier (Samho)	April, 2003	approx. 105,500
	68	Aframax Crude Carrier (Samsung)	October, 2003	105,000
	69	Platform Supply Vessel (Brattvarg)	March, 2002	3,300
	70	Platform Supply Vessel (Brattvarg)	May, 2002	3,300

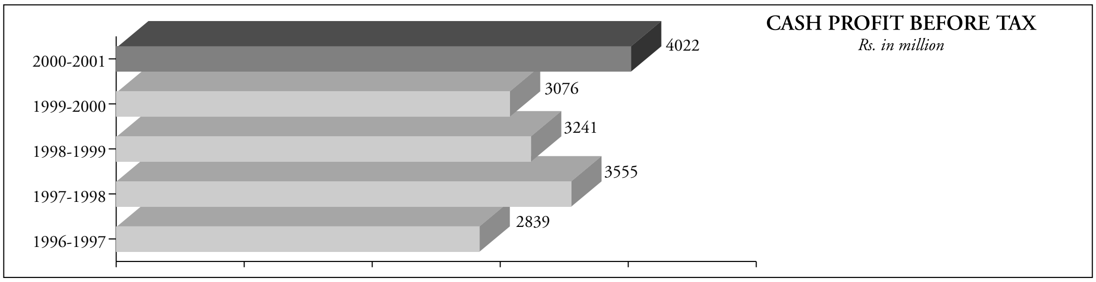
* Leased Out

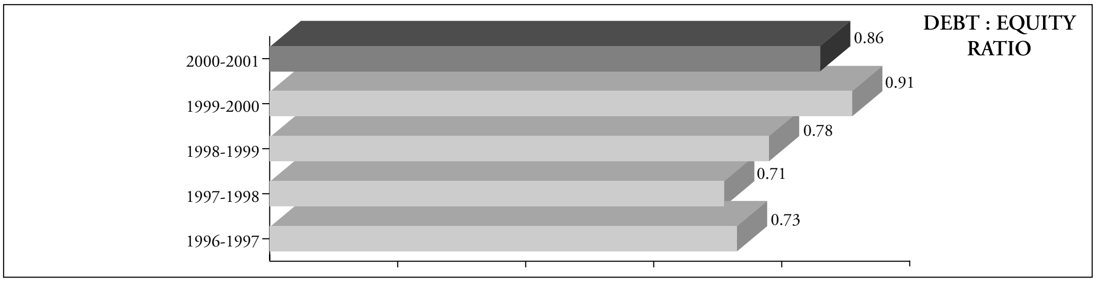
INVESTORS' GUIDE

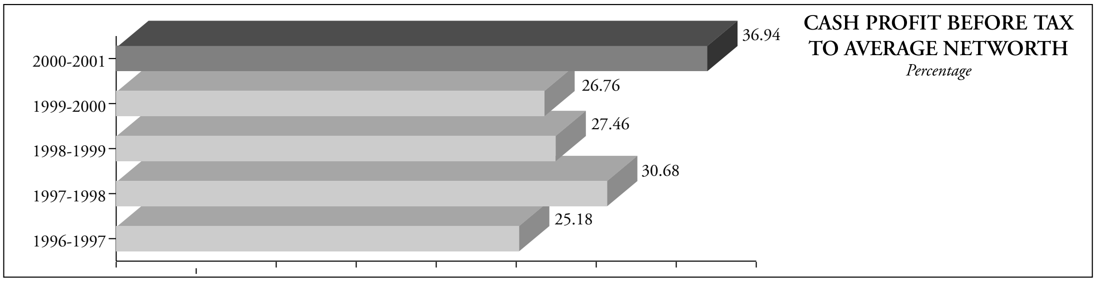
FINANCIAL HIGHLIGHTS











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, 2001 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 accounting policy, in respect of depreciation on the Gas Carrier; as stated in Note 8 of Schedule 22. The useful life of the Gas Carrier has been changed from 30 years to 27 years, resulting in a higher charge of depreciation for the year by Rs. 49,046,247 and the profit for the year is lower to that extent.
   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, 2001 and
      (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
3. On the basis of written representations received from the Directors as on March 31, 2001 and taken on record by the Board of Directors, we report that none of the Directors is disqualified from being appointed as Director under Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner
Mumbai, May 4, 2001.

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

J.D. Mehta
Partner

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 1 of our report of even date on the accounts for the year ended March 31, 2001 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 of 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.

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 the interest free advances given to The Great Eastern Shipping Company, London, Limited and to The Great Eastern (Fujairah) L.L.C. fully owned subsidiary Companies, 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. 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. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of The Sick Industrial Companies (Special Provisions) Act, 1985.
18. 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.
19. 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.
20. 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.
21. None of the matters contained in clauses (xii), (xiv), and (xvi) 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 4, 2001.

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

J.D. Mehta
Partner

BALANCE SHEET as at March 31, 2001.

	Schedule	Rs.	Rs.	Previous Year Rs.
SOURCES OF FUNDS :				
Shareholders' Funds :				
Capital	1	3,127,738,789		2,588,400,809
Reserves and Surplus	2	8,732,006,093		8,692,710,298
			11,859,744,882	11,281,111,107
Loan Funds :				
Secured Loans	3	6,934,720,423		8,048,810,083
Unsecured Loans	4	1,329,240,000		2,004,692,000
			8,263,960,423	10,053,502,083
TOTAL			20,123,705,305	21,334,613,190
APPLICATION OF FUNDS :				
Fixed Assets :	5			
Gross Block		25,677,884,559		26,362,866,907
Less : Depreciation		10,442,693,849		9,558,522,461
Net Block		15,235,190,710		16,804,344,446
Ships under construction		919,181,901		—
			16,154,372,611	16,804,344,446
Investments	6		623,884,471	1,060,404,397
Current Assets, Loans and Advances :				
Inventories	7	1,094,167,698		1,276,908,963
Sundry Debtors	8	852,728,461		1,150,156,895
Cash and bank balances	9	2,183,433,605		1,174,490,482
Other current assets	10	18,085,472		18,584,143
Loans and advances	11	1,526,903,537		2,023,597,142
Incomplete voyages (Net)		6,208,907		—
		5,681,527,680		5,643,737,625
Less : Current Liabilities and Provisions :				
Current liabilities	12	1,835,899,820		1,971,261,911
Provisions	13	705,112,041		406,417,951
Incomplete voyages (Net)		—		7,186,608
		2,541,011,861		2,384,866,470
Net Current Assets			3,140,515,819	3,258,871,155
Miscellaneous Expenditure (to the extent not written off or adjusted) :	14		204,932,404	210,993,192
TOTAL			20,123,705,305	21,334,613,190
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

Mumbai, May 4, 2001.

P.R. Naware
Company Secretary

For and on behalf of the Board
K.M. Sheth
Executive Chairman
Vijay K. Sheth
Managing Director
B.K. Sheth
Managing Director
K.P. Byramjee
Director
Mumbai, May 4, 2001.

PROFIT AND LOSS ACCOUNT for the year ended March 31, 2001.

	Schedule	Rs.	Rs.	Previous Year Rs.
INCOME :				
Income from Operations	15		**10,429,547,817**	9,625,943,915
Interest Earned	16		**228,370,505**	207,512,712
Other Income	17		**155,126,513**	111,199,603
			10,813,044,835	9,944,656,230
EXPENDITURE :				
Operating Expenses	18	**5,343,738,524**		5,724,243,089
Administration & Other Expenses	19	**729,750,843**		536,078,113
Interest & Finance charges	20	**717,367,822**		608,109,183
Depreciation		**2,008,223,223**		1,811,723,186
			8,799,080,412	8,680,153,571
Profit before tax			**2,013,964,423**	1,264,502,659
Less : Provision for tax			**240,000,000**	160,000,000
Profit for the year after tax			**1,773,964,423**	1,104,502,659
Less/(Add) : Prior years Adjustments (Net) [Note 7(e)]			**8,780,113**	(9,483,921)
			1,765,184,310	1,113,986,580
Less : Transfer to Reserve under Section 33AC of the Income-tax Act, 1961			**1,400,000,000**	—
			365,184,310	1,113,986,580
Add : Surplus brought forward from previous year			**3,851,668,977**	3,427,046,062
			4,216,853,287	4,541,032,642
Less :				
Transfer to Capital Redemption Reserve		**410,662,020**		—
Transfer to Debenture Redemption Reserve		**332,500,000**		202,500,000
Transfer to General Reserve		**1,009,060,000**		55,893,057
Interim Dividend on Preference Shares		**22,402,739**		—
Interim Dividend		—		388,261,809
Proposed Dividend		**598,881,261**		—
Tax on Dividends		**66,148,908**		42,708,799
			2,439,654,928	689,363,665
Balance Carried Forward			**1,777,198,359**	3,851,668,977
Significant Accounting Policies	21			
Notes on Accounts	22			

The Schedules referred to above form an integral part of the Profit & 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
B.K. Sheth
Managing Director
K.P. Byramjee
Director

P.R. Naware
Company Secretary

Mumbai, May 4, 2001.

Mumbai, May 4, 2001.

SCHEDULES Annexed to and forming part of the Balance Sheet as at March 31, 2001.

SCHEDULE "1" :
SHARE CAPITAL :

		Rs.	Previous Year Rs.
AUTHORISED :			
400,000,000	(Previous Year 500,000,000) Equity Shares of Rs. 10 each	**4,000,000,000**	5,000,000,000
100,000,000	(Previous Year "Nil") Preference Shares of Rs. 10 each	**1,000,000,000**	—
		5,000,000,000	5,000,000,000
ISSUED :			
218,341,943	(Previous Year 259,408,145) Equity Shares of Rs.10 each	**2,183,419,430**	2,594,081,450
95,000,000	(Previous Year "Nil") 8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	**950,000,000**	—
		3,133,419,430	2,594,081,450
SUBSCRIBED :			
217,778,152	(Previous Year 258,844,354) Equity Shares of Rs.10 each	**2,177,781,520**	2,588,443,540
95,000,000	(Previous Year "Nil") 8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each	**950,000,000**	—
		3,127,781,520	2,588,443,540
PAID-UP :			
217,775,004	(Previous Year 223,907,185) Equity Shares of Rs.10 each fully paid up	**2,177,750,040**	2,239,071,850
—	(Previous Year 34,934,021) Equity Shares of Rs.10 each issued as fully paid Bonus shares by Capitalising Reserves	—	349,340,210
217,775,004	(Previous Year 258,841,206) (Refer Note No. 2(b))	**2,177,750,040**	2,588,412,060
	Less : Calls in arrears	**41,609**	41,609
		2,177,708,431	2,588,370,451
	Add : Forfeited Shares	**30,358**	30,358
		2,177,738,789	2,588,400,809
95,000,000	(Previous Year "Nil") 8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each fully paid up	**950,000,000**	—
		3,127,738,789	2,588,400,809

Out of above 10,642,164 (Previous Year 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 REDEMPTION RESERVE :			
	Transferred from Profit and Loss Account		**410,662,020**	—
(b)	INVESTMENT ALLOWANCE RESERVE :			
	As per last Balance Sheet		**262,895,306**	262,895,306
	(Reserve fully utilised towards purchase of new ships)			
(c)	RESERVE UNDER SECTION 33AC OF THE INCOME-TAX ACT, 1961 :			
	As per last Balance Sheet	**1,000,000,000**		1,000,000,000
	Add : Transferred from Profit and Loss Account	**1,400,000,000**		—
			2,400,000,000	1,000,000,000
(d)	DEBENTURE REDEMPTION RESERVE :			
	As per last Balance Sheet	**220,000,000**		17,500,000
	Add : Transferred from Profit and Loss Account	**332,500,000**		202,500,000
			552,500,000	220,000,000
(e)	FLEET CONTINGENCY RESERVE :			
	As per last Balance Sheet	**240,840,000**		240,840,000
	Less : Transferred to General Reserve	**240,840,000**		—
			—	240,840,000
(f)	SHARE PREMIUM ACCOUNT :			
	As per last Balance Sheet	**2,467,306,015**		2,932,642,138
	Less : Transferred to Gesco Corporation Ltd. on de-merger	**—**		465,336,123
	Less : Utilised for buy back of Equity Shares	**388,555,607**		—
			2,078,750,408	2,467,306,015
(g)	GENERAL RESERVE :			
	As per last Balance Sheet	**650,000,000**		1,352,500,000
	Less : Transferred to Gesco Corporation Ltd. on de-merger	**—**		758,393,057
	Less : Utilised for buy back of Equity Shares	**649,900,000**		—
		100,000		594,106,943
	Add : Transferred from —			
	— Fleet Contingency Reserve	**240,840,000**		—
	— Profit and Loss Account	**1,009,060,000**		55,893,057
			1,250,000,000	650,000,000
(h)	PROFIT AND LOSS ACCOUNT		**1,777,198,359**	3,851,668,977
			8,732,006,093	8,692,710,298

SCHEDULE "3" :
SECURED LOANS :

	Rs.	Previous Year Rs.
(a) From ICICI Ltd. :		
(i) Secured by mortgage of specific ships	**215,947,463**	920,434,483
(ii) Secured by mortgage of specific ships and hypothecation of all movables (except book debts) and immovable assets.	**—**	31,399,200
	215,947,463	951,833,683
(b) From Banks :		
Term Loans	**4,603,772,960**	5,091,976,400
Secured by mortgage of specific ships		
(c) Non-Convertible Debentures :		
(i) Secured Redeemable Non-Convertible Debentures of Rs. 100,000 each -		
– 13.75% redeemable on November 30, 2003.**	**40,000,000**	40,000,000
– 13.75% redeemable on December 4, 2003.**	**60,000,000**	60,000,000
– 14% redeemable on December 21, 2003.**	**75,000,000**	75,000,000
(ii) Secured Redeemable Non-Convertible Debentures of Rs. 10,000,000 each -		
– 11.75% redeemable in six annual instalments from August 31, 2001 to August 31, 2006.***	**260,000,000**	300,000,000
– 11.75% (Part A-G) redeemable in six equal annual instalments from October, 2001 to October, 2006.***	**180,000,000**	210,000,000
– 11.75% (Series 1-7)) redeemable in six annual instalments from November 29, 2001 to November 29, 2006.***	**530,000,000**	630,000,000
– 12.10% (Part A-G) redeemable in six equal annual instalments from November 17, 2001 to November 17, 2006.***	**120,000,000**	140,000,000
– 10.85% (Series 1-3) redeemable in two annual instalments from January 31, 2002 to January 31, 2003.***	**200,000,000**	250,000,000
– 10.45% redeemable on February 14, 2002.***	**300,000,000**	300,000,000
– 10.65% (Series I - III) redeemable in three annual instalments from February 14, 2004 to February 14, 2006.***	**350,000,000**	—
	6,934,720,423	8,048,810,083

** Secured by mortgage of specified immovable properties.
*** Secured by mortgage of specified immovable properties and Ships.

SCHEDULE "4" :
UNSECURED LOANS :

	Rs.	Previous Year Rs.
(a) Floating Rate Notes Redeemable on October 30, 2003	**1,329,240,000**	1,984,255,000
(b) Fixed Deposits	**—**	20,437,000
	1,329,240,000	2,004,692,000

SCHEDULE "5"
FIXED ASSETS :

Particulars	COST					DEPRECIATION					NET BLOCK
	As at April 1, 2000	Assets Transferred on De-merger	Additions for the year (Note 3(b))	Deductions for the year	As at March 31, 2001	Upto March 31, 2000	Depreciation Transferred on De-merger	Adjustments in respect of Assets sold	For the year	Upto March 31, 2001	As at March 31, 2001
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Fleet	**24,420,646,338**	—	**708,376,421**	**1,632,487,429**	**23,496,535,330**	**8,703,305,756**	—	**1,069,992,292**	**1,811,757,658**	**9,445,071,122**	**14,051,464,208**
	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*
Plant & Machinery –											
– Rigs and Barges	**439,943,090**	—	**1,804,249**	—	**441,747,339**	**378,747,171**	—	—	**55,635,406**	**434,382,577**	**7,364,762**
	438,209,590	—	*1,733,500*	—	*439,943,090*	*332,534,336*	—	—	*46,212,835*	*378,747,171*	*61,195,919*
– Given on lease	**28,116,770**	—	—	**28,000,000**	**116,770**	**27,828,325**	—	**27,720,000**	**1,175**	**109,500**	**7,270**
	28,116,770	—	—	—	*28,116,770*	*27,826,961*	—	—	*1,364*	*27,828,325*	*288,445*
– Others	**256,690,129**	—	—	—	**256,690,129**	**168,779,998**	—	—	**58,300,056**	**227,080,054**	**29,610,075**
	239,398,691	—	*17,291,438*	—	*256,690,129*	*83,936,407*	—	—	*84,843,591*	*168,779,998*	*87,910,131*
Land (Freehold & Perpetual Lease)	**438,252,779**	—	—	**830,352**	**437,422,427**	—	—	—	—	—	**437,422,427**
	437,705,621	—	*1,285,254*	*738,096*	*438,252,779*	—	—	—	—	—	*438,252,779*
Land (Leasehold)	**811,336**	—	—	**354,250**	**457,086**	**120,056**	—	**31,075**	**7,614**	**96,595**	**360,491**
	1,058,537	—	—	*247,201*	*811,336*	*136,035*	—	*29,814*	*13,835*	*120,056*	*691,280*
Ownership Flats and Office Premises *	**391,776,243**	—	**290,729,539**	**12,357,879**	**670,147,903**	**93,100,529**	—	**3,101,556**	**29,005,293**	**119,004,266**	**551,143,637**
	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*
Furniture, Fixtures and Office Equipments	**300,655,960**	—	**17,118,149**	**22,183,577**	**295,590,532**	**151,799,358**	—	**16,444,292**	**42,343,362**	**177,698,428**	**117,892,104**
	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*
Vehicles	**59,549,009**	—	**30,432,883**	**10,804,849**	**79,177,043**	**34,841,268**	—	**6,762,620**	**11,172,659**	**39,251,307**	**39,925,736**
	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*
Goodwill	**26,425,253**	—	—	**26,425,253**	—	—	—	—	—	—	—
	52,850,506	—	—	*26,425,253*	*26,425,253*	—	—	—	—	—	*26,425,253*
SUB - TOTAL	**26,362,866,907**	—	**1,048,461,241**	**1,733,443,589**	**25,677,884,559**	**9,558,522,461**	—	**1,124,051,835**	**2,008,223,223**	**10,442,693,849**	**15,235,190,710**
	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*
Ships under construction											**919,181,901**
											—
											16,154,372,611
											16,804,344,446

* The Ownership Flats & Office Premises include Rs. 24,570 (Previous Year Rs. 5,520), 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
(ii) Other Investments :			
(a) Government Securities	—		30,447,739
(b) Equity Shares	**261,671,554**		423,689,610
(c) Debentures & Bonds	**200,000,000**		203,290,251
		461,671,554	657,427,600
(b) Current Investments : (at lower of cost and fair value)			
(i) Government Securities	**141,128,489**		97,945,287
(ii) Equity Shares	**21,084,428**		33,173
(iii) Mutual Fund Units	—		362,496,337
		162,212,917	460,474,797
		623,884,471	1,117,904,397
Less : Provision for diminution in value of long term investments		—	57,500,000
		623,884,471	1,060,404,397
Aggregate Cost of Quoted Investments		**362,212,917**	896,526,683
Aggregate Cost of Unquoted Investments		**261,671,554**	221,377,714
Market Value of Quoted Investments		**364,185,917**	839,472,801

SCHEDULE "7" : INVENTORIES :

	Rs.	Previous Year Rs.
(a) Fuel oils	**137,996,392**	67,286,407
(b) Commodities	**191,021,869**	233,014,007
(c) Properties for sale	**140,094,078**	290,336,832
(d) Property development work-in-progress	**625,055,359**	686,271,717
	1,094,167,698	1,276,908,963

SCHEDULE "8" : SUNDRY DEBTORS :

(Unsecured)

	Rs.	Previous Year Rs.
(a) Debts outstanding over six months :		
Considered good	**170,926,941**	344,019,772
Considered doubtful	**852,339**	1,051,427
	171,779,280	345,071,199
(b) Other Debts:		
Considered good	**681,801,520**	806,137,123
	853,580,800	1,151,208,322
Less : Provision for doubtful debts	**852,339**	1,051,427
	852,728,461	1,150,156,895

SCHEDULE "9" :
CASH AND BANK BALANCES :

	Rs.	Rs.	Previous Year Rs.
(a) Cash on hand		**1,056,566**	791,280
(b) Balances with scheduled banks :			
On current account	**118,866,154**		156,485,355
On deposit account	**180,000,000**		907,372,112
		298,866,154	1,063,857,467
(c) Balances with other banks :			
On call deposits with Bank of America, London (Maximum Rs. 119,645,512, Previous Year Rs. 955,788,876)		—	109,841,735
On call deposits with ABN AMRO Bank, London (Maximum Rs. 1940,380,510, Previous Year Rs. "Nil")		**1,883,510,885**	—
		2,183,433,605	1,174,490,482

SCHEDULE "10" :
OTHER CURRENT ASSETS :

	Rs.	Rs.	Previous Year Rs.
(a) Interest accrued on investments and deposits		**18,085,472**	18,584,143
(b) Insurance claims receivable :			
Considered doubtful	**7,921,758**		7,921,758
Less: Provision for Doubtful Claims	**7,921,758**		7,921,758
		—	—
		18,085,472	18,584,143

SCHEDULE "11" :
LOANS AND ADVANCES :

(Unsecured - considered good, unless otherwise stated)

	Rs.	Previous Year Rs.
(a) Advances recoverable in cash or in kind or for value to be received.	**617,821,518**	1,542,907,470
(b) Advance to Subsidiaries –		
– The Great Eastern Shipping Co., London, Limited (Maximum balance during the year Rs. 564,110,800, Previous year Rs. "Nil")	**564,110,800**	—
– The Great Eastern (Fujairah) L.L.C. (Maximum balance during the year Rs. 160,908,000, Previous year Rs. 43,780,000)	**160,908,000**	43,780,000
(c) Agents' current accounts	**50,810,837**	28,945,110
(d) Balances with Customs, Port Trust etc.	**8,585,049**	2,800,849
(e) Advance payment of Income-tax & tax deducted at source (Net of Provision for taxation)	—	17,163,713
(f) Term deposits with companies	**124,667,333**	388,000,000
	1,526,903,537	2,023,597,142

SCHEDULE "12" :
CURRENT LIABILITIES :

		Rs.	Previous Year Rs.
(a)	Sundry Creditors	**1,157,669,313**	1,158,156,538
(b)	Due to a Subsidiary Company	**1,262,915**	594,326
(c)	Unclaimed Dividends	**23,109,667**	20,234,111
(d)	Other Liabilities	**455,325,765**	560,738,455
(e)	Interest accrued but not due	**176,482,160**	220,556,481
(f)	Managerial Remuneration payable	**22,050,000**	10,982,000
		1,835,899,820	1,971,261,911

SCHEDULE "13" :
PROVISIONS :

		Rs.	Previous Year Rs.
(a)	Provision for taxation (Net of Advance tax and tax deducted at source)	**24,651,394**	—
(b)	Provision for Interim Dividend	—	388,261,809
(c)	Proposed Dividend	**598,881,261**	—
(d)	Tax on proposed dividend	**61,085,889**	—
(e)	Retirement leave encashment benefit	**20,493,497**	18,156,142
		705,112,041	406,417,951

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	**47,819,289**		64,085,735
	Add : Expenditure incurred during the year	**38,241,632**		—
		86,060,921		64,085,735
	Less : Amortised during the year	**43,918,710**		16,266,446
			42,142,211	47,819,289
(b)	De-merger Expenses :			
	As per last Balance Sheet	**111,832,614**		139,790,768
	Less : Amortised during the year	**27,958,154**		27,958,154
			83,874,460	111,832,614
(c)	Deferred Revenue Expenditure :			
	As per last Balance Sheet	**51,341,289**		127,911,842
	Add : Expenditure incurred during the year	**75,092,087**		22,178,020
		126,433,376		150,089,862
	Less : Amortised during the year	**47,517,643**		98,748,573
			78,915,733	51,341,289
			204,932,404	210,993,192

SCHEDULES Annexed to and forming Part of the Profit & Loss Account for the year ended March 31, 2001.

SCHEDULE "15" : INCOME FROM OPERATIONS :

	Rs.	Rs.	Previous Year Rs.
Freight and Demurrage		**2,627,751,177**	2,652,431,719
Charter Hire		**5,568,253,636**	3,798,059,954
Profit on sale of Ships		**359,820,214**	479,542,708
Turnover —			
— Property Development	**160,097,403**		108,685,592
— Commodities Trading	**743,751,791**		890,913,433
		903,849,194	999,599,025
Contract Revenue (Gross)		**930,398,519**	1,575,047,807
(Income-tax deducted at source Rs. 19,485,670, Previous Year Rs. 24,145,991)			
Miscellaneous Receipts		**39,475,077**	121,262,702
		10,429,547,817	9,625,943,915

SCHEDULE "16" : INTEREST EARNED (GROSS) :

	Rs.	Previous Year Rs.
On Term Deposits	**151,756,452**	115,464,817
On Government Securities and Public sector Bonds	**29,429,112**	30,702,772
Others	**47,184,941**	61,345,123
(Income-tax deducted at source Rs. 35,915,926, Previous Year Rs. 32,811,181)		
	228,370,505	207,512,712

SCHEDULE "17" : OTHER INCOME :

	Rs.	Previous Year Rs.
Dividend —		
— from subsidiary companies	—	469,450
— from others	**15,271,873**	33,457,599
	15,271,873	33,927,049
Gain on foreign currency transactions (Net)	**12,607,458**	9,514,942
Profit on sale of sundry assets (Net)	**687,744**	1,689,933
Doubtful Advances written off in earlier year now recovered	—	7,000,000
Provision for diminution in value of long term investments written back	**57,500,000**	42,500,000
Miscellaneous Income	**69,059,438**	16,567,679
	155,126,513	111,199,603

SCHEDULE "18" :
OPERATING EXPENSES :

	Rs.	Rs.	Previous Year Rs.
(a) FLEET :			
Direct :			
Fuel Oil and Water	459,892,341		478,459,224
Port, Light and Canal Dues	191,922,053		378,948,053
Stevedoring, Despatch & Cargo Expenses	33,811,597		58,070,522
Bareboat charter hire	36,713,961		—
Brokerage & Commission	187,347,037		94,685,837
Agency Fees	28,497,368		27,404,927
Others:			
Wages, Bonus and Other Expenses on Floating Staff (including Gratuity for the year Rs. 7,666,467 - Previous year Rs. 6,314,101)	895,022,012		829,111,436
Contribution to Provident & other funds	15,270,165		10,981,857
Stores	332,256,348		315,368,120
Repairs & Maintenance - Fleet	975,422,897		921,981,370
Insurance & Protection Club Fees	205,156,512		257,751,463
Vessel Management Fees	232,953,703		214,553,814
Sundry Steamer Expenses	40,370,121		32,544,418
		3,634,636,115	3,619,861,041
(b) COST OF SALES - PROPERTY DEVELOPMENT :			
Opening Stock —			
— Properties for sale	290,234,770		88,717,433
— Development work-in-progress	686,271,716		851,530,714
	976,506,486		940,248,147
Add : Expenses during the year —			
— Project Management Fees	38,779,876		18,000,000
— Other project expenses	5,302,477		135,310,563
	44,082,353		153,310,563
	1,020,588,839		1,093,558,710
Less : Properties capitalised/transferred	8,224,031		—
	1,012,364,808		1,093,558,710
Less : Closing Stock —			
— Properties for sale	139,992,016		290,234,770
— Development work-in-progress	625,055,359		686,271,716
	765,047,375		976,506,486
		247,317,433	117,052,224
	c/f	3,881,953,548	3,736,913,265

SCHEDULE "18" : (Contd.)

	Rs.	Rs.	Previous Year Rs.
	b/f	**3,881,953,548**	3,736,913,265
(c) COST OF SALES - COMMODITIES TRADING :			
Opening Stock	**233,014,007**		93,597,029
Add : Purchases	**648,553,749**		943,234,286
Freight	**2,843,384**		5,097,681
Brokerage & Commission	**4,749,059**		4,015,204
Insurance	**244,128**		1,011,005
Warehousing, Handling & Other charges	**23,686,923**		26,750,182
	680,077,243		980,108,358
	913,091,250		1,073,705,387
Less : Closing Stock	**191,021,869**		233,014,007
		722,069,381	840,691,380
(d) OIL & GAS DIVISION :			
Manpower	**22,802,207**		38,868,899
Salary & Allowances	**72,059,688**		68,265,812
Contribution to Provident & Other Funds	**4,327,271**		3,354,370
Commissary & Quarters	**29,719,565**		31,648,537
Insurance	**37,675,691**		23,479,882
Travelling	**7,986,411**		4,812,102
Repairs & Maintenance (Including Deferred Revenue Expenditure written off Rs. 33,598,526, Previous Year Rs. 94,313,316)	**214,692,895**		422,502,505
Fuel, water & supplies	**111,434,365**		97,654,989
Others	**87,283,013**		449,754,654
		587,981,106	1,140,341,750
(e) LOSS ON INVESTMENTS (NET) :			
Loss on sale of long term investments	**16,536,465**		16,554,152
Profit on sale of current investments	**(16,428,688)**		(27,762,966)
Diminution in value of current investments written off	**151,626,712**		17,505,508
		151,734,489	6,296,694
		5,343,738,524	5,724,243,089

SCHEDULE "19" : ADMINISTRATION & OTHER EXPENSES :

	Rs.	Rs.	Previous Year Rs.
a) ADMINISTRATION EXPENSES :			
Staff Expenses —			
— Salaries & Bonus	**181,880,087**		144,422,872
— Staff Welfare Expenses	**19,130,003**		9,929,943
— Gratuity	**4,571,014**		2,537,788
— Contribution to Provident & Other Funds	**13,651,128**		11,646,840
		219,232,232	168,537,443
Rent		**14,709,695**	21,625,525
Insurance		**2,199,560**	3,696,159
Repairs and Maintenance —			
— Buildings	**28,590,393**		5,078,942
— Others	**8,292,973**		6,770,743
		36,883,366	11,849,685
Travelling Expenses		**38,001,147**	31,586,241
Property Taxes		**3,706,108**	2,349,971
Legal & Professional Fees		**72,273,257**	45,786,017
Postage, Telephone & Telex Expenses		**38,215,157**	47,258,515
Electricity Expenses		**13,909,271**	9,432,501
Conveyance Expenses		**19,300,252**	19,846,880
Miscellaneous Expenses		**83,502,806**	87,505,611
Auditors' Remuneration (including service tax) —			
— Audit Fees	**1,890,000**		1,965,000
— In Other Capacity	**—**		
Tax Audit	**210,000**		210,000
Taxation	**500,000**		529,250
Advisory services & Certification	**559,450**		152,717
Reimbursement of expenses	**24,500**		16,865
		3,183,950	2,873,832
Donations		**2,134,032**	6,265,657
Directors' Fees		**154,000**	106,000
b) OTHER EXPENSES :			
Goodwill written off	**26,425,253**		26,425,253
Share issue expenses written off	**43,918,710**		16,266,446
Expenses on buy back of shares written off	**14,610,010**		—
De-merger expenses written off	**27,958,154**		27,958,154
Bad Debts written off	**64,541,963**		3,444,171
Doubtful Advances written off	**4,891,920**		—
Provision for Doubtful Debts & Advances	**—**		3,264,052
		182,346,010	77,358,076
		729,750,843	536,078,113

SCHEDULE "20" : INTEREST & FINANCE CHARGES :

	Rs.	Previous Year Rs.
Interest —		
— Fixed Loans	**681,057,653**	610,616,484
— Other Loans	**25,272,603**	7,899,001
Finance charges	**11,037,566**	3,342,399
	717,367,822	621,857,884
Less : Pre-delivery interest capitalised	**—**	13,748,701
	717,367,822	608,109,183

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 provisions 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 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 amortized 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
—	Compensation payable under voluntary retirement scheme	—	5 years

(g) **Income recognition :**

Freight and demurrage earnings are recognised on completed voyage basis. Time Charter earnings are recognised on accrual basis except where the charter party agreements have not been renewed/finalised, in which case it is recognised on provisional basis.

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

(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 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 method 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 management is as under :

Mini Bulk Carriers	—	12 years
Tankers, Supply Vessels & Tugs	—	20 years
Bulk Carriers	—	23 to 25 years
Gas Carrier	—	27 years

(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 :

(1) 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.

(2) Assets acquired after April 1, 1999 :

On the straight line method so as to write off 95% of the original cost of the asset over the estimated useful life as under :

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

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

(v) Depreciation on assets other than fleet, rigs and barges 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. Contingent Liabilities:
   a) Guarantees given by Banks, counter guaranteed by the Company – Rs. 281,189,366 [Previous Year Rs. 281,422,233].
   b) Income tax/Sales tax demands against which the Company has preferred appeals – Rs.35,569,861 [Previous Year Rs. 97,454,423].
   c) Guarantee given on behalf of a subsidiary company – Rs. 3,264,800 [Previous Year Rs. 436,100,000].
2. Share Capital :
   a) During the year, the Company has issued 95,000,000, 8.50% Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10/- each for cash at par aggregating to Rs. 95 crores on private placement basis. The said shares are redeemable on the expiry of 36 months from the date of allotment or earlier at the option of the Company as well as the shareholders after the expiry of 18 months.
   b) In terms of the resolution passed by the shareholders at the extra-ordinary general meeting held on December 1, 2000 authorising the Company to buy back its own equity shares, the Company has bought back 42,019,676 Equity Shares of Rs. 10 each at an average price of Rs. 35.12 per share aggregating Rs. 1,475,576,297 up to March 31, 2001.

      Of the above, 41,066,202 equity shares have been extinguished upto March 31, 2001. The nominal value of the shares bought back and extinguished has been reduced from the paid-up share capital (including bonus shares) as approved by the Board of Directors. Consequently the Issued, Subscribed and Paid-up Capital of the Company has been reduced by Rs. 41,06,62,020. The premium paid on buy back of the shares has been appropriated from General Reserve and the Share Premium account.
   c) Under orders from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992, the allotment of 400,890 [Previous Year 400,890] right equity shares of the Company have been kept in abeyance in accordance with Section 206 A 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 50,760] shares have also been kept in abeyance for disputed cases in consultation with the Bombay Stock Exchange.
3. Fixed Assets :
   a) Estimated amount of contracts, net of advances paid thereon, remaining to be executed on capital account and not provided for – Rs. 5,472,298,884 [Previous Year Rs. 2,359,250] .
   b) Additions to fixed assets includes Rs. 474,385,241 (net) [Previous year Rs. 728,477,851] on account of increase/decrease in the rupee liability on foreign currency loans consequent to fluctuation in exchange rates, gain or loss on hedging contracts and cancellation of forward covers relating to loan liabilities.
4. Current Assets, Loan and Advances :
   a) The Company's properties for development include properties costing Rs. 192,610,000 [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) Debtors include overdue amounts aggregating to Rs. 113,247,020 [Previous Year Rs. 145,634,009] 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.

c) Advances recoverable in cash or in kind or for value to be received includes housing loans to Executive Dy. Chairman - Rs. 1,149,834 (Previous Year -"Nil") maximum amount due during the year - Rs. 1,149,915, to Managing Director - Rs. 6,958,044 (Previous Year - Rs. 7,134,114) maximum amount due during the year - Rs. 7,134,114 and to an Officer of the Company - Rs. 3,872,543 (Previous Year - Rs. 3,544,661) maximum amount due during the year - Rs. 3,943,288. The said loans have been granted under the Company's housing loan scheme for the employees.

d) The Company has placed a Term Deposit with Business Standard Limited (BSL) aggregating to Rs. 22,167,333. Out of the said deposit an amount of 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.

5. The balances of debtors and creditors are subject to confirmation.

6. Sundry Creditors include dues to Small Scale Industrial Undertakings - Rs. 105,552 [Previous Year Rs. 1,652,985]. The Company does not owe any sum to Small Scale Industrial Undertakings exceeding Rs. 100,000, which is outstanding for more than 30 days.

7. Profit and Loss Account :

(a) 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.1,051,283 [Previous Year Rs.9,783,083].

(b) Dividend comprises of dividend on long term investments - Rs. 269,508 [Previous Year Rs. 2,716,071] and on current investments Rs. 15,002,365 [Previous Year Rs. 30,741,528]. Interest Income comprises of income from long term investments Rs. 29,429,112 [Previous Year Rs. 30,702,772] and on current investments Rs. 100,618,685 [Previous Year Rs. 101,822,598]

(c) Certain equipment, which in the opinion of the management, is obsolete and can not be gainfully employed has been written down to Rs. 100,000. The additional charge for depreciation on this account is Rs. 46,619,722 [Previous Year Rs. 61,576,101].

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

	For the Year (Rupees)	Previous Year (Rupees)
(a) Salaries	**3,456,000**	3,168,000
(b) Contribution to Provident and Superannuation Funds	**933,120**	855,350
(c) Perquisites [including Rs. 261,356 (Previous Year Rs. 2,44,991) for Gas Electricity and Furnishings evaluated as per Income-tax Rules]	**3,033,227**	2,539,102
(d) Commission	**22,050,000**	10,982,000
TOTAL	**29,472,347**	17,544,452

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

			Previous Year	
	Rs.	Rs.	Rs.	Rs.
Profit before tax as per Profit and Loss a/c		2,013,964,423		1,264,502,659
Add : Managerial Remuneration	29,472,347		17,544,452	
Directors' Fees	154,000		106,000	
Prior period adjustments	1,219,887		9,483,921	
Loss on Investments	151,874,775		6,296,694	
Provision for doubtful debts and advances	—		3,264,052	
Depreciation as per books	2,008,223,223		1,811,723,186	
		2,190,944,232		1,848,418,305
		4,204,908,655		3,112,920,964
Less : Capital profit on sale of ships	639,872		174,508,177	
Capital profit on sale of Sundry Assets	2,327,261		3,936,699	
Provision for dimunition in value of long term investments written back	57,500,000		42,500,000	
Depreciation under Sec. 350 of the Companies Act, 1956.	2,008,223,223		2,208,746,254	
		2,068,690,356		2,429,691,130
Net Profit as per Sec. 349 of the Companies Act, 1956.		2,136,218,299		683,229,834
11% of Net Profit as computed above		234,984,013		75,155,282
Commission payable (as approved by the Board of Directors)		22,050,000		10,982,000
Total Managerial remuneration (including commission)		29,472,347		17,544,452

(e) Prior year's adjustments (Net) include excess provisions written-back Rs. 5,901,275 (Previous Year Rs. 10,323,879), short provision for expenses Rs. 4,681,388 (Previous Year Rs. 839,958) and Income Tax for prior years Rs. 10,000,000 (Previous Year "Nil").

8. The Company has revised the useful life of its Gas carrier from 30 years to 27 years. Consequent to the change in useful life, the depreciation for the year is higher by Rs. 49,046,247 and profit for the year is lower to that extent.

9. 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. 46/49/2001/CL-III dated May 4, 2001.

10. Particulars of Investments:

	Face value	No. of Units	Current Year Rs.	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
(ii) Other Investments :					
(a) Government Securities :					
Quoted :					
12.50 % Govt. of India Loan, 2004	30,000,000		—		30,394,039
			—		30,394,039
Unquoted :					
4% Kerala State Development Loan	2,000		—		2,000
12 Year National Defence Certificate	8,450		—		8,450
12 Year National Plan Certificate	5,500		—		5,500
7 Year National Defence Certificate	1,750		—		1,750
7 Year National Savings Certificate	12,600		—		12,600
6 Year National Savings Certificate	12,900		—		12,900
6 Year National Savings Certificate	10,000		—		10,000
5 1/2 Year Indira Vikas Patra	500		—		500
			—		53,700
(b) Equity Shares :					
Quoted - Fully Paid					
Godrej Foods Ltd.	10	—	—	1,097,487	19,895,654
J.K. Synthetics Ltd.	10	—	—	100	3,507
Kopran Drugs Ltd.	10	—	—	10,900	—
Prime Securities Ltd. - transferred to Current investments	10	—	—	4,661,324	154,920,968
Pudumjee Pulp & Paper Mills Ltd.	10	—	—	115,204	9,754,467
Vijay Textiles Ltd. - transferred to Current investments	10	—	—	197,700	17,793,000
			—		202,367,596
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	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		20,614,204
Unquoted - Others					
Great Wilhelmsen Ltd.	10	—	—	1	10
Great Western Shipping Co. Ltd.	10	—	—	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
Business Standard Limited	10	14,798,205	220,358,700	13,452,915	180,000,000
			241,057,350		200,707,810

10. Particulars of Investments : (Contd.)

	Face value	No. of Units	Current Year Rs.	No. of Units	Previous Year Rs.
(c) Debentures/Bonds					
Quoted :					
17.50% Mangalore Refinery & Petrochemicals Ltd.	**40**	—	—	41,000	3,290,250
Bharat Pipes & Fittings Ltd. - Fully Convertible (Rs. 100 paid up)	**200**	—	—	47,500	1
13.00% The Industrial Credit and Investment Corporation of India Ltd., 2001	**100,000**	**2,000**	**200,000,000**	2,000	200,000,000
			200,000,000		203,290,251
Total - Long term investments			**461,671,554**		657,429,600
(d) CURRENT INVESTMENTS (at lower of cost and fair value)					
(i) Government Securities :					
Quoted :					
364 Day Treasury Bills, 2000	**100,000,000**		—		97,945,287
364 Day Treasury Bills, 2001	**150,000,000**		**141,128,489**		—
Sub-Total			**141,128,489**		97,945,287
(ii) Equity Shares :					
Quoted - Fully Paid					
Prime Securities Ltd. - transferred from Long term investments	**10**	**4,661,324**	**19,111,428**	—	—
Vijay Textiles Ltd. - transferred from Long term investments	**10**	**197,300**	**1,973,000**	—	—
State Bank of India	**10**	—	—	150	30,165
Tata Iron & Steel Co. Ltd.	**10**	—	—	29	3,008
			21,084,428		33,173
(iii) 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
			—		362,496,337
Total - Current investments			**162,212,917**		460,474,797
Grand Total			**623,884,471**		1,117,904,397

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

11. Particulars of Investments Purchased and Sold during the year :

(a) Government Securities	Face Value Rs.	Face Value Rs.
91 - Day, Treasury Bills, 1999	—	100,000,000
364 - Day, Treasury Bills, 1999	—	350,000,000
91 - Day, Treasury Bills, 2000	**110,000,000**	—
182 - Day, Treasury Bills, 2000	**50,000,000**	175,000,000
14 - Day, Treasury Bills, 2001	**116,275,000**	—
182 - Day, Treasury Bills, 2001	**150,000,000**	—
364 - Day, Treasury Bills, 2001	**350,000,000**	—
364 - Day, Treasury Bills, 2002	**150,000,000**	—
364 - Day, Treasury Bills, 2000	—	658,500,000

11. Particulars of Investments Purchased and Sold during the year : (Contd.)

(b) Equity Shares

	Face Value Rs.	No. of Shares	No. of Shares
Kopran Drugs Limited	**10**	**800**	14,100

(c) Commercial Paper

	Face Value Rs.	Face Value Rs.
Grasim Industries Limited, 1999	—	50,000,000
Tata Electrical & Locomotive Co. Limited, 1999	—	50,000,000
Larsen & Toubro Limited, 2000	**50,000,000**	—

(d) Mutual Funds

	Face Value Rs.	No. of Units	Face Value Rs.
Alliance Cash Management	**10**	**3,601,810**	—
K Gilt Unit Scheme 98 (Investment Plan) - Dividend	**10**	**9,653,768**	—

12. Quantitative Information – Commodities Trading :

(a) Purchases and Sales

		Purchases		Sales	
		Quantity	Rupees	Quantity	Rupees
Commodities	MT	**59137** (81491)	**648,553,749** (943,234,286)	**66338*** (64171)	**743,751,791** (890,913,433)

(b) Opening and Closing Stock :

		Opening Stock		Closing Stock	
		Quantity	Rupees	Quantity	Rupees
Commodities	MT	**22736** (5202)	**233,014,007** (93,597,029)	**15443**** (22737)	**191,021,869** (233,014,007)

NOTES :

* Sales includes 92.401 M.T. being loss on account of moisture and packing material and is net of shortage on account of drainage and spillage.

** Closing stock includes stock in transit : "Nil" (Previous Year Rs. 144,303,265/- – 17696.051 m.t.)
(Previous Year's figures are in brackets)

13. Previous Years 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.	6472 of 1948
State Code	11
Balance Sheet Date	31-03-2001
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	22664717
Total Assets	22664717
Sources of Funds :	
Paid-up Capital	3127739
Reserves & Surplus	8732006
Secured Loans	6934720
Unsecured Loans	1329240
Application of Funds :	
Net Fixed Assets	16154373
Investments	623884
Net Current Assets	3140516
Misc. Expenditure	204932
Accumulated Losses	NIL
IV. Performance of Company :	Amount (Rs. in Thousands)
Turnover	10813045
Total Expenditure	8799080
Profit/(Loss) Before Tax	2013965
Profit/(Loss) After Tax	1773965
Earning Per Share (In Rs.)	8.0
Dividend Rate	27.50%
V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms) :	
Description	
(i) Shipping	N.A.
(ii) Offshore	N.A.

CASH FLOW STATEMENT for the year ended on March 31, 2001.

	Rs.	Previous Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX :	**2,013,964,423**	1,264,502,659
ADJUSTMENTS FOR :		
Prior year adjustments	**(8,780,113)**	9,483,921
Depreciation	**2,008,223,223**	1,811,723,186
Interest earned	**(228,370,505)**	(207,512,712)
Interest paid	**717,367,822**	608,109,183
Dividend Received	**(15,271,873)**	(33,927,049)
Provision for diminution in value of long term investments	**(57,500,000)**	(42,500,000)
Profit on sale of sundry assets	**(687,744)**	(1,689,933)
Loss on sale of investments	**151,734,489**	6,296,694
Share issue expenses written off	**43,918,710**	16,266,446
Goodwill written off	**26,425,253**	26,425,253
De-merger expenses written off	**27,958,154**	27,958,154
Expenses on buy back of shares written off	**14,610,010**	—
Doubtful advances written off/ provided	**69,234,795**	6,583,777
Discount on FRN bought back	**(5,692,500)**	—
Revenue Expenditure Deferred	**(75,092,087)**	(22,178,020)
Deferred Revenue Expenditure written off	**47,517,643**	98,748,573
Foreign exchange	**41,358,032**	(14,739,044)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :	**4,770,917,732**	3,553,551,088
ADJUSTMENTS FOR :		
Trade & Other Receivables	**12,451,599**	231,187,599
Inventories	**182,741,265**	(191,605,536)
Incomplete Voyages (Net)	**(13,395,515)**	8,802,806
Trade Payables	**(57,094,218)**	(216,895,553)
CASH GENERATED FROM OPERATIONS :	**4,895,620,863**	3,385,040,404
Tax Paid	**(198,184,893)**	(204,767,827)
NET CASH FLOW FROM OPERATING ACTIVITIES :	**4,697,435,970**	3,180,272,577
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	**(1,485,730,013)**	(2,456,453,040)
Sale of fixed assets *	**583,654,245**	543,043,077
Purchase of Investments	**(1,441,333,278)**	(1,954,321,246)
Sale of Investments	**1,783,618,715**	1,851,880,157
Interest received	**228,837,587**	215,239,203
Dividend received	**15,271,873**	33,927,049
Term Deposits with Companies	**263,332,667**	103,800,000
Investment in Vyaj Badla	**455,997,034**	(455,997,034)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES :	**403,648,830**	(2,118,881,834)

	Rs.	Previous Year Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of preference shares	**950,000,000**	—
Buy back of equity share capital	**(437,120,690)**	—
Premium on buy back of equity share capital	**(1,038,455,607)**	—
Proceeds from long term borrowings	**350,000,000**	2,081,328,000
Repayments of long term borrowings	**(2,684,221,521)**	(1,597,188,294)
Dividend paid	**(407,788,992)**	(572,471,185)
Tax on Dividend paid	**(5,063,019)**	(105,973,220)
Interest paid	**(761,444,711)**	(559,023,339)
Share issue expenses	**(38,241,632)**	—
Expenses on buy back of shares	**(14,610,010)**	—
Demerger expenses	—	(139,790,768)
Net cash outflow on demerger of property division	—	(2,061,914)
NET CASH USED IN FINANCING ACTIVITIES :	**(4,086,946,182)**	(895,180,720)
Net increase/(decrease) in cash and cash equivalents :	**1,014,138,618**	166,210,023
Cash and cash equivalents as at April 1, 2000 (See note below) (Opening balance)	**1,165,802,324**	999,592,301
Cash and cash equivalents as at March 31, 2001 (See note below) (Closing balance)	**2,179,940,942**	1,165,802,324

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

Note :

(Amounts in Rs.)

Cash and Cash Equivalents as on	March 31, 2001	March 31, 2000	March 31, 1999
Cash and bank balances	2,183,433,605	1,174,490,482	995,939,114
Effect of exchange rate changes [Loss/(gain)]	(3,492,663)	(8,688,158)	3,653,187
Cash and cash equivalents as restated	2,179,940,942	1,165,802,324	999,592,301

For and on behalf of the Board

K.M. Sheth
Executive Chairman

Vijay K. Sheth
Managing Director

B.K. Sheth
Managing Director

P.R. Naware
Company Secretary

K.P. Byramjee
Director

Mumbai, May 4, 2001.

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, 2001. 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 4, 2001 to the members of the Company.

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

Mumbai, May 4, 2001.

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.	The Great Eastern (Fujairah) LLC-FZC
2.	Financial year ended	March 31, 2001	March 31, 2001	March 31, 2001
3.	Date from which it became a Subsidiary	July 3, 1985	March 28, 1994	September 11, 1999
4.	Extent of interest of the Holding Company in the capital of the Subsidiary	100%	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$ 409,682	US$ 145,903	US$ 11,268
	(ii) Previous Year	US$ (938,482)	US$ (42,939)	—
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	—	—	—

For and on behalf of the Board

K.M. Sheth
Executive Chairman

Vijay K. Sheth
Managing Director

B.K. Sheth
Managing Director

P.R. Naware
Company Secretary

K.P. Byramjee
Director

Mumbai, May 4, 2001.

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
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

The directors present their annual report with the financial statements of the Company for the year ended 31 March, 2001.

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 profit after providing for taxation amounted to US$409,682.

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

The world freight market showed encouraging signs of recovery during the year and the results reflect the consequent improvement in operating margins, although total income was substantially lower as a result of earlier reductions in the size of the Company's fleet.

DIVIDENDS

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

POST BALANCE SHEET EVENTS

No matter 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 31 March, 2001.

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 31 March, 2001 are as follows:

The directors are taking advantage of opportunities to expand the Company's fleet and are optimistic for the growth of 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	
	2001	2000
S.J. Mulji	—	—
B.K. Sheth	—	—
V.K. Sheth	—	—
M.J. Brace	—	—
P.B. Kerr-Dineen	—	—
W.R. Horkey	—	—

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.

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 : 9 May, 2001

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 60 to 64 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 61.

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 31 March, 2001 and of its profit 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 : 9 May, 2001

PROFIT AND LOSS ACCOUNT for the year ended 31 March, 2001.

	Notes	2001 US$	2000 US$
TURNOVER	2		
Continuing operations		9,391,014	11,455,592
Cost of sales		(8,041,228)	(12,257,783)
GROSS PROFIT/(LOSS)		1,349,786	(802,191)
Net operating expenses		(285,212)	(292,115)
OPERATING PROFIT/(LOSS)	3		
Continuing operations		1,064,574	(1,094,306)
Investment income and interest receivable	4	91,027	816,116
Interest payable and similar charges	5	(745,919)	(660,292)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		409,682	(938,482)
Tax on profit /(loss) on ordinary activities	8	—	—
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		409,682	(938,482)

Total recognised gains and losses

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

The notes on pages 61 to 64 form part of these financial statement.

BALANCE SHEET as at 31 March, 2001.

	Notes	2001 US$	2001 US$	2000 US$	2000 US$
FIXED ASSETS					
Tangible assets	9		27,616,356		6,076,537
CURRENT ASSETS					
Debtors	10	1,220,398		806,643	
Debtors due after more than one year	11	584,640		1,329,640	
Cash at bank and in hand		1,605,254		2,395,376	
		3,410,292		4,531,659	
CREDITORS: amounts falling due within one year	12	(4,732,445)		(4,197,371)	
NET CURRENT LIABILITIES			(1,322,153)		334,288
TOTAL ASSETS LESS CURRENT LIABILITIES			26,294,203		6,410,825
CREDITORS: amounts falling due after more than one year	13		(23,713,071)		(4,239,375)
NET ASSETS			2,581,132		2,171,450
CAPITAL AND RESERVES					
Called up share capital	15		301,600		301,600
Other reserves	16		40,000		40,000
Profit and loss account	17		2,239,532		1,829,850
TOTAL SHAREHOLDERS' FUNDS	18		2,581,132		2,171,450

The financial statements were approved by the Board of Directors on 9 May, 2001 and signed on its behalf by:

S.J. Mulji
Director

The notes on pages 61 to 64 form part of these financial statement.

CASH FLOW STATEMENT for the year ended 31 March, 2001.

	Notes	2001 US$	2000 US$
CASH FLOW FROM OPERATING ACTIVITIES	3	3,884,214	231,152
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	19	(644,001)	(338,736)
CAPITAL EXPENDITURE	19	(24,060,674)	(5,966,481)
Cash outflow before use of liquid resources and financing		(20,820,461)	5,858,897
FINANCING	19	20,030,337	(5,787,590)
DECREASE IN CASH IN THE YEAR		(790,124)	71,307

	Notes	2001 US$	2000 US$
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	20		
DECREASE IN CASH IN THE YEAR		(790,124)	71,307
Cash inflow from increase in debt and lease financing		20,030,337	(5,787,590)
Change in net debt resulting from cash flows		(20,820,461)	5,858,897
Movement in net debt in the year		(20,820,461)	5,858,897
Net debt at 1st April, 2000		(5,029,497)	(10,888,396)
Net debt at 31st March, 2001		(25,849,958)	(5,029,499)

The notes on pages 61 to 64 form part of these financial statement.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2001.

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:

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. Contribution 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**

	2001 US$	2000 US$
Analysis by class of business :		
Charter hire	6,688,691	4,734,612
Freight earnings	2,541,691	6,307,532
Commissions and sundry income	160,632	413,448
	9,391,014	11,455,592

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 PROFIT**

	2001 US$	2000 US$
Operating profit is stated:		
After charging:		
Depreciation of fixed assets	2,480,153	1,655,248
Auditors' remuneration	6,401	6,382
Non-audit service remuneration paid to auditors	23,982	23,048

Reconciliation of operating profit to net cash inflow from operating activities

	2001 US$	2000 US$
Operating profit	1,064,574	(1,094,306)
Depreciation	2,480,153	1,655,248
Loss on disposal of operational fixed assets	40,704	1,162,222
Loss on foreign exchange	(10,891)	(5,330)
(Increase)/decrease in debtors	331,244	(1,506,321)
Increase/(decrease) in creditors	(21,570)	19,639
Net cash inflow from operating activities	3,884,214	231,152

4. **INVESTMENT INCOME AND INTEREST RECEIVABLE**

	2001 US$	2000 US$
Interest received and other income		
Bank interest	101,918	90,739
Foreign exchange (loss)/gain	(10,891)	(5,330)
	91,027	85,409
Investment and property income		
Income from overseas investments	—	148,812
Currency dealing profits	—	82,005
Profit on disposal of leasehold property	—	499,890
	—	730,707
Total investment income	91,027	816,116

5. **INTEREST PAYABLE AND SIMILAR CHARGES**

	2001 US$	2000 US$
On bank loans and overdrafts	744,428	660,292
On overdue tax	700	—
Lease finance charges and hire purchase interest	791	—
	745,919	660,292

6. **INFORMATION OF DIRECTORS AND EMPLOYEES**

	2001 US$	2000 US$
Staff costs		
Wages and salaries	74,220	81,600
Social security costs	7,932	9,348
Other pension costs	13,015	13,152
	95,167	104,100

The average number of employees during the year was made up as follows:

	2001 NO.	2000 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$ 13,015 (2000 : US$13,152).

8. **TAX ON PROFIT ON ORDINARY ACTIVITIES**

The Company had carry forward losses for U.K. taxation purposes of £3,200,000(2000 : £ 2,850,000) at the Balance Sheet date.

9. Tangible Fixed Assets

	Ships US$	Fixtures and Fittings US$	Motor Vehicles US$	Total US$
Cost:				
At 1st April, 2000	15,068,851	269,045	77,632	15,415,528
Additions	24,039,097	—	23,002	24,062,099
Disposals	—	(226,391)	(11,904)	(238,295)
At 31st March, 2001	39,107,948	42,654	88,730	39,239,332
Depreciation:				
At 1st April, 2000	9,064,326	211,628	63,035	9,338,989
Charge for year	2,467,302	3,267	9,584	2,480,153
On disposals	—	(185,306)	(10,860)	(196,166)
AT 31st March, 2001	11,531,628	29,589	61,759	11,622,976
Net book value:				
At 31st March, 2001	27,576,320	13,065	26,971	27,616,356
At 31st March, 2000	6,004,523	57,417	14,597	6,076,537

10. Debtors

	2001 US$	2000 US$
Amounts owed by group undertakings	984,312	738,058
Prepayments and accrued income	236,086	68,585
	1,220,398	806,643

11. Debtors Due After More Than One Year

	2001 US$	2000 US$
Amounts owed by group undertakings	504,975	1,249,975
Other debtors	79,665	79,665
	584,640	1,329,640

12. Creditors : amounts falling due within one year

	2001 US$	2000 US$
Bank loans and overdrafts	3,737,500	3,185,500
Net obligations under finance leases and hire purchase contracts	4,641	—
Other taxes and social security costs	3,575	2,875
Accruals and deferred income	986,729	1,008,996
	4,732,445	4,197,371

Bank loans are secured by :
(i) Ship mortgages
(ii) Assignment of charter earnings and ship insurance
(iii) Deeds of covenant

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

	2001 US$	2000 US$
Bank loans and overdrafts	11,701,875	4,239,375
Amounts owed to group undertakings	12,000,000	—
Net obligations under finance leases and hire purchase contracts	11,196	—
	23,713,071	4,239,375

14. Borrowings

	2001 US$	2000 US$
The Company's borrowings are repayable as follows :		
Up to one year and on demand	3,737,500	3,185,500
Between one and two years	2,901,875	2,537,500
Between two and five years	20,800,000	1,701,875
	27,439,375	7,424,875
Wholly repayable within five years	27,439,375	7,424,875
Included in current liabilities	3,737,500	3,185,500

15. Share Capital

	2001 US$	2000 US$
Authorised:		
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

	2001 US$	2000 US$
Dividend equalisation reserve		
Balance at1 April 2000 and 31st March, 2001	40,000	40,000
Total other reserves	40,000	40,000

17. Profit And Loss Account

	2001 US$	2000 US$
Retained profit as at 1st April 2000	1,829,850	2,768,331
Profit / (loss) for the year	409,682	(938,482)
Retained profit as at 31st Marc,h 2001	2,239,532	1,829,849

18. Reconciliation Of Movements In Shareholders' Funds

	2001 US$	2000 US$
Profit/(loss) for the year	409,682	(938,482)
Opening shareholders' funds	2,171,450	3,109,931
Closing shareholders' funds	2,581,132	2,171,449
Represented by :		
Equity interests	2,581,132	2,171,449

19. Analysis Of Cash Flows For Headings Netted In The Cash Flow Statement

	2001 US$	2000 US$
Returns on investments and servicing of finance		
Interest received and currency gains	101,918	321,556
Interest paid	(745,128)	(660,292)
Interest element of hire purchase contracts	(791)	—
Net cash outflow from returns on investments and servicing of finance	(644,001)	(338,736)
Capital expenditure		
Purchase of tangible fixed assets	(24,062,099)	(3,031)
Receipts from sale of tangible fixed assets	1,425	5,969,512
Net cash outflow from capital expenditure	(24,060,674)	5,966,481
Financing		
New long-term loans	22,811,196	—
New short-term loans	1,204,641	—
Repayments of long-term loans	(3,337,500)	(2,605,723)
Repayments of short-term loans	(648,000)	(3,181,867)
Net cash inflow from financing	20,030,337	(5,787,590)

20. Analysis Of Net Debt

	2000 US$	Cash flow US$	Other movements US$	2001 US$
Cash at bank and in hand	2,395,376	(790,122)	—	1,605,254
Debt due within one year	(3,185,500)	(552,000)	—	(3,737,500)
Debt due after one year	(4,239,375)	(19,462,500)	—	(23,701,875)
Finance leases	—	(4,641)	(11,196)	(15,837)
	(5,029,499)	(20,809,263)	(11,196)	(25,849,958)

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 2001 US$	Land and buildings 2000 US$	Other 2001 US$	Other 2000 US$
More than one year and less than five years	—	9,072	—	—
More than five years	15,107	16,944	—	—
	15,107	26,016	—	—

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	Development Bank of Singapore
Corporate Office	55, Market Street, Sinsov Building, #08-03A, Singapore - 048941

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of the Company for the financial year ended 31 March, 2001.

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 financial year.

RESULTS FOR THE FINANCIAL YEAR

	S$
Profit after taxation	145,903
Retained profits brought forward	191,080
Retained profits carried forward	336,983

ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES

The Company did not acquire or dispose of any subsidiary companies during the financial year.

PROVISIONS AND RESERVES

There were no material transfers to or from provisions during the financial year except for normal amounts recognised as an expense for such items as depreciation and income tax as shown in the financial statements.

There were no transfers to or from reserves during the financial year.

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 AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND 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 Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50.

Dividends

The directors proposed a final dividend of 20% less tax at 24.5% amounting to S$75,500 be paid for the financial year ended 31 March, 2001.

No dividend was declared or paid in respect of the Company's previous financial year.

Bad And Doubtful Debts

Before the financial statements were made out, the directors took reasonable steps to ascertain the action taken in relation to the writing off of bad debts and providing for doubtful debts. The directors have satisfied themselves that there are 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 financial statements 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.

Charges On Assets And Contingent Liabilities

At the date of this report, no charges have arisen since the end of the financial year on the assets of the Company which secure the liability of any other persons, nor have any contingent liability 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 substantially affect the ability of the Company to meet its obligations as and when they fall due.

Other Circumstances Affecting The Financial Statements

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

Unusual Items

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

Unusual Items After The Financial Year

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 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 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, except as disclosed in the financial statements.

Share Options

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

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 : 24 April, 2001

Statement By Directors

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

(a) the accompanying balance sheet, income statement and statement of changes in equity 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 31 March, 2001 and of its results and changes in equity for the financial 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 : 24 April, 2001

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 _ to __. 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 financial statements are properly drawn up in accordance with the provisions of the Companies Act, Cap. 50 and Statements of Accounting Standards and so as to give a true and fair view of :

(i) the state of affairs of the Company as at 31 March, 2001 and of its results and changes in equity for the financial year ended on that date; and

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

(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 : 24 April, 2001

BALANCE SHEET as at 31 March, 2001.

	Note	2001	2000
		S$	S$
NON-CURRENT ASSETS			
Plant and equipment	3	13,755	5,000
CURRENT ASSETS			
Cash and cash equivalents	4	825,187	611,306
Trade receivables		20,932	32,121
Other receivables	5	16,317	46,056
Amount owing by holding company	6	66,549	29,156
		928,985	718,639
Less :			
CURRENT LIABILITIES			
Trade payables		47,604	6,526
Other payables	7	27,419	24,336
Provision for taxation		27,500	1,463
		102,523	32,325
NET CURRENT ASSETS		826,462	686,314
		840,217	691,314
NON-CURRENT LIABILITY			
Deferred taxation	8	(3,234)	(234)
NET ASSETS		836,983	691,080
SHAREHOLDERS' EQUITY			
Share Capital	9	500,000	500,000
Retained profits		336,983	191,080
TOTAL EQUITY		836,983	691,080

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

INCOME STATEMENT for the year ended 31 March, 2001.

	Note	2001	2000
		S$	S$
REVENUES			
Agency income	2(f)	229,190	159,751
Charter income	2(f)	130,125	—
Interest income	10	20,446	10,837
TOTAL REVENUES		379,761	170,588
COSTS AND EXPENSES			
Depreciation	3	6,393	3,259
Foreign currency gains		(8,964)	(1,414)
Operating expenses	11	92,157	104,767
Staff costs	12	113,579	104,999
TOTAL COST AND EXPENSES		203,165	211,611
PROFIT/(LOSS) FROM OPERATIONS BEFORE TAXATION		176,596	(41,023)
TAXATION	13	(30,693)	(1,916)
PROFIT/(LOSS) FOR THE YEAR AFTER TAXATION		145,903	(42,939)

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY for the year ended 31 March, 2001.

	Note	Share capital	Retained profits	Total
		S$	S$	S$
Balance as at 1 April, 2000		500,000	191,080	691,080
Profit for the year after taxation		—	145,903	145,903
Balance as at 31 March, 2001	9	500,000	336,983	836,983

	Note	Share capital	Retained profits	Total
		S$	S$	S$
Balance as at 1st April, 1999		500,000	234,019	734,019
Loss for the year after taxation		—	(42,939)	(42,939)
Balance as at 31st March, 2000	9	500,000	191,080	691,080

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

NOTES TO THE FINANCIAL STATEMENTS 31 March, 2001.

1. **CORPORATE INFORMATION**

The Company's principal place of business is at :

55, Market Street
#08-03A Sinsov Building
Singapore 048941

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 financial year.

The number of staff employed as of 31st March, 2001 was 2 (2000:2)

2. **SIGNIFICANT ACCOUNTING POLICIES**

a) Basis of accounting

The financial statements are prepared in accordance with and comply with Singapore Statements of Accounting Standards.

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

b) Plant and equipment

Depreciation is calculated to write off the cost of plant and equipment 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

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

c) Currency translation

Monetary 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 financial year are translated at rates ruling on transaction dates. Translation differences are dealt with through the income statement.

d) Taxation

Income tax expense is calculated on the basis of tax effect accounting, using the liability method. Deferred taxation is provided on significant timing differences arising from the different treatments in accounting and taxation of relevant items.

In accounting for timing differences, deferred tax assets are not recognised unless there is reasonable expectation of their realisation.

e) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances and fixed deposit.

f) Income recognition

(i) Agency income is recognised upon the discharge of agency services.

(ii) Charter income is recognised upon the completion of charter agreement and receipt of cash.

3. **PLANT AND EQUIPMENT**

	Computers S$	Furniture and Fittings S$	Renovation S$	Office Equipment S$	Total S$
2001					
Cost					
At 1 April, 2000	5,041	8,091	22,485	8,988	44,605
Additions	—	228	13,770	1,150	15,148
Disposal	—	—	(22,485)	—	(22,485)
At 31 March, 2001	5,041	8,319	13,770	10,138	37,268
Accumulated Depreciation					
At 1 April, 2000	2,515	8,091	22,485	6,514	39,605
Charge for the year	1,506	57	3,825	1,005	6,393
Disposal	—	—	(22,485)	–	(22,485)
At 31 March, 2001	4,021	8,148	3,825	7,519	23,513
Net Book Value					
At 31 March, 2001	1,020	171	9,945	2,619	13,755
2000					
Cost					
At 1 April, 1999	2,319	8,091	22,485	8,602	41,497
Additions	2,722	—	—	386	3,108
At 31 March, 2000	5,041	8,091	22,485	8,988	44,605
Accumulated Depreciations					
At 1 April, 1999	1,015	8,091	22,485	4,755	36,346
Charge for the year	1,500	—	—	1,759	3,259
At 31 March, 2000	2,515	8,091	22,485	6,514	39,605
Net Book Value					
At 31 March, 2000	2,526	—	—	2,474	5,000

4. **CASH AND CASH EQUIVALENTS**

	2001 S$	2000 S$
Cash and bank balances	383,476	180,978
Fixed deposit	441,711	430,328
	825,187	611,306

During the year, the cash margin held by the bank as collateral for banker's guarantee amounting to S$30,282 has been discharged.

5. **OTHER RECEIVABLES**

	2001 S$	2000 S$
Deposits	15,000	34,536
Prepayments	1,317	3,677
Recoverable expenses (trade)	—	5,171
Advances to staff	—	2,672
	16,317	46,056

6. **AMOUNT OWING BY HOLDING COMPANY**

The Company's immediate and ultimate holding Company is The Great Eastern Shipping Company Limited, 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.

7. **OTHER PAYABLES**

The above represents operating expenses accrued as at the year end.

8. **DEFERRED TAXATION**

	2001	2000
	S$	S$
Balance at beginning of the financial year	234	2,500
Transfer from/(to) income statement (Note 13)	3,000	(2,266)
Balance at end of the financial year	3,234	234
The above balance comprises of the following :		
Capital allowances over book depreciation	834	234
Unrealised foreign exchange differences	2,400	—
	3,234	234

9. **SHARE CAPITAL**

	2001	2000
	S$	S$
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

10. **INTEREST INCOME**

	2001	2000
	S$	S$
Bank interest	9,063	4,125
Fixed deposit interest	11,383	6,712
	20,446	10,837

11. **OPERATING EXPENSES**

Profit from operations before taxation is arrived at :

	2001	2000
	S$	S$
After charging :		
Auditors' remuneration	7,500	7,500
Directors' fee	3,500	3,500
Office rental-operating lease	33,458	58,800

12. **STAFF COSTS**

Staff costs consist of :

	2001	2000
	S$	S$
Salaries, bonuses and CPF contribution	107,718	104,390
Medical expenses	5,861	609
	113,579	104,999

13. **TAXATION**

	2001	2000
	S$	S$
Current year's provision	27,500	–
Under provision in prior years	193	4,182
Deferred tax provided/(written back)-Note 8	3,000	(2,266)
	30,693	1,916

The tax provision for the current taxation is higher than that obtained by applying the standard income tax rate to the profit on account of certain non-deductible expenses.

14. **SIGNIFICANT RELATED PARTY TRANSACTIONS**

	2001	2000
	S$	S$
Agency fees invoiced to holding Company	151,180	42,220

15. **LEASE COMMITMENTS**

As at 31 March, 2001, the Company had the following minimum lease payments under an operating lease :

	2001	2000
	S$	S$
Due within one year	30,000	12,250
Due within two to five years	43,750	—
	73,750	12,250

16. **PROPOSED DIVIDEND**

Subsequent to the year end, the directors proposed a final dividend of 20% less tax at 24.5% amounting to S$75,500 (2000 : Nil) be paid for the financial year ended 31 March, 2001.

THE GREAT EASTERN (FUJAIRAH) L.L.C. - FZC

A Subsidiary Company

Directors	S.J. Mulji V.K. Sheth
Business Address	Post Box 5225 Fujairah U.A.E.
Auditors	G.R. Atkinson Chartered Accountants Old Boundary House London Road Sunningdale Berkshire, U.K.
Principal Bankers	HSBC Bank Middle East **Fujairah** **U.A.E.**

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the Company for the period ended 31 March, 2001.

PRINCIPAL ACTIVITIES

The principal activity of the Company in the period under review was that of ship chartering.

DIRECTORS AND THEIR INTERESTS

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

	Number of Shares 2001
S.J. Mulji	–
V.K. Sheth	–

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;

– 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 relevant Company legislation. 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.

AUDITROS

G.R. Atkinson were appointed auditors to the Company and are willing to be re-appointed.

On behalf of the Board

S.J. Mulji
Director

Date : 9 May, 2001

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 73 to 74 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 73.

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 include examination, on a test basis, of evidence relevant to the amounts and disclosure 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 31 March, 2001 and of its profit for the period then ended.

G.R. Atkinson
Chartered Accountants

Registered Auditors
Old Boundary House
London Road
Sunningdale
Berkshire, U. K.

Date : 11 May, 2001

PROFIT AND LOSS ACCOUNT for the period from 11 September, 1999 to 31 March, 2001.

	Notes	2001 US$
TURNOVER		5,699,347
Cost of sales		5,300,777
GROSS PROFIT		398,570
Administrative expenses		19,984
OPERATING PROFIT	2	378,586
Investment income and interest receivable		14,160
Interest payable and similar charges		(381,478)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		11,268
Tax on profit on ordinary activities		—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		11,268

Continuing operations

None of the Company's activities were acquired or discontinued during the above financial period.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above financial period.

BALANCE SHEET as at 31 March, 2001.

	Notes	2001 US$	2001 US$
FIXED ASSETS			
Tangible assets	3		3,541,865
CURRENT ASSETS			
Debtors	4	1,103,999	
Debtors due after more than one year		496,438	
Cash at bank and in hand		531,949	
		2,132,386	
CREDITORS : amounts falling due within one year	5	(1,843,722)	
NET CURRENT ASSETS			2,88,664
TOTAL ASSETS LESS CURRENT LIABILITIES			3,830,529
CREDITORS : amounts falling due after more than one year	6		(3,669,261)
NET ASSETS			161,268
CAPITAL AND RESERVES			
Called up share capital	8		150,000
Profit and loss account			11,268
TOTAL SHAREHOLDERS' FUNDS	9		161,268

Approved by the Board of Directors on 9th May, 2001and signed on its behalf by:

S.J. Mulji
Director

NOTES TO THE FINANCIAL STATEMENTS for the period from 11 September, 1999 to 31 March, 2001

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents freight and charter hire revenues receivable during the period.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost of each asset, less its estimated residual value, over its useful life:

Owned ships	Straight line over the projected lifespan
Leased ships	Straight line over 5 years

Foreign currencies

The financial statements are stated in US Dollars.

Assets and liabilities in other currencies, together with the income and expenditure related thereto, are translated into US Dollars at the rates of exchange ruling at the Balance Sheet date.

Exchange differences are taken into the Profit and Loss Account for the year.

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.

2. Operating Profit

Operating profit is stated	2001 US$
After charging :	
Depreciation of fixed assets	326,711
Auditors' remuneration	4,000
Loss on foreign currencies	148
Operating lease rentals	
Fujairah Free Zone	13018

3. Tangible Fixed Assets

	Owned ships US$	Lease ships US$	Total US$
Cost :			
Additions	1,638,576	2,230,000	3,868,576
Depreciation :			
Charge for period	89,443	237,268	326,711
Net book value :			
At 31st March, 2001	1,549,133	1,992,732	3,541,865

4. Debtors

	2001 US$
Prepayments and deferred expenditure	1,103,999

5. Creditors : amounts falling due within one year

	2001 US$
Amounts owed to group companies to loan and trading accounts	1,320,747
Accruals and other creditors	522,975
	1,843,722

6. Creditors : amounts falling due after more than one year

	2001 US$
Loans from parent Company	3,164,286
Net obligations to group Company under finance leases and hire purchase contracts	504,975
	3,669,261

7. Obligations Under Finance Leases And Hire Purchase Contracts

	2001 US$
The Company's obligations are repayable as follows:	
Within one year or on demand	840,000
In two or five years	514,813
Total gross obligations	1,354,813
Finance charges and interest allocated to future accounting periods	(104,838)
Total net obligations	1,249,975
Net obligations analysed as follows :	
Included in creditors – amounts falling due within one year	745,000
Included in creditors – amounts falling due after more than one year	504,975
	1,249,975

The amounts shown are owed to The Great Eastern Shipping Company (London) Ltd., a group Company.

8. Share Capital

	2001 US$
Authorised :	
Equity interests :	
500,000 Ordinary shares of $1 each	500,000
Allotted, called up and fully paid :	
Equity interests :	
150,000 Ordinary shares of $1 each	150,000

9. Reconciliation Of Movements In Shareholders' Funds

	2001 US$
Profit for the period	11,268
Opening shareholders' funds	150,000
Closing shareholders' funds	161,268
Represented by:-	
Equity interests	161,268

10. Ultimate Parent Company

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

ATTENDANCE SLIP

THE GREAT EASTERN SHIPPING CO. LTD.

Registered Office : Ocean House, 134-A, Dr. Annie Besant Road, Worli, Mumbai 400 018.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholders may obtain additional slip on request.

DP. Id*	
Client Id*	

Registered Folio No.	

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Share(s) held :

I hereby record my presence at the 53rd Annual General Meeting of the Company, held on Thursday, July 26, 2001 at 3.00 p.m. at Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

Signature of the shareholder or proxy ....

* Applicable for investors holding shares in electronic form.

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PROXY FORM

THE GREAT EASTERN SHIPPING CO. LTD.

Registered Office : Ocean House, 134-A, Dr. Annie Besant Road, Worli, Mumbai 400 018.

DP. Id*	
Client Id*	

Registered Folio No.	

I/We .... of

.... being a member/members of The Great Eastern Shipping Co. Ltd.

hereby appoint .... of

.... or failing him

.... of ....

as my/our proxy to vote for me/us and on my/our behalf at the 53rd Annual General Meeting to be held on Thursday, July 26, 2001 at 3.00 p.m. or at any adjournments thereof.

Signed this .... day of 2001

Place ....

Affix a 30 Paise Revenue Stamp

* Applicable for investors holding shares in electronic form.

Note : This form, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting. The proxy need not be a member of the Company.